

# PROGRESSIVE POLICIES ARE GOOD FOR THE ECONOMY: COMPREHENSIVE PAID LEAVE

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During the Great Recession, our government learned the hard way that we should spend more—not less—in times of crisis. The response to the Great Recession was too small and ended too soon, especially for the Black and brown families that never recovered, and our economy was made less resilient as a result. The government can boost our economy right now by helping struggling families and investing in all of us. Investing in people will benefit everyone, with new jobs, higher wages, and a stronger economy overall. One way to support communities is by federally mandating comprehensive paid leave.

The U.S. is the [only country](#) in the Organization for Economic Co-operation and Development (OECD) that does not have federally mandated paid leave. Current federal policy provides *unpaid* coverage through the Family and Medical Leave Act (FMLA) to approximately [half of all U.S. working people](#) -- and Black and Latinx adults are more likely to be [ineligible or unable to afford](#) unpaid leave. [Nine states and Washington, D.C.](#) have implemented or are starting their own paid leave policies, giving us some insight into how more comprehensive federal policy might support workers.

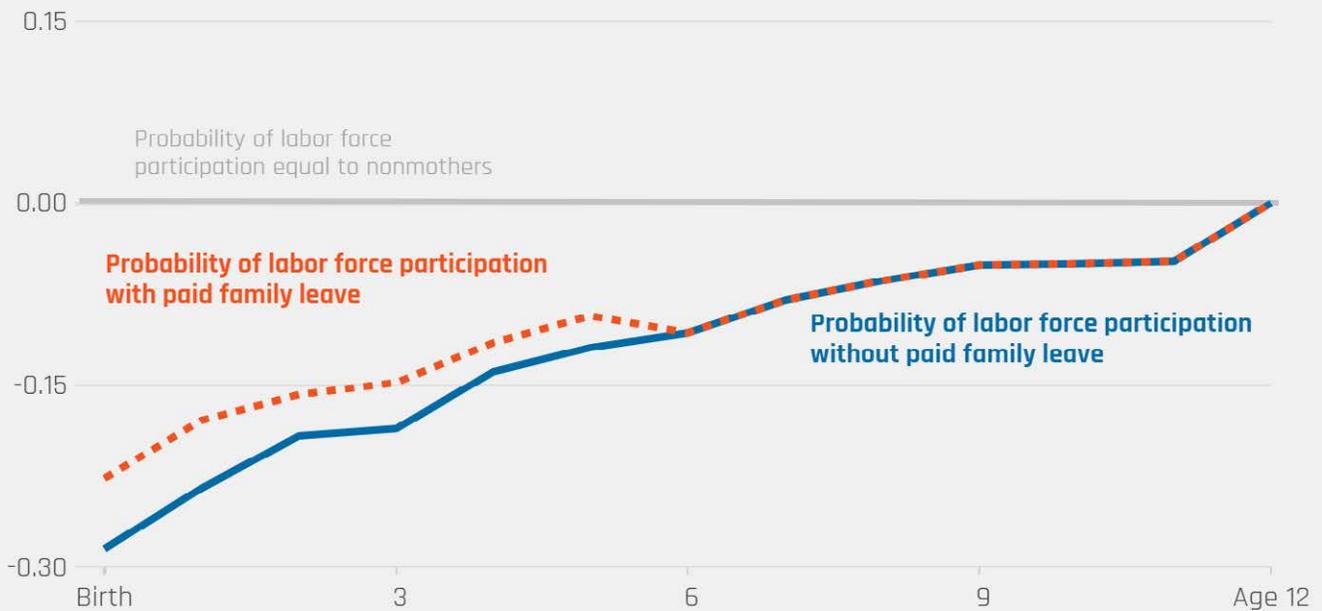
Temporary emergency paid leave coverage passed during COVID-19 only provided up to [two weeks paid sick leave](#) and up to [12 weeks for emergency child care](#), though only 10 weeks were paid. These provisions excluded more than an estimated [100 million workers](#) and sunsetted at the end of 2020. As the country continues to battle intersecting crises that have disproportionately affected women of color, one thing has been made clear: we need federally mandated comprehensive paid leave, for both our collective health and for our broader economic health. **Comprehensive paid leave is a critical piece of a robust care infrastructure and reduces racial inequality, improves women’s economic outcomes, and provides economic security for those who need it most, creating a stronger economy for all of us.**

## Paid leave is good for children, families, and the economy:

- **Paid leave increases labor force participation, economic growth, and reduces poverty:** Based on data from California, researchers found that access to paid leave increased mothers’ labor force participation by up to [20 percent](#) after the first year their child was born -- and positive effects persisted for at least five years. Increased labor force participation supports [economic growth](#). When more people work, consumption of goods and services increases, setting off a virtuous cycle of economic activity. Researchers also found that California’s paid family leave policy decreases the risk of poverty among mothers of 1-year-olds in the prior year by approximately [10 percent](#).
- **Paid leave increases household income and is critical for economic security:** Working people and families lose [\\$22.5 billion](#) in wages every year because of the lack of paid leave. After 12 weeks of unpaid leave, working-aged adults lose more than [\\$9,000](#) in wages -- nearly [60 percent](#) of their quarterly household income. This burden [is disproportionately borne by](#) low-income households and [Black, Hispanic, and Asian](#) households. Low or no compensation during leave can cause significant financial hardship: [two-thirds of working people](#) who received no pay or partial pay on leave reported difficulty in making ends meet. Additional research on Sweden’s national paid family leave system has also found that for each month a father takes parental leave, a mother’s earnings rose by [6.7 percent](#), and parental leave had no negative impact on fathers’ earnings.

## Access to paid leave mitigates labor force reductions for mothers

Probability of labor force participation in California for mothers relative to nonmothers, by age of child



Source: Kelly Jones and Britni Wilcher, "Reducing maternal labor market detachment: A role for paid family leave." Washington Center for Equitable Growth Working Paper Series [2019].



### Here's who will benefit from paid leave:

- **The lack of paid leave perpetuates racial and gender inequality:** Research finds that comprehensive paid leave policies can [reduce the gender wage gap](#). In a survey conducted in late 2020, more women anticipated [losing paid work](#) due to unpaid caregiving responsibilities than did men, especially women of color: [More than half](#) of Latinas, [almost half](#) of Black women, and around [one-third](#) of white women said that unpaid care work would negatively impact the amount of paid work they'd be able to take on. Unpaid leave forces workers to [tap crucial savings](#) to weather the leave period, harming those who are less likely to have wealth to fall back on: [people with disabilities](#), [Black and Latinx](#) families, and [women](#) -- and especially those who sit at the intersection of multiple marginalized identities. Insufficient paid leave policies are just one part of a [labor market](#) that empowers employers over workers and carves out workers of color, especially women, from key protections. One survey found that Black workers were [three times as likely](#) to have paid sick and family leave requests denied during the pandemic than white workers, demonstrating how employer power over workplace policy perpetuates racial inequities.

