



# The Cost of Work-Family Policy Inaction

Quantifying the Costs Families Currently Face as a Result of Lacking U.S. Work-Family Policies

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September 2016

# Introduction and summary

The lack of federal work-family policies in the United States marks the nation as an extreme outlier among other advanced economies. Unlike every other wealthy country in the world, the United States does not guarantee workers the right to paid maternity leave, nor does it guarantee the right to paid leave for any reason at all. Worse still, families in the United States pay a significantly higher price for child care than families in most other comparable economies. This lack of investment in policies to support U.S. working families depresses labor force participation, holds back economic growth, and has negative impacts on families' well-being.

The only current federal law concerning leave-taking is the Family and Medical Leave Act, or FMLA. The law guarantees job protection when a person needs to take time off to care for a family member or themselves, and it has saved millions of jobs. But the FMLA does not guarantee that the leave will be paid, and millions of people simply cannot afford to take unpaid time off, regardless of the caregiving emergency. Despite this reality, some policymakers argue that the price tags associated with investments in paid family and medical leave and affordable child care are too high for the country to afford. This line of reasoning, however, ignores the existing costs that families are already facing due to the absence of such policies—costs that families in other advanced economies around the world do not face.

One of the many costs of the lack of work-family policies is lost wages, which occur when individuals are forced to quit working or must reduce their work hours because they cannot access child care or paid leave. This report quantifies those lost wages to help illustrate and bolster the case that the nation is already incurring burdensome costs by not having work-family policies in place. Families bringing home a new baby or experiencing a serious illness often see their day-to-day expenses increase, making unpaid leave even more burdensome. When workers only have access to unpaid leave, it directly takes money away from families, local communities, and the businesses that rely on consumer spending.

Every year, as our new analysis shows, working families in the United States lose out on at least \$28.9 billion in lost wages because they lack access to affordable child care and paid family and medical leave. This hidden cost includes \$8.3 billion in lost wages due to a lack of child care and \$20.6 billion in lost wages due to a lack of access to paid family and medical leave.

Notably, the costs in lost wages outlined in this report are only the tip of the iceberg. Families face additional costs in terms of depressed future wages and lost savings and retirement security when caregivers take extended time out of the labor force or when parents take lower paying jobs in exchange for greater flexibility—issues which are beyond the scope of this report. And families whose incomes drop when they must take unpaid leave or stop working are significantly more likely to need to rely on public benefits compared with families with paid leave—creating additional costs in government spending.

Measurements of lost wages help demonstrate that there are costs to not having federal policies in place to address issues like affordable child care and paid family and medical leave. While families are often all too aware of the direct costs for goods and services, policymakers rarely address or take into account the hidden costs from lost wages in as great of detail. Policymakers simply cannot create effective work-family policies until they better understand the full costs to working families.

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