

**Work/Family Reconciliation Policies for the United States:  
Lessons from Abroad**

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## **SECTION I. Introduction**

Families in the U.S. and other industrialized countries are grappling with the twin dilemmas of caring for children when all adults are in the workforce, and of achieving gender equality in the home and in the labor market. In U.S. policy debates, proposed solutions to these dilemmas often force tradeoffs – to promote child well-being at the expense of gender equality, or to support gender equality at the expense of children’s time with their parents. In this chapter we argue that government can help promote solutions to work/family conflicts without tradeoffs through policies that support equal caregiving by mothers and fathers and that distribute the costs of childrearing more broadly. Such policies would allow mothers and fathers to care for their children during the critical first year of life while working for pay part-time or intermittently, to combine more hours in employment with caregiving during later childhood, and to make use of high quality substitute care during their working hours.

## **SECTION II. Framing the Problem, Envisioning a Solution**

American families are navigating new terrain in their efforts to balance the demands of employment with the demands of caring for children. The majority of U.S. families now have all adults in the workforce and the annual working hours of U.S. parents, already among the highest in the industrialized countries, have increased in recent years (Jacobs and Gornick 2002). A growing number of families are facing the dilemma of caring for children while all adults are in the workforce; many find themselves increasingly squeezed for time to meet both family and labor market

responsibilities. There is growing evidence that some families' private solutions to the competing demands of market and home – including early, intensive maternal employment, and nonstandard hour employment combined with “split shift parenting” – may compromise children's healthy development during their earliest and most critical years (Han, 2002; Heymann, 2001; Waldfogel, Han and Brooks-Gunn, 2002; see Ruhm 2001 for recent review)

American families are also negotiating long-standing gender equality issues as they allocate time between the labor market and the home. Although female labor force participation is relatively high in the U.S., women with children continue to lag both men and women without children in their probability of employment, their working hours, and their wages – due largely to employment reductions associated with caring for children. Women who reduce their employment to care for young children pay a high price for these reductions well beyond their years of intensive caregiving (Crittenden, 2001; Waldfogel, 1998; Budig and England, 2001). Because men have not increased their hours of caregiving in proportion to women's increased hours of employment, many mothers – especially those with preschool-aged children and full-time jobs – spend longer hours in combined paid and unpaid work than do their male partners (Mattingly and Bianchi *forthcoming*; Deutsch, 1999).

### ***The Ideological Debates***

At least three ideological perspectives are evident in the discourse about work, family and gender issues in the U.S. and other industrialized countries.

One perspective focuses on child well-being and the role of the family in shaping child outcomes. Child development experts emphasize the importance of caregiving

during the earliest months and years of childhood to children's healthy development. Their research has raised concerns about the quality of care that many children receive during this period, particularly those who spend long hours in child care of dubious quality. Although the determinants of children's well-being are multiple, researchers and advocates often point to parents' time with children as an important contributing factor. Concerns about parental time with children have intensified in recent years as maternal employment has increased in all of the industrialized countries and, in the U.S., as annual employment hours have risen.

A second perspective focuses on the conflicts that arise from women's disproportionate engagement in caring work. The "women's caregiver" perspective accepts women's unequal involvement in caregiving and locates the problem in competing demands on their time and the social status of caregiving work. Some strands of the "women's caregiver" perspective are explicitly feminist, calling for radical new conceptions of care, paid work, social citizenship rights, and welfare state obligations. Others locate the problem of "work/family conflict" in women's lives and largely ignore political questions about the organization of paid and care work and men's economic and familial roles.

A third point of view, the "women's employment" or "universal breadwinner" perspective, gives priority to achieving gender equality by strengthening women's ties to employment. Many feminists have concluded that persistent gender inequality in the labor market is both cause and consequence of the disproportionate share of unpaid work at home done by women, especially those who spend substantial amounts of time caring

for children. Many feminists argue that when women achieve parity in the labor market, gender inequalities at home will fade away.

There has been surprisingly little meeting of the minds among scholars and activists operating from these perspectives. The discourse appears most at odds when proposing solutions to the dilemmas of caring for children in high-employment societies.

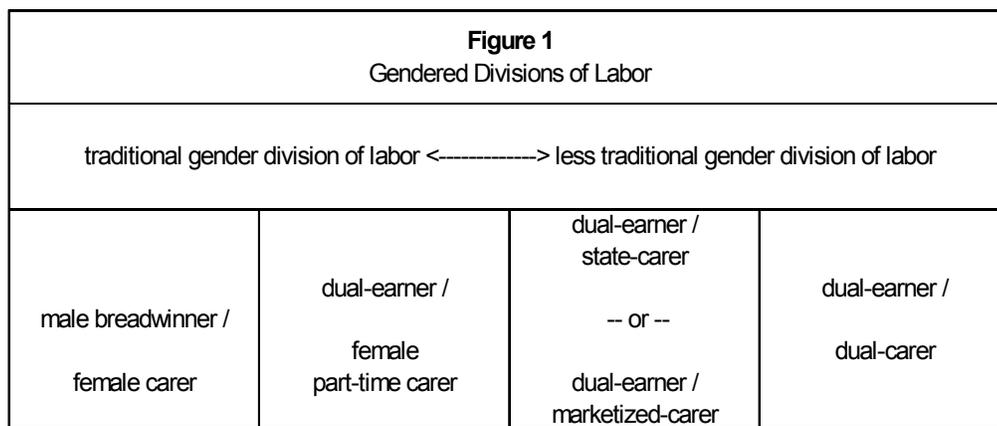
Some observers suggest that the solution is to shore up “traditional” family arrangements and gender roles by increasing supports for women in their caregiving roles. With sufficient financial remuneration and social approbation, women may be persuaded to forgo employment opportunities that are equal to men’s and to retain the primary responsibility for the care and nurturing of children. This approach may have much to recommend it from the perspective of children, who would be guaranteed more time with their mothers. From the perspective of gender equality, however, this approach is deeply flawed. However well compensated, the relegation of women to unpaid care work can only reinforce the gendered divisions of caring and market work and the low value placed on caring work. Women would continue to incur the economic, social, and civic penalties associated with their withdrawal from the labor market. Men would continue to miss out on caregiving opportunities and children would miss the active presence of their fathers.

An alternative possibility would be to move more caregiving work out of the home. In what is often called a universal-breadwinner society, all parents would be in the workforce full-time and children would be cared for largely by other adults, paid for by the family or the government. This approach could go a long way toward achieving gender equality in employment. But it too is fundamentally flawed. It would limit

mothers' and fathers' opportunities to be fully present during the critical early years of their children's lives. It would deprive children of sustained contact with their parents throughout their lives. In doing so, it would continue to devalue caring work by valuing market work above care work .

***An Alternative: Dual-Earner / Dual-Carer Arrangements***

One resolution of these tensions is provided by considering a “dual-earner / dual-carer” model of gender and caregiving arrangements. Figure 1 locates this model in a continuum, proposed by Rosemary Crompton (1999), of gender relations in modern welfare states.



Source: Based on Crompton (1999)

The left end of the continuum illustrates the traditional division of labor, with a male breadwinner and full-time female home-maker -- the arrangement that was dominant in the U.S., and in many other western countries, in the first half of the twentieth century. The second, dual-earner / female part-time carer arrangement, represents a partial modification of the breadwinner model. This gender-differentiated arrangement is common in some countries, such as the U.K. and the Netherlands, where

many women combine part-time employment, often at very low hours, with substantial hours spent in care work in the home.

At the third point on the continuum are two alternative arrangements in which mothers and fathers enjoy a greater degree of equality. In both, a substantial share of caregiving is transferred outside the home. In some societies in which most employed women are employed full-time, high levels of substitute care are provided in a state sector. Alternatively, widespread full-time maternal employment can be combined with child care provided in the market. This arrangement approximates the U.S. with its relatively high rate of maternal employment and the heavy reliance on market-based care.

Although more equal in the gender divisions of work, dual-earner / substitute carer arrangements provide parents with little time to care for their own children. When substitute care is provided by the market, as Crompton notes, high levels of market care can also have a bifurcating effect as large numbers of women purchase care, often at a low price, from a highly feminized workforce. And reliance on private markets to provide care does little to guarantee the quality of children's care or to reduce high and inequitable cost burdens on families.

The right end of the continuum describes an egalitarian social arrangement – dual earner/dual carer -- that engages both mothers and fathers, and the family and the state, in the care of children. This model differs from the others in three key respects. First, unlike the first two arrangements, it envisions a social and economic arrangement in which men and women engage symmetrically in both paid work and in unpaid caregiving; as such, it is fundamentally gender egalitarian. Second, unlike the dual-earner / state or marketized carer arrangements, it places primary responsibility for the care of

very young children in the home, rather than the state or market sectors. It assumes that during the earliest years of a child's life, parents would shift time from the workplace to the home to care for the child. Finally, unlike the dual-earner/marketized carer model prominent in the U.S., it assumes that for older preschool children, alternatives to parental care will be provided through public rather than market auspices.

The earner/carer arrangement resolves many of the schisms that have characterized policy debates in the U.S. and abroad. It resolves the tension between respecting caregiving and promoting gender equality by valuing both market and caregiving work and distributing them equally between men and women. It creates a place for women in the public sphere of the market and, importantly, a place for fathers in the private sphere of the home. It helps to resolve work/family conflicts by assuming that both mothers and fathers will reduce their employment hours when caregiving demands are very high. And it balances support for parents' employment and children's well-being by assuming that parents combine temporary employment reductions with the use of good quality out-of-home child care when it is developmentally appropriate.

### ***What Would it Look Like?***

What would a gender-egalitarian and child-focused allocation of women's and men's time between the home and the workplace look like? It is helpful to imagine the time allocations within a hypothetical earner/carer family – and to compare those to the actual time allocations in contemporary American families. For the sake of illustration, we consider the allocation of a 40-hour 'normal' workweek in a two-parent family.

During the first three years of a child's life, earner/carer couples might share time away from the market symmetrically in order to care for children at home. They might

choose, for example, to provide full-time parental care during the first year by each working two half-time jobs, or taking sequential, six-month periods of full-time leave, and then return to full-time work. Alternately, they might choose to reduce their employment hours less per week but for a longer period of time, for example, each reducing their working hours by about one-third (from 40 to 26.5 hours) for each of the first three years after childbirth. When their child turned three, and was more able to benefit from educationally-oriented group care, earner/carer parents might increase their hours of paid work. If each worked for pay 35 hours, they could stagger their hours such that the child would spend about 10 hours in parental care and 30 hours per week in a preschool program (during a 40-hour week). After the start of primary school, at age five or six, parents might work full time, but at reduced hours -- say 37.5 hours -- and stagger their schedules to remain available to their children.

How does this thought experiment compare to contemporary reality in two-parent families? As illustrated in Table 1, this thought experiment suggests two conclusions about the changes in time allocations that would result if contemporary American families shifted to this hypothetical earner/carer arrangement.

**Table 1**  
**A Thought Experiment:**  
**Comparison of Hypothetical and Actual Hours**

	Hypothetical hours of employment			Actual hours of employment			Difference
	mothers	fathers	combined	Mothers	Fathers	combined	(hypothetical minus actual)
<b>children</b>							
<b>Ages 0-2</b>	26.5	26.5	53	24	44	68	-15
<b>Age 3-5</b>	35	35	70	24	44	68	+2
<b>age 6-12</b>	37.5	37.5	75	28	44	72	+3
<b>age 13-17</b>	37.5	37.5	75	31	44	75	+0

Source: Authors' calculations, Current Population Survey 2000

First, our hypothetical couple's combined hours of employment would be considerably less than current actual hours during the first three years after the birth of a child. While mothers' average hours in the labor market would remain largely unchanged, fathers' hours in paid work would decrease substantially. Total family labor supply would be reduced by about 15 hours on average, and many men would become -- as Nancy Fraser has evocatively phrased it -- "more like most women are now" in their allocation of time between the market and home.

Second, after children reach about age three, on average, mothers' hours in the labor market would increase and fathers' would decrease. But there would be little to no reduction in comparison to current total family (parental) labor supply. Rather than

partially specializing -- with women taking primary responsibility in the home and men in the labor market – men and women would meet in the middle in their commitments to home and paid work.

### ***What Would It Take?***

In spite of its promise, earner/carer arrangements are simply not a realistic choice for most American families. Among all but the most privileged families, parents cannot realistically choose to reduce or reallocate employment hours to caregiving in the home. Few can count on safe and affordable child care. And in the absence of affordable options for parental caregiving time and child care, families cannot afford to craft gender equal caregiving and employment arrangements. As the data in Table 1 suggest, it is women, rather than men, who pay the price through employment reductions – reductions that impose lasting wage and career penalties.

What would it take to make dual-earner / dual-carer arrangements a viable choice for American families? For mothers *and* fathers to share the caring, men would need opportunities and incentives to shift an appreciable numbers of hours from the labor market to the home when their children are young. For men *and* women to share the earning, women would need opportunities to shift a more modest number of hours from the home to the market. Both women and men would need employment that allows them to take temporary breaks, especially when their children are young, but throughout their children's dependent years. Both women and men would need access to new employment arrangements – such as high-quality, reduced-hour or part-time work -- that would allow them to carry out parenting responsibilities, without paying excessive penalties in wages, benefits, and job advancement.<sup>1</sup> Families would need access to

affordable alternative care arrangements of acceptable quality. Women who provide substitute care would need reasonable compensation for their work.

Whether framed in terms of earner/carer solutions – or in terms of family support, gender equality, or child welfare – government policies to support these options are increasingly standard in the European welfare states. Mothers, and to an increasing extent fathers, have access to paid leave in the months following childbirth. Many countries are redesigning leave benefits to increase the incentives for fathers to take their share of time away from paid work for caregiving. National policies and collective bargaining agreements are shortening the standard workweek. Labor market policies, some mandated for the EU countries, extend protections to part-time and reduced hour workers, encourage the creation of high quality part-time work, and give parents in some countries additional rights to reduce working hours when children are young. From the age of 2-1/2 or 3, children in many countries have a right to a place in a high quality early education program and this entitlement is being extended to the under-threes in a growing number of countries.

### **SECTION III. Policies That Support Earner/Carer Arrangements**

In the following section we draw on European examples to consider models of work/family reconciliation policy that would support U.S. families who choose dual-earner / dual-carer arrangements: family leave provisions, regulation of working time, and early childhood education and care. We summarize the provisions of exemplars of two of the welfare state regimes proposed by Esping Andersen (1990): Sweden as an

example of the Social Democratic model and France as an example of the Conservative model.<sup>2</sup>

### ***The Swedish Case.***

Sweden exemplifies the principles of universal and extensive social citizenship rights embodied in the Social Democratic welfare state model. It also provides extensive and gender-equalizing support for both parental caregiving time and quality substitute care for children.

Family policies in Sweden have been adopted with the explicit goals of promoting child well-being and supporting gender equality in employment. Leave policies protect parental time by granting parents 15 months of “share-able” paid parental leave. Policies encourage gender equality by designating four weeks of parental leave as “use-or-lose” leave for fathers, allowing couples the flexibility to “tick down” their parental leave entitlement over several years (until the child’s eighth birthday), and high wage replacement rates (80 percent of earnings (for twelve months), with an income cap that is high by cross-national standards. Swedish parents may also claim 120 days each year to care for a sick child, with 80 percent wage replacement, and take short-term leaves (also with 80 percent pay) to, for example, take a parent-education class or to stand in for a regular child care provider who is ill. Time for caregiving is further protected through an average usual work week of 38.8 hours (set through collective agreements), 25 to 30 days of paid vacation annually, and a statutory right to work six hours per day (at pro-rated pay) until their children turn age eight.

Extensive, educationally-oriented public child care in Sweden is provided as an entitlement from the end of leave periods, providing affordable alternatives to full-time

parental care. Nearly one-half (48 percent) of children between the ages of one and two are in public care, as are 82 percent of those between the ages of three and five, and virtually all six-year-old children.<sup>3</sup> Quality standards, set nationally by the Ministry of Education and adapted to local communities by municipalities, ensure high quality care, provided by workers who earn wages at about the national mean for all women workers. ECEC and public school is provided for many hours of the day in Sweden. Public child care during the preschool years is typically full-day, full-year. Primary schools are generally open for many hours beyond the instructional hours – as long as 60 hours per week in some parts of the country.

Government, employers, and parents share ECEC costs -- an estimated \$4,950 per child under school age in the mid-1990's -- during the preschool years, with government making the largest contribution (approximately 80 percent) through social insurance funds and general revenues. Family fees cover about 18 percent of costs, on average, and are adjusted for family income and, given extensive public provisions, use of privately purchased care is rare.

### ***The French Case.***

Countries in the Conservative welfare state regime cluster are typically generous in the provision of some family benefits, and many have taken active steps to shorten working hours and protect reduced-hour and part-time workers. These countries generally do less to support the principles of gender equality and the socialization of child-rearing costs than do the Social Democratic countries, and they are more varied in their provisions. Among the countries identified as Conservative in the Esping-Andersen typology, France has been a leader in the development of work/family reconciliation

policies, especially in the provision of universal preschool and shortening the length of standard work week.

With respect to caring time, French maternity leave policies are both less generous than those in Sweden and less gender equalizing. Mothers are entitled to 16 weeks of paid leave at the birth of first and second children, and 26 weeks at the birth of third and subsequent children, with 100 percent wage replacement (up to a cap). Since 2002, fathers in France have a right to a short period (11 days) of paid paternity leave. French parents are also entitled to share three years of job-protected parental leave with low flat-rate benefits, and short periods of paid leave to care for ill children. Although available to either parent, the low benefit levels during parental leave create incentives for mothers, as the lower wage earner, to take extended periods of time away from employment. Recent evidence from France suggests that, during the 1990s, a loosening of eligibility for these long-term leaves “induced 100,000 French mothers to leave the labor market who otherwise would not have done so” (see Morgan and Zippel 2002).

France has been at the forefront of European efforts to reduce working time. Since 2000, the French work week has been legally limited to 35 hours; the law covers all occupations and lower wage workers have been protected from pay losses following implementation. France’s 35-hour law was enacted both to reduce unemployment (which has since declined) and to support work/family reconciliation. Recent evidence suggests that many French workers are spending their newfound time with their families. According to a 2001 survey, among parents with children under age twelve, 43 percent of French mothers and 35 percent of fathers say that their work/family balance has improved since the enactment of the policy and almost half report that they spend more

time with their children (see Kamerman et al, 2003). France has also taken steps to increase the availability and quality of part-time employment, enacting provisions that allow parents with young children to reduce their working hours (with pro-rated pay and benefits) for family reasons.

A dual system of early child care and later public preschool (*ecole maternelle*) in France provides care for only about 20 percent of children under three and nearly all children between three and the start of public school.<sup>4</sup> From the ages of 2-1/2 to 3, children are entitled to a place in these free public preschools and nearly all children attend. But public care, provided through subsidized *crèche* with parental co-payments, is limited before the age of three and many parents arrange private in-home or other care (which is partially subsidized through the tax system). The hours of *ecole* and public primary and secondary school are also poorly matched to parental working schedules, for example closing for a half-day on Wednesday in many parts of the country. Ironically, French parents may have access to longer and more continuous hours of care for their young children, in *crèche*, than for their preschool and school-aged children.

High quality standards and staff compensation in French ECEC minimize the creation of a low-paid, highly feminized child care workforce. Quality standards are set by national policy and curricula, and teachers in French *ecole* have the equivalent of graduate training in early education. Compensation is correspondingly high, with *ecole* teachers earning an average of 1.8 of the mean of all employed women's annual earning (full- and part-time combined).

ECEC in France is financed through a combination of government, employer, and parental contributions. Parents pay an estimated 17 percent of costs in *crèche*, and a

larger share of care in family care settings or for in-home care. Care for children in *ecole* is financed by national and municipal government and free to parents. As of the middle 1990s, total public expenditures for ECEC averaged \$3,161 per child under school age. Although public provisions are extensive for children beginning at age 2½ or 3, parents do incur private child care costs for younger children and for hours of care outside *ecole*. Parents can deduct a portion of out-of-pocket child care expenses from taxes.

#### **SECTION IV. Alternatives for the United States**

Sweden and France exemplify models for work/family reconciliation policies in Europe that vary in their support for an earner/carer society. In comparison to either of these cases, the U.S. emerges as a laggard in policies that support families' caregiving and employment demands. More than in most of the European welfare states, the U.S. has defined the rearing of children as a private concern and the role of government in residual terms. More than many of our European counterparts, we have limited the power of both government and collective bargaining to set limits on employers' demands. In comparison to most Europeans, American parents spend longer average hours in employment, are especially more likely to work very long hours, and are more likely to work nonstandard-hour work schedules (see Gornick and Meyers 2003). And they have access to more limited and institutionally fragmented public programs to provide time for caregiving and substitute care for children. The combination of inflexible workplace arrangements and limited public provisions contribute to *de facto*, if not intentional, gender inequalities in the market and the home.

In this section we describe the contours of current leave and ECEC policy in the U.S. We then engage in another thought experiment, this time imagining alternative work/family reconciliation policies in the U.S.: the provision of family benefits corresponding to the principles of gender equality, support for parental caregiving, and socialization of the cost of childrearing suggested by the earner/carer model. For this thought experiment we borrow specific policy designs from the French and Swedish models and consider the institutional and cost implications for their adoption in the U.S.

***Paid family leave.***

The U.S. remains one of a handful of countries in the world that has no national program of paid maternity leave, and one of the few OECD countries without paid parental leave. The federal Family and Medical Leave Act (FMLA) of 1993 provides 12 weeks of unpaid leave per year for mothers and fathers in covered workplaces and who meet eligibility requirements. FMLA coverage is partial -- almost 41 million Americans, more than 40 percent of the private sector workforce, work in firms that are not covered by the FMLA -- and the law provides no wage replacement.

Some states extend workers' rights to unpaid leave and five states mandate some wage replacement to mothers at the time of childbirth, via state Temporary Disability Insurance (TDI) programs. State TDI benefits have the disadvantage of reinforcing the *de facto* incentive for mothers, but not fathers, to reduce employment hours to care for children. In 2002, California became the first state in the nation to extend its disability-based benefits to fathers, providing six weeks of "bonding" leave to both mothers and fathers, paid at approximately 55 percent wage replacement, subject to an earnings cap.

Outside of these state programs, paid leave benefits are privately negotiated between employers and employees or their representatives. As of the middle 1990s, 43 percent of women who were employed during their pregnancies received any paid leave during the first 12 weeks after the birth through either public provisions or voluntarily-provided employer benefits -- including maternity pay, sick pay and/or vacation pay (Smith et al 2001). The rest took unpaid leave (40 percent), quit their jobs (27 percent), or were fired (4 percent).<sup>5</sup>

The Social Democratic model, as exemplified by Sweden, provides a blueprint for expanding paid family leave policy in the U.S. to allow more families to choose earner/carer arrangements. Our proposed policy emphasizes four design features.

First, all employed mothers and fathers would be entitled to six months of paid leave following childbirth or adoption.<sup>6</sup> As with the current FMLA provisions, each employed parent would have his or her own non-transferable leave entitlement. While non-transferability restricts some families' options, granting leave on an individual basis raises the incentives for substantial participation by fathers.

Second, most mothers and fathers would receive 100 percent wage replacement; an earnings cap would place a maximum on high earners' benefit levels and would contain costs.<sup>7</sup> Those replaced wages would be paid through a social insurance fund, financed by employer and/or employee payroll contributions. What is most crucial, employers would not incur the costs for individual leave takers, nor would they be experience-rated, as they are now with Unemployment Insurance. Social insurance funding spreads the risk across employers and employees and minimizes employers' incentives to discriminate against potential leave takers.

Third, parents would have the right to take up their paid leave entitlement while they are at home full-time or in combination with part-time employment, and have the right to stretch their six-month entitlement out until their child's third birthday. In other words, each (employed) new parent would be granted a six-month allotment of leave time and permitted to flexibly choose how and when to "tick the clock down". At the same time, to reasonably meet employers' needs, employers would have the right to require substantial notification periods before workers exit the workplace and before they return. Governments can further help employers -- especially small employers -- by making referrals between potential workers seeking employment and/or training opportunities and employers seeking to hire temporary replacement workers.

Fourth, employed parents would have rights to take additional short breaks, without lost pay, in order to attend to other family-related obligations. Employed parents would have the right to at least 24 hours per year of leave with pay in order to, for example, attend to child-care related needs, participate in school conferences, or take sick family members to medical appointments. These benefits would be paid through the contributory family leave fund.

The U.S. has two national programs that could provide an institutional infrastructure for a paid family leave program with uniform national rules for coverage, eligibility, benefit levels and duration, along with a unified financing structure. The FMLA -- which is enforced by the Wage and Hour Division of the Department of Labor's Employment Standards Administration -- has provided the legal basis for unpaid leave rights in the U.S. for over a decade. The FMLA provides a reasonable starting point for incorporating wage replacement into leave benefits. Revisions to the existing

exclusions in FMLA coverage would greatly increase equity across workers (and families) and ensure more adequate coverage. Following European and Canadian family leave policy frameworks, the minimum enterprise size could be removed from the law and documented self-employed workers would be covered. (The individual work history eligibility requirement -- 1250 hours in the prior year -- would remain.)

The Federal Insurance Contribution Act (FICA), part of the U.S. Internal Revenue Code, would provide an efficient financing mechanism for paid family leave. For several decades, FICA has collected the employer and employee payroll contributions for retirement pensions, survivors' benefits, disability pay, and health insurance for the elderly and disabled. Its contributory structure could be readily expanded to incorporate social insurance financing for paid family leave.

***Working time regulations.***

Federal and state laws, operating in conjunction with collective bargaining agreements, regulate working time in the U.S. The most important national law is the Fair Labor Standards Act (FLSA) of 1938, which establishes the standard work week by requiring employers to pay time-and-a-half for each hour worked above 40 in a seven-day week. The FLSA's protections are comparatively weak in two respects. First, that 40-hour threshold -- in place for over six decades -- is high in cross-national terms; most of the countries of western and northern Europe have moved to weekly standards in the range of 35-39 hours. Second, according to the GAO (2000), as of 1998, up to 26 million workers, or 27 percent of full-time workers, were exempt from FLSA coverage. The share of the labor market that is exempt has grown sharply in recent years, increasing by nine million workers during the 1980s and 1990s alone.

In comparison to the working time regulations in place in many European countries, the FLSA is most notable for what it does *not* address. The FLSA neither mandates maximum total hours nor prohibits mandatory overtime. In the U.S., employees who refuse overtime hours have no protection from job dismissals, demotions, or other repercussions. Golden and Jorgensen (2001) note that about one-third of overtime workers in the U.S. report being compelled by their employers to work overtime. With the exception of the minimum wage, the FLSA is also silent on issues of compensation and benefits for part-time and other reduced-hour workers and it offers no extra compensation for workers in nonstandard shifts. Nor does it address daily or weekly rest breaks, or annual vacation rights.

Although not generally viewed as “working time policy,” regulations that govern employer benefits also have important consequences for the relative quality of part-time work in the U.S. Both the Employee Retirement Income Security Act (ERISA) of 1974 and the U.S. Internal Revenue Code set rules that give employers the right to offer different benefits to part-time and full-time workers. In the U.S., this is especially consequential with regard to health insurance. A disproportionate share of part-time workers work for employers who offer no health insurance at all and many part-time workers who work for employers that do provide coverage are excluded due to their part-time status. A parallel situation exists with respect to the regulation of private pensions because ERISA, in combination with the Internal Revenue Code, allows employers to exclude from pension plans those workers who work fewer than 1000 hours annually -- which translates to about half-time work.

Working time policies that borrow from the Swedish and French models in three areas would substantially help American parents to reconcile their caregiving and employment responsibilities: a normal work week below the current 40-hour standard; increased options to work part-time, especially during the first three years of their children's lives; and pay and benefit protection for workers who elect reduced-hour or part-time work schedules.

Statutory reforms to reduce standard weekly employment hours in the U.S. from 40 to 37.5 hours a week -- which represents a compromise between Swedish and French working time measures -- would provide all workers, and most especially parents, with more time for family responsibilities. A 37.5 hour work week is actually consistent with average hours worked by parents -- mothers and fathers, averaged -- as of 2000 (see Table 1). Mandating reductions in the legal work week would increase parents' opportunities to seek employment that is "full-time" but at less than 40 hours across firms, occupations, and industries.

To provide parents with additional flexibility when their children are young, employed parents with children under age three could be granted the right to shift between full-time and part-time work hours without changing employers (given substantial advance notification to employers). This provision is modeled on the French law that allows employees to request to work part-time during the first three years following birth or adoption. (The more expansive Swedish law extends the right to parents until their children turn age eight). As is common in the European countries that grant parents, or all workers, the right to work part-time, U.S. employers would have the right to refuse "on business grounds" but their refusals would be subject to judicial

review. In recognition of the needs of small employers, the right to work part-time might be restricted to workers in enterprises of a minimum size -- say, 10 workers (as is the case in the Netherlands) or 15 workers (as in Germany).

To avoid economic penalties for these choices, all part-time workers would need the right to parity in pay and working conditions – in comparison to full-time workers performing similar work in the same enterprise -- and pro-rated benefits. This form of protection, aimed at preventing discrimination against part-time workers, is common to both France and Sweden. In fact, it is in place in all European Union (EU) member countries in the wake of the 1997 EU Directive on Part-Time Work.

As with paid family leave, these working time reforms would need to be adopted at the national level to assure adequate coverage and equity. Reducing the standard workweek from 40 to 37.5 hours would be the most straightforward, from a legal perspective. When the FLSA was passed in 1938, it mandated that overtime be paid after 44 hours as of 1938, after 42 hours as of 1939, and after 40 hours beginning in 1940 (Costa 2000). The 40-hour threshold, unchanged since 1940, could be adjusted downward to 37.5, perhaps to be phased in incrementally over a period of ten years.

Other changes to the FLSA would make this reform more meaningful in practice. Most important would be steps to reduce the increasing percentage of the labor force that is exempt from the overtime threshold. A number of proposals have been offered that would raise FLSA coverage rates, such as adjusting the income thresholds for inflation and tightening the definitions of supervisory positions and other exempt categories (see Gornick and Meyers 2003, and Jacobs and Gerson 2004 , for more details).

Rudimentary structures exist for adding a right to work part-time for parents, and pay and benefit parity, to the FLSA. Pay parity for part-time and reduced hour work could be linked administratively to the Equal Pay Act of 1963. This amendment to the FLSA, enforced by the Equal Employment Opportunity Commission, requires that “male and female workers receive equal pay for work requiring equal skill, effort and responsibility, and performed under similar working conditions.” The minimum wage requirement of the FLSA could provide a complementary institutional framework for wage regulation and enforcement.

***Early childhood education and care.***

About three-quarters of preschool children in the U.S. spend some portion of their time in nonparental care while their parent(s) are at work. Child-care using families may qualify for assistance through one of three main policy vehicles: means-tested subsidies, state or federal preschool programs, and/or state and federal tax credits for out-of-pocket expenditures. Public expenditures for ECEC have increased notably in recent years, particularly through the federal Child Care Development Fund, and state pre-kindergarten programs in some states. Even with recent increases in ECEC spending, non-tax public expenditures for ECEC in the U.S. averaged only about \$680 per child under age five as of 2000 – less than one-seventh of per child spending in Sweden and about one-fifth of spending in France. State and federal tax benefits, combined, provide a small additional benefit – for example, an average of \$200 per family with children under six in the high tax benefit state of New York (Meyers and Gatenio 2003).

Even with recent expansions in each of these areas, the costs of substitute care for children remain mostly private. Across all families, private costs average nine percent of

family earnings per month. But employed families with children under age 13 and with earnings at or below the poverty line pay an estimated 18 percent. If we restrict the analysis to the one-third of poor, employed families with young children who purchase care, child care costs consume nearly one-quarter of their earnings (Giannarelli et al 2003; Giannarelli and Barsimantov 2000).

Although care is expensive for families, observational studies suggest that it is highly variable, across settings, and often of mediocre to poor quality – due in part to variable and generally weak public (state) regulations of private service quality and provider training (Helburn et al 1999; Galinsky et al 1994; NICHD 1997). Expensive care of dubious quality has implications for children’s well-being. It also has implications for gender equality. Without affordable and acceptable alternatives to parental care for young children, it is women, rather than men, who reduce employment hours and incur employment penalties. And efforts to keep private care ‘affordable’ translate directly into reduced economic and social status for the highly feminized, poorly paid child care workforce. Child care workers, particularly in unregulated private child care settings, are often minimally educated (Galinsky et al 1994; Whitebook et al 1989). They are also poorly paid. Workers in child care centers earn an estimated 53 percent of the average annual earnings of all employed women; those in pre-primary settings earn only a slightly higher 66 percent, on average.

In imagining a comprehensive, equalizing system of ECEC for the U.S., we build on the assumption that parents will be able to provide a portion of care for children in the first three years of life. A couple that elects to take a full year of leave would use little or no substitute care in the year following childbirth; those who choose to spread leave

benefits over a longer period of time might use care for 10 to 20 hours per week during the first three years of a child's life. This suggests the need for limited amounts of infant care; modest amounts of toddler care, at least a portion of it available on a part-time basis; extensive, educationally-oriented care for three- and four-year old children; and services to extend the kindergarten school day for five-year-old children. Borrowing from the French and Swedish models, the U.S. could expand current child care and pre-kindergarten programs into an integrated, nationally-financed system of universally available, publicly subsidized, part- and full-time child care for children under the age of three in child care homes and centers, and full-day universal preschool for children from three until the start of school (at age 5 for most children). Most five-year-old children are now enrolled in public kindergartens; for these children, the most critical need is an extension of the school day (or supplementary care arrangements). To support parents' working schedules, schools as well as preschools would provide supervised care for at least 40 hours per week, as most child care centers do now. To assure uniform quality, public subsidies for family child care homes, centers, and preschools would be contingent on meeting nationally established standards for quality, program content, and staff preparation. To assure that care was affordable, increase equity across families of different means, and distribute the costs of early care across those who ultimately benefit from healthy children, government would pay for at least 82 percent of ECEC costs with general tax revenues (about the European mean) with a uniform system of parental fees adjusted to family income.

What about care during nonstandard hours? High levels of nonstandard-hour work among U.S. parents create special child care demands (Presser, 2003). Given that a

substantial minority of parents report that they elect these hours specifically to solve child care problems (Presser, 1995), and others may select into occupations because they provide nonstandard options, the expansion of affordable, high quality care may influence the selection of parents with young children into these shifts. For those parents who continue to work outside a regular 40-hour workweek, publicly subsidized care (e.g., in family child care homes) would provide care options and universally available preschool would assure that these children did not miss the educational opportunities provided by early education.

### ***The Costs***

In imagining universal policies that support gender-equal engagement in caregiving and employment, while assuring the highest quality of care for children in their developmentally sensitive years, we have proposed programs that are substantially more generous than current U.S. policy. How much more generous? And how much payroll and other tax revenue would be needed?

We present our estimates of the direct costs of these paid family leave and ECEC proposals in Table 2. Details of these estimates are provided in Appendix 1. The working time regulations do not require direct public outlays so we omit them from our estimates of direct costs.

**Table 2.**  
**Estimated Direct Costs:**  
**Paid Family Leave and Early Childhood Education and Care Programs**  
 (under alternative assumptions about take-up)

	in US dollars (billions)	as a share of US GDP
<b>Paid Family Leave</b>		
high take-up (100%)	\$45.0	0.43%
moderate take-up (approximately 50%)	\$22.5	0.22%
<b>Early Childhood Education and Care</b>		
high take-up (100% of children)	\$111.1	1.07%
moderate take-up (50% of children <3)	\$84.4	0.81%
<b>Total</b>		
high family leave take-up & high ECEC take-up	\$156	1.50%
high family leave take-up & moderate ECEC take-up	\$129	1.24%
moderate family leave take-up & high ECEC take-up	\$134	1.28%
moderate family leave take-up & moderate ECEC take-up	\$107	1.03%

We estimate that the total direct cost of the paid family leave proposal outlined above would be approximately \$22.5 billion to \$45 billion per year, depending on the level of take-up. These costs are based on the provision of a six-month benefit for both mothers and fathers, payable at 100 percent wage replacement (with an earnings cap of about \$69,000 per year in 2004), high take-up rates, and no minimum enterprise size. The lower-bound estimate assumes that, leave-takers claim an average or 50 percent of the days to which they are entitled. The upper-bound estimate assumes that all workers who take-up the leave take it for the entire period to which they are entitled. While these estimates include administrative costs, they do not -- for now -- include the cost of paid leave for caring for ill family members; they account for paid leave for maternity and

parental leave only, and a small amount of leave for other family reasons. Given the nearly negligible levels of current public expenditures on paid family leave, this would require between \$22.5 and \$45 billion in new spending.

Universal ECEC – for about 26 hours a week on average for children under three, full time for three and four year olds, and half-time for five year olds (the majority of whom are now enrolled in public kindergarten part-day) – would cost an estimated \$111 billion if government assumed 82 percent of costs and take-up was 100 percent among families. If family take-up among one- and two-year-olds was closer to the 50 percent of Swedish families, the total public cost would be about \$84 billion. Given current federal spending of about \$16 billion on subsidies, tax benefits and Head Start, the programs would require an estimated \$95 (high take-up) to \$68 (low take-up) billion in new spending for the federal government – and free up additional funds that states are currently devoting to ECEC.

Are these direct costs a lot or a little to spend on the well-being of families and children? This level of spending would be comparable to what some of our European counterparts now invest in these programs for families. The paid leave and ECEC benefits, combined, represent about 1.0 to 1.5 percent of the current U.S. GDP for moderate take-up and high take-up, respectively. In comparison, Sweden spends about 2.5 percent of its GDP on the combination of family leave and ECEC<sup>8</sup>; France, with somewhat less extensive leave benefits, spends about 1.3 percent.<sup>11</sup> The U.S. currently spends about one-tenth of the higher amount: approximately 0.15 percent of its GDP on publicly-financed child care and a negligible amount on publicly-paid leave.

Considered from the perspective of investments in children, these costs are likely to be recovered at least in part in improved health, well-being, and productivity. There is now substantial evidence of the benefits of high quality early childhood education, particularly for disadvantaged children; although the literature is smaller, research also suggests that children benefit from intensive parental caregiving during their early months. The social benefits of public investments in public education are well understood and the U.S. now commits about 3.4 percent of GDP to public primary and secondary education. Together, the benefits we have proposed would require about 30 to 44 percent of what the U.S. now commits to public education.

## **SECTION V. Conclusion**

We situate our analysis of work/family reconciliation policy in terms of the choice of earner/carer family arrangements because it offers a number of theoretical and analytic advantages. Conceptually, by promoting gender equality *and* giving value to caregiving, the earner/carer model has the potential to resolve many of the tensions that crosscut American and European debates about work and family. It especially holds promise for resolving the apparent tradeoff between gender equality and child well-being by strengthening mothers' labor market ties while creating incentive for fathers to spend time with their children. Analytically, it provides a blueprint for comparing and evaluating family and other policies across modern welfare states and for enlarging contemporary debates about family policy development.

Although framed in terms of earner/carer arrangements, our proposed package of work/family reconciliation policies does not assume that all couples would choose a

gender-equal allocation of time to the market and the home. Nor does it assume that all families with children are headed by heterosexual couples. Paid parental leave, a shorter work week, protections for reduced-hour and part-time workers, and high quality and affordable child care would benefit all adults who care for children – those who choose more gender-specialized arrangements, and those headed by single, same-sex or other caregiving adults.

Although not prescriptive, this policy package is normative in stressing both the promotion of equal opportunities for women and men and greater socialization of the costs of child rearing. This raises at least two challenging issues in the U.S. policy context.

First, is greater socialization of the costs of childrearing justified? We believe it is on the grounds of both efficiency and equity. Leaving the costs of child rearing almost entirely to parents is unlikely to ever produce optimal social and economic outcomes, because the costs that parents incur on behalf of their children -- including time, energy, forgone earnings, expenditures on children's consumer goods, and investments in child care and education -- produce benefits that are widely dispersed. In other words, as Nancy Folbre and Paula England have argued, children are public goods -- in the sense that their capabilities benefit society as a whole and others can reap the benefits without paying for their production (Folbre 1994, England and Folbre 1999a).

To the extent that children's capabilities are public goods, private investments in their care are likely to be sub-optimal and society as a whole may eventually pay a collective price in the form of children who fail to achieve their full potential, at best, or who become a drain on public programs, at worst. While the U.S. has historically

invested in public schooling for children starting at age five or six, public investments in younger children are very limited. Government programs that help to ensure high-quality care for children below school-age, such as paid family leave and high-caliber substitute care, constitute needed investments in today's children and tomorrow's adults. As economists James Heckman and Lance Lochner (2000) argue, waiting until children reach school-age before publicly investing in them is misguided: "We cannot afford to postpone investing in children until they become adults, nor can we wait until they reach school-age -- a time when, for some, it may already be too late to intervene successfully (2000:78)."

Greater socialization of the costs of producing well-nurtured children is also justified on the grounds of equity. Extending government investments has implications for equity among children, especially among children from families at different points along the income distribution. To the extent that we rely on parents' private resources, children in low-income families receive far less than their affluent counterparts. Both the left and right in the U.S. call for equal opportunities for children; without substantial new government supports for families, that remains a hollow promise for many children.

Programs that spread the costs of caregiving also have major implications for gender equity because women do the majority of caregiving. Because caregivers can neither exclude others from sharing the fruits of their labor nor recover the costs of their work -- for example, by charging for the hours that they invest in nurturing the health of their infants, socializing their toddlers, preparing their preschool children for school, and so on -- others are able to free-ride on their unpaid work. As Budig and England (2001) argue, "a general equity principle is that those who receive benefits should share in the

costs.... Those who rear children deserve public support precisely because the benefits of child rearing diffuse to other members of society (2000:221).” Policies that shift some of the costs of child caregiving from parents to taxpayers, and to employers, are equitable because they require that all who benefit make a contribution.

A second challenging question concerns parental choice. Is a package of specific leave, working time and early childhood care and education benefits overly restrictive of parental choice? Critics often suggest that the highly centralized and standardized policy approaches of Europe would be a poor fit to the norm of the U.S., where individuals expect to exercise choice in the consumption of everything from athletic shoes to their children’s education. We might imagine an alternative approach, giving families, for example, an unrestricted cash benefit that could be used to either replace parental earnings or to purchase child care. Would such an approach be more consonant with respecting the diverse preferences of American families?

We would argue that it would not because, in the absence of policies that force institutional change, private choices would remain constrained.

Although parental choice is a normative ideal in the U.S. policy discourse, in reality the “choices” of many American parents are profoundly constrained by economic and other circumstances. In many respects, U.S. parents have *fewer* choices than their European counterparts because minimal and fragmented social provisions do not extend parental choice so much as they force parents to choose among undesirable alternatives. The lack of strong working time regulations, for example, may leave employers with a great deal of choice about working hours. U.S. workers, however, are more likely than their European counterparts to face a choice between 40-hour per week employment or

no employment, or between working mandatory overtime or losing their jobs. The lack of paid family leave and subsidized child care forces equally difficult choices for many families. In the absence of leave, most parents face the choice of returning to work 12 weeks after childbirth or quitting their jobs. In the absence of affordable child care, they are forced to choose between reducing their working hours to care for their own children or reducing their effective earnings by purchasing substitute child care.

As these examples suggest, the U.S. reliance on markets to provide ‘choice’ has been calamitous for many American parents and children. Providing American parents with realistic, affordable, and acceptable choice will require more fundamental institutional change. To provide gender-equal opportunities to participate in market and caregiving work, we need to move beyond the model of individually-negotiated employer benefits to institutionalize benefits that are equally available – and create equal incentives – for mothers and fathers to take temporary caregiving breaks from paid work. To provide employed parents with options for reduced-hour work without undue economic penalty, we need to move beyond outdated labor market regulations to institutionalize shorter full-time working hours and protections for part-time workers. To provide good quality substitute care for children that is affordable for parents and fairly compensates care workers, we need to move beyond consumer markets to institutionalize universally available and well-regulated alternatives.

## APPENDIX 1

### Estimating the Direct Costs of Paid Family Leave and ECEC Proposals.

#### *Costs of Paid Family Leave Proposal*

Several analysts have estimated the costs of proposed paid family leave plans at the state level. (See <http://www.paidleave.org/> for a number of these studies).

For this analysis, we base our cost estimates on a study of the predicted costs of the newly enacted California Paid Family Leave program, conducted before its passage by two university-based economists; see Dube and Kaplan (2002).<sup>9</sup> The California plan began on January 1, 2004, with the initiation of payroll deductions; benefits are payable as of July 1, 2004.

The Dube-Kaplan study estimated costs using the parameters of the law (which was a proposed at the time of their study) combined with alternative scenarios which vary largely due to different estimates of leave usage. *We chose their “upper estimate” on the assumption that our high benefit rates would push take-up rates to high levels.*

This California study made the following assumptions:

- Employed mothers and fathers would be eligible for paid family leave for the purpose of caring for children following birth or adoption.
- Although job protection is not guaranteed for employees in enterprises smaller than 50 workers, workers in all enterprises are eligible for cash benefits (following a seven-day waiting period.)
- Benefits will be paid at 55 percent of earnings, up to a cap. Maximum benefits will be \$728 per week. That corresponds to 55 percent of \$1,324 in weekly

earnings, or \$68,829 in annual earnings (equivalent, at the national level, to about 1.8 x men's median annual earnings and 2.5 x women's annual earnings).

Earnings above that level are neither taxed when payroll contributions are calculated, nor are they replaced when benefits are claimed.

- Average duration taken for maternity/parental leaves would be about 8 weeks. (Note that they started with the possibility of a 12-week paid benefit, twice the duration included when the law was passed.)
- Administrative costs would add 10 percent; these costs are included in their estimate.

Using their upper estimate scenario, they find that 329,703 workers would take maternity/parental leaves per year, with average duration of about 8 weeks, and an average weekly benefit of \$296. The total cost per employee, annually, would be about \$93.58. (Note that their lower and "likely outcome" estimates of annual per worker costs are \$33.90 and \$50.41 respectively).

When we estimated the costs of a national program in line with our proposal, we left their primary assumptions in place. Dube and Kaplan comment that they compared key demographic and labor market parameters between California and the U.S. as a whole and concluded that the main differences had virtually no effect on their cost estimates. In short, we multiplied their estimated per worker costs by the size of the U.S. labor force (approximately 150,000,000 workers). We began by assuming 100 percent take-up, i.e., that all workers claiming benefits would take-up all of the days for which they are eligible.

We then made four adjustments.

First, we multiplied the total costs by 1.8 to account for the difference between the California wage replacement rate (55 percent) and our proposed rate (100 percent). We left the earnings cap in place: \$728 per week, or about \$69,000 per year, in 2004.

Second, we then multiplied the total costs by 3.25, to account for the difference in duration. Dube and Kaplan were working with an estimated duration of approximately 8 weeks; our proposal calls for six months (26 weeks) of leave. *We assume that those who take-up their paid leave will take the entire duration.*

Third, we increased the total costs by an additional 3% to pay for the 24 hours (three days) of paid “leave for family reasons” that we proposed

Fourth, we increased their estimates (based on 2001) upwards to 2004, using Bureau of Labor Statistics (BLS) data on annual wage growth..

Using these researchers’ estimate for the (upper end) cost of the California plan, and our method for extending these estimates to our national -- and more generous -- plan, we find that the full costs (in terms of government outlays) would be approximately \$45 billion annually (for 2004). Given that current public budget outlays on paid family leave are very low (essentially, current TDI spending in five states), we consider this to be the amount of new spending that would be needed.

These costs are clearly a high-end estimate in that we imagine both high take-up rates and take-up for the full duration by all leave-takers. European research shows, for example, that highly-educated workers often return to the workplace before their paid leave entitlement is exhausted. To take this into account, we estimated the costs, using a second assumption -- that 50 percent of total entitled days are taken.

It is important to note that these cost estimates do not include the costs of paid leave for workers taking time off to care for ill family members, another key component - now unpaid -- of the FMLA. According to Dube and Kaplan's analysis, in the upper-end scenario (combined with the assumption of 100 percent take-up for the full duration), that would raise this cost estimate by a factor of about two, increasing the total from \$45 billion to approximately \$90 billion. Although we agree that paying for care for ill family members would be enormously valuable for families, we lay that component aside for now.

### *Costs of ECEC Proposal*

A number of analysts have developed models to estimate the costs of expanding ECEC in the U.S. (See Schrivner and Wolfe 2003 for a recent review). For our cost estimates we draw from analyses by Suzanne Helburn and Barbara Bergmann (2002). Their model estimates child care costs using data collected by the Children's Defense Fund on average costs, by state, for center-based care for children of varying ages. Actual costs are increased by \$2,000 per year to capture the cost of increasing the quality of care in these settings. This incremental increase is based on Helburn and Bergmann's estimates of the amount needed to raise child care worker salaries, as the main input into quality, to the median for comparably educated and experienced workers in other fields. Policies to increase the levels of education and training in the child care workforce would, presumably, increase the costs of quality improvements further. However, our per-child estimates using their methodology (\$8,650 for full time care for infants/toddlers

and \$7,220 for full time care for children aged three through 5) are similar to actual and estimated costs for providing high quality pre-kindergarten services in public settings.

To estimate a fully universal system, with 100 percent take-up, we use 2000 Census figures to multiply the number of U.S. children age 0-2 by the direct costs of care for an average of 26.5 hours per week, care for children age 3-4 for an average of 40 hours per week, and care for 5 year old children by 20 hours per week (because most are enrolled in public kindergarten at least half-time).

The full cost of such a system is an estimated \$135.5 billion annually; if government assumes 82 percent of costs, the total public cost would be an estimated \$111.1 billion. Less than universal take-up – or use of care for fewer hours – would decrease costs. In Sweden, for example, enrollments of children age one to two in public care are about 48 percent; similar levels of take-up in our estimates for the U.S. would (holding other assumptions constant) reduce the total public cost to \$84.4 billion (at 82 percent subsidization).

The actual costs of such a system would obviously vary with different assumptions. Higher educational standards for teachers, and higher salaries, would increase costs, as would lower adult:child staffing ratios for infant and toddler care. And this estimate does not include transportation or additional administrative costs associated with increased monitoring of facilities or the expansion of early education training programs to upgrade the education of the child care workforce.

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<sup>1</sup> We use the term “reduced-hour work” to refer to paid work at less than 40 hours per week, generally in the range of 35-39 hours, and “part-time work” to mean work at less than approximately 35 hours per week, the standard cutoff in the U.S.

<sup>2</sup> See Gornick and Meyers (2003) for more detail and for sources of country-specific information.

<sup>3</sup> Enrollments of one and two years olds are higher, at about 74 percent, in neighboring Denmark.

<sup>4</sup> In Belgium, which has a similar dual system, closer to one-half of one- and two-year old children are now enrolled in public care settings.

<sup>5</sup> Percentages do not sum to 100 due to multiple responses.

<sup>6</sup> We discuss this family leave policy within the context of heterosexual couples because one of our core interests is gender equality within families. Note that “two parent” benefits would be available to same-sex and other domestic partners as well, as they currently are in several European countries. A more complex question concerns the generosity of leave benefits for single parents, i.e., for parents who have no second caregiver. One possibility would be to double the duration of the leave benefit, so that single parents are eligible for twelve months, rather than six. Either solution for single parents -- twelve months or six months -- raises equity concerns. Granting twelve months increases the possibility of weakening single parents’ labor market ties more than those of coupled parents; granting six months means that the children of single parents are likely to have less parental time at home than do the children of coupled parents. This policy decision inevitably involves a tradeoff. In the context of this exercise, we decided to grant single parents six months of paid leave.

<sup>7</sup> We propose to set the earnings cap at about \$70,000 in annual earnings, based on the cap used in the new California paid family leave law. Earnings above that level are neither taxed when payroll contributions are calculated, nor are they replaced when benefits are claimed. This cap is equivalent to about 1.8 times men’s median annual earnings and 2.5 times women’s annual earnings.

<sup>8</sup> The estimated 2.5 percent of GDP in Sweden and 1.5 percent of GDP in the U.S. represent roughly equivalent levels of policy expenditures *per capita* because per capital

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GDP is higher in the U.S. than in Sweden. See Gornick and Meyers 2003 for amore extended discussion.

<sup>9</sup> These cost estimates for Sweden and France are based on aggregate expenditures reported Gornick and Meyers (2003); see Figure 5.4 and Table 7.5.

<sup>9</sup> We are grateful to Arindrajit Dube for his helpful suggestions regarding our cost estimates (personal communication, May 6, 2004).