Center for American Progress

The Cost of Work-Family Policy Inaction

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

By Sarah Jane Glynn and Danielle Corley

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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.

The need for policies to help working families

In most American families, all of the adults in the household work, and most children live in homes with working parents.[1] Most mothers work outside of the home, and two-thirds of children who are too young to have started kindergarten have all of their available parents in the labor force.[2] Because most families do not have a full-time, stay-at-home caregiver to look after children or care for sick or aging relatives, access to benefits such as paid leave and affordable, high-quality child care are vital to working families.

In many families, all of the adults work out of economic necessity. Today, stay-at-home mothers are much less common than they were in the past. In 1970, 48 percent of children had a mother who stayed at home, but in 2012, just 28 percent of children had a mother who stayed home.[3] This is not surprising since mothers are the primary or co-breadwinners in roughly two-thirds of families and since the largest contributor by far to middle-class income growth between 1979 and 2013 was the rise in women's hours of work and earnings.[4] Work requirements and time limits on the receipt of welfare benefits—and likely the reality of stagnating wages—have contributed to the increased labor force participation by mothers.[5]

Yet while stay-at-home mothers are still less common today, studies from the Pew Research Center show that recent years have seen a slight increase in married mothers staying out of the labor force. These mothers are less likely to be white, have less formal education, and are more likely to be living below the poverty line than their working counterparts. Significantly, the share of stay-at-home mothers living in poverty has nearly doubled since 1970.[6] This trend may be tied to economic hardship rather than choice, as these women are more likely to be pushed out of the labor force due to a lack of paid leave and affordable child care options rather than voluntarily choosing to "opt-out."[7]

International research seems to support the conclusion that a lack of work-family policies is forcing more and more women to leave the U.S. labor force. Women's labor force participation rates in the United States have fallen relative to other countries in the Organisation for Economic Co-operation and Development, or OECD.

And nearly 30 percent of this change is due to the expansion of family friendly policies, such as paid leave and part-time parity, in other countries—something the United States has yet to implement.[8] At the same time, the United States has the third-highest child care costs paid by families as a share of income, compared with other OECD countries.[9]

In short, in spite of the importance of women's earnings to family economic security, fewer women work in the United States relative to other advanced economies because the lack of work-family policies in the United States makes it harder to maintain employment while also caring for a family. The U.S. Department of Labor estimates that there would be roughly 5.5 million more women in the labor force if women in the United States had similar labor force participation rates to Canada and Germany, which would result in $500 billion of additional economic activity.[10]

Child care, however, is just one reason why workers may need to take leave; both men and women may also need to leave the workforce to care for their family members. Formal long-term care, whether provided in the home or in a center, can be difficult to access and is often very expensive.[11] As a result, millions of workers struggle to maintain employment while caring for a relative—usually an aging parent.[12] Due largely to aging Baby Boomers, the number of Americans reliant on long-term care services is set to more than double from 12 million people in 2010—7 million of whom were seniors—to 27 million people by 2050. Yet the ratio of potential caregivers—adults ages 45 to 64—to those ages 80 and older will decline from 7 to 1 in 2010 to 3 to 1 in just three decades.[13] This means that more working adults—nearly half of whom also have children reliant on their care and income—will need to help their aging parents.[14] As the nation's population ages, adequate access to paid leave will be vital to ensure that prime-aged workers are able to maintain employment while also caring for their families.

The data make it clear that most parents and family caregivers are employed, yet the United States still does not have a robust set of policies to help individuals balance their work and family responsibilities. In fact, the United States is the only advanced economy without paid maternity leave and one of the only countries without disability or caregiving supports such as paid leave or other types of income replacement.[15] Additionally, the United States spends comparatively less than other countries to help families access child care.[16] The lack of access to paid leave, combined with the high cost of child care, makes it difficult for many families to maintain their ties to the labor force and to reach their full potential at work while still caring for themselves and their families.

Paid family and medical leave

The only piece of federal legislation in the United States that exists to provide family caregiving supports is the Family and Medical Leave Act, which was implemented in 1993.[17] The FMLA provides qualifying workers with up to 12 weeks of job-protected time off to care for a new child or seriously ill family member, to address their own serious health condition, or to address contingencies that arise out of military deployment. However, the FMLA only covers workers who work for an employer with a minimum of 50 employees within a 75-mile radius. And in order to qualify, workers must have been employed at their job for at least one year and must also have worked at least 1,250 hours during the previous 12 months.[18]

Roughly 40 percent of all workers are not covered by the FMLA as a result of these eligibility requirements.[19] Even if an individual does qualify for job-protected leave, there is no guarantee that the leave will be paid. Only 48 percent of workers who take FMLA-type leave receive full pay while they are out, while another 17 percent receive partial pay. These restrictions have clear consequences for access to leave. Nearly half of workers who did not take leave but reported needing it said it was because they could not afford to go without pay. Among individuals who did take leave without full pay, 60 percent reported difficulties making ends meet, and 84 percent reported limited spending.[20]

Since the passage of the FMLA, five states have passed laws to offer paid family leave, and three of these states have systems that are now operational.[21] Looking at the effects of paid family leave policies in these states and in other countries, the positive benefits for families are clear. For mothers, these policies help facilitate a return to paid employment, higher wages, and a lower wage gap.[22] Fathers are more likely to take leave when it is paid, which leads to higher parental involvement.[23] Patterns from California over the past decade show an increased uptake of leave for fathers after it became paid.[24] And because families who are forced to take unpaid leave or exit the labor force often see their incomes drop, new parents without access to paid leave are more likely to need to rely on public benefits such as Temporary Assistance to Needy Families, or TANF—also known as welfare—and the Supplemental Nutrition Assistance Program, or SNAP—also known as food stamps.[25] As paid leave increases the amount of time that children spend with their parents, it also is associated with lower infant mortality rates and means that children are more likely to be breastfed—which is associated with positive health outcomes—and to receive vaccinations at recommended times.[26]

Paid leave is not just good for parents and new babies; it also leads to positive benefits for medical and temporary disability leave takers. The majority of workers—72 percent—will spend at least part of their adult lives living with a disability.[27] Unfortunately, the United States does not have a national system in place to help workers who are temporarily unable to work due to a disability.[28] Just five states have enacted temporary disability insurance programs, and only 37 percent of workers are covered by private temporary insurance policies.[29] The Americans with Disabilities Act has helped adults with disabilities remain employed by requiring employers to provide "reasonable accommodations" for workers with disabilities, including unpaid leave.[30] Yet the lack of paid time off to handle medical issues has significant consequences for the earning potential of individuals with disabilities. Even workers who are able to keep working at the onset of a disability see their earnings drop, likely because medically necessary leave can legally remain unpaid.[31]

Further evidence shows that paid leave for workers with medical conditions helps them continue to work or return to work sooner if they have to take time off. A study of cancer patients in the United Kingdom found that there were positive correlations between workplace accommodations—including flexibility and paid leave—and working during treatment and returning to work after treatment.[32] Another study found that women with access to paid leave were more likely to return to work after suffering from a myocardial infarction or angina—a heart attack or chest pain—than women who did not have paid leave.[33]

Promisingly, survey data on leave takers in the United States also show that most people who take leave go back to work.[34]

- Just more than half of leave takers cite their own illness as the reason for taking leave. Another quarter take leave for reasons related to a new child, including pregnancy, adoption, or fostering. Eighteen percent take leave to care for a parent, spouse, or child.
- About half of medical leaves—excluding pregnancies—are for a one-time illness, while roughly 40 percent are due to either an ongoing health condition or an illness or injury requiring routine care. Regardless of the type of medical condition, the majority of all medical leaves are for 40 days or less.
- Nearly 92 percent of all family and medical leave takers return to work, and only 7.7 percent do not return to paid employment after their leave.
- Of the 7.7 percent who do not return to work, 21 percent report that it was because their health condition continued, while another 2.1 percent did not pass fitness-for-duty certification. In comparison, about one-quarter did not return to work because they were laid off or fired, while approximately half listed "other" as their reason for not returning.

There are wide-ranging benefits that result from access to paid family and medical leave, from better child and health outcomes to increased consumer spending and decreased need to rely on public benefits. But while paid leave can provide a lifeline after the arrival of a new baby or in caregiving emergencies, older children and children without health problems also need care and supervision. Paid leave is vital, but so too are investments in child care and early childhood education.

Child care

Child care is an economic necessity for most working families. Most parents today work outside of the home, yet families looking for child care face steep costs and few options. This is especially true for low-income workers, who are more likely to have nonstandard work schedules. Whether children are younger than school age or need after-school care, many families have a need for additional child care while parents work.

Across the United States, 32.7 million children are in regular child care arrangements other than parental care; 12.5 million of these children are ages 4 and younger.[35] More than half of families with an employed mother rely on a parent or other relative to care for their young children, while nearly one-quarter use center-based care.[36] However, family income often dictates the type of care children receive. For example, children in the highest-earning families are nearly 40 percent more likely to be in a nursery or preschool than children in the lowest-income families.[37]

Currently, the United States subsidizes the cost of child care through the Child Care and Development Block Grant, or CCDBG, and the Child and Dependent Care Tax Credit, or CDCTC. Yet both programs fall short in helping families access high-quality child care. Through the CCDBG, states receive block grants to improve child care quality and subsidize the cost to families, generally through vouchers for low-income parents to help with the cost of their preferred child care provider. The CCDBG provides a total of $5.3 billion to states, which they must partially match with their own funds.[38] Yet at this funding level, the program only reaches 1.5 million children, which is just 1 in 6 of all eligible children.[39] Worse still, the average subsidy—approximately $4,900 per year—is typically too low to provide access to high-quality child care.[40] Furthermore, the CCDBG is declining in its ability to reach families: In 2013, the CCDBG served its fewest number of children since 1998.[41] The CDCTC is targeted toward higher-income families, allowing them to take a tax credit of up to $1,050 for one child and $2,100 for two children.[42] Because the credit is nonrefundable and does not provide a benefit until the following year when tax returns are filed, families who owe little or nothing in taxes or who cannot afford the expense of child care upfront do not fully benefit from the program. As a result, families with incomes between $100,000 and $200,000 per year benefit most from the credit.[43] The limitations of both the CCDBG and the CDCTC, coupled with rising costs, result in far too few families being able to afford high-quality child care.

Between 2000 and 2012, the average child care costs for a middle-class family of four grew by $2,300, while wages remained stagnant.[44] Today, the average annual cost of center-based care for an infant in the United States is nearly $10,000—ranging from $4,822 in Mississippi to $17,062 in Massachusetts.[45] For a family with an infant and a preschooler in a child care center, the average cost of child care exceeds median rent in every state.[46] In 28 states and the District of Columbia, the cost of center-based care for an infant is higher than a year's worth of tuition and fees at a four-year public college.[47]

While child care costs are especially challenging for low-income families, families across the income spectrum struggle to afford child care. Among all families with children under age 5, child care costs account for 9 percent of monthly income.[48] Yet families below the poverty level—an annual income of $24,300 for a family of four—spend more than one-third, or 35.9 percent, of their income on child care on average.[49] Even for families in the income brackets making $1,500 to $2,999 per month and $3,000 to $4,499 per month, child care constitutes 21.7 percent and 16.6 percent of income, respectively.[50]

The reality of working parents—combined with the skyrocketing costs of child care—means that finding high-quality, affordable care is a common challenge for U.S. families. Yet high-quality child care has important benefits for parents and children. Subsidized child care is related to increased employment rates for mothers.[51] One study showed that the lower labor force participation rate of mothers of preschoolers in the United States was "entirely the result of higher child care costs faced by these women."[52]

Child care is not only an economic necessity for working families; high-quality early learning programs are crucial to child development. Research shows that approximately 90 percent of brain development occurs from birth to age 5 and that there are long-lasting positive effects of high-quality early education.[53] Longitudinal early child care studies connect high quality early education with higher IQ scores; improved language, literacy, and mathematics abilities; and better behavioral skills.[54]

The invisible costs of inaction

It is clear that American families need a policy change, yet critics of policy interventions to provide paid family and medical leave or comprehensive child care assistance to working families often focus on the costs of implementing these policies as new programs.[55] While many of these criticisms are based on misunderstandings of the proposed programs or the ways that such programs would be funded, it is true that any new government program entails new costs. However, one critical piece of information is often missing from these critics' assessments: the costs of not having these types of policies in place.[56] These are costs directly borne by families due to the absence of affordable child care and paid family and medical leave—costs that families in other advanced economies around the world do not face.

Economists have estimated that women's labor force participation rates would be higher and that the United States would have as much as $500 billion in greater economic activity if the nation were to implement the same types of family-friendly policies seen in other advanced economies.[57] While these types of analyses are useful to highlight the wealth of benefits that would accrue from making investments in working families, they are also projections about what would be possible in the future if the government enacted policies such as paid leave and comprehensive child care assistance. At the same time that it is useful to acknowledge the potential for economic gains, it is also vital to understand the current costs that families are already paying as a result of not having these types of policies in place.

The current system forces families to lose money in two ways: by taking unpaid leave and/or reducing their work hours as a result of family responsibilities and by paying direct costs for unsubsidized child care. In both cases, families are losing money as a direct result of not having access to policies such as paid leave and subsidized child care that are available to working families in other advanced economies. While these costs may be hidden or considered by some advocates and journalists to simply be the expense of raising a family,[58] the fact remains that workers across the globe are not subjected to the same costs as working families in the United States.

The costs of not having affordable child care and paid family and medical leave

Most workers will experience an event that prevents them from working at least once in their life, whether it is the arrival of a new baby, the need to care for a seriously ill family member, or the need to recover from their own serious medical condition. Some workers facing these circumstances have access to paid leave through their employers, but previous research has shown that these workers are disproportionately likely to be white, older professional workers with higher wages.[59] People of color, workers in service occupations, low-wage workers, and young workers are all less likely to have access to any form of paid leave or the types of workplace flexibility that may allow them to manage paid employment with their family or personal responsibilities.[60] Workers without access to paid leave may be eligible for job-protection under the FMLA, but roughly 40 percent are excluded due to the size of their employer, their job tenure, or their work hours. Low-wage workers, young workers, and workers of color are all less likely to be covered under the FMLA.[61]

As a result, when workers experience a personal or caregiving emergency, they are often faced with two options: take an unpaid leave of absence and return to work if they are lucky enough to have FMLA protections or leave their job either voluntarily or because they are fired or forced to quit. While temporary unpaid leave can wreak havoc on families' economic security, being forced into unemployment or leaving the labor force is associated not only with less money in the short term but also with depressed future wages and reduced retirement security. While the analyses in this report focus on short-term lost wages, for more information on the longer-term effects of leaving the labor force due to family care responsibilities, please see CAP's interactive calculator, "The Hidden Cost of a Failing Child Care System." This calculator measures lost income growth and lost retirement assets and benefits for workers who must take extended time out of the labor force.[62]

The costs of taking extended time out of the labor force

The annual cost of a child care center for a typical American family with an infant and a 4-year-old is nearly $18,000. As a result, many parents face the untenable choice between spending an average of nearly 30 percent of their paycheck on child care or leaving the workforce altogether. For low-wage workers, the cost of child care may be higher than the paychecks they bring home. This reality gives some workers very little choice over whether to continue working or to leave the labor force to care for their children themselves. While this may seem economically rational—or necessary—in the short-term, there are long-term costs to leaving the labor force for extended periods of time.

When parents leave the workforce, they lose more than just their salaries, and the cost of this decision can follow them for the rest of their careers. After taking into account the potential wage growth and lost retirement savings over time, a parent who leaves the workforce for one year or longer can lose up to four times their annual salary per year.

Take, for example, a hypothetical 26-year-old new mother. She started working at age 22 when she graduated from college and currently earns $40,000 per year. If she decides to take 5 years off from work to stay home with her child in order to avoid paying for child care, she would lose an estimated $642,000 over the course of her career due to lost wages, depressed future wage growth, and lost retirement savings.[63]

This report quantifies and estimates the total aggregate lost wages that families miss out on each year due to the lack of policy interventions in the United States to provide affordable child care and paid family and medical leave. Measuring lost wages helps to demonstrate that the costs of policies like child care and paid leave are much larger than just direct payments for services. While families are often all too aware of the direct costs for goods and services, the hidden costs from lost wages are not always as obvious or addressed in as great of detail. Rather than solely focusing on the cost of action, policymakers should consider the cost of inaction—which working families already understand all too well.

While this report offers data on this staggering cost of inaction, it is important to note that working families bear additional costs that are not tallied here. For example, the estimates in this report only capture individuals who explicitly report being out of work or reducing their hours due to child care or family care reasons.

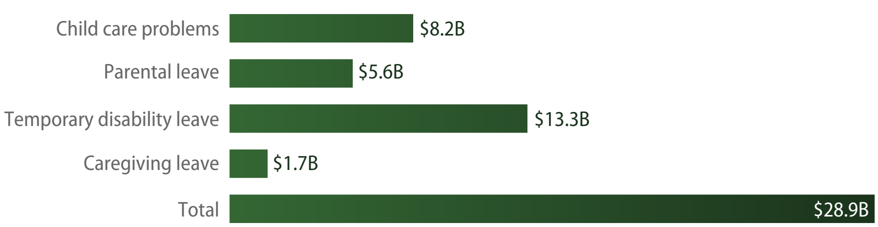
While a lack of affordable options likely affects a far greater numbers of workers, if they did not identify these reasons as the primary driver behind their behavior in surveys, they are not captured in these analyses. This data also cannot capture or quantify common experiences such as taking a lower-paying job in order to have greater flexibility to meet family responsibilities.

The data for the lost wage calculations in this report are taken from the U.S. Census Bureau Current Population Survey's Annual Social and Economic Supplement, which is collected every March.[64] These data include information on whether workers are in the labor force; what their labor force participation, employment, and earnings were during the previous 12 months; whether they were on leave for the week preceding the survey date; and whether that leave was paid or unpaid, along with a host of other demographic, social, and economic characteristics about the individual, their family, and their household. By pooling 10 years of data, collected from 2005 through 2015, we were able to make educated assumptions about the current labor force, rates of leave-taking, and employment and work patterns. The data were supplemented with information about the rate of leave-taking behaviors taken from the Family and Medical Leave in 2012 survey, collected by the U.S. Department of Labor in conjunction with Abt Associates.[65] For more information about our data and methodology, please see Appendix A.

We found that every year, working families in the United States suffer 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. These lost wages occur when individuals are forced to quit working or must reduce their work hours because they cannot access child care or paid leave.

FIGURE 1

Estimated lost wages for workers ages 18 to 64 due to lack of work-family policies



Source: Authors' analysis of Miriam King and others, "Integrated Public Use Microdata Series, Current Population Survey: Version 3.0," available at https://cps.ipums.org/cps/index.shtml (last accessed July 2016); U.S. Department of Labor, "Wage and Hour Division (WHD)," available at https://www.dol.gov/whd/fmla/survey/ (last accessed July 2016).

Losses due to a lack of child care: $8.3 billion

When parents have trouble accessing affordable child care, it can have a negative impact on their ability to maintain employment or work as many hours as they may want or need to. If a parent does not have access to affordable child care, they may be forced to reduce their work hours or quit their job, and in some cases, they may even be fired. We calculated three separate figures to determine the lost wages associated with a lack of affordable child care options for working parents. Notably, these figures do not reflect the out-of-pocket expenses paid by parents who purchase child care.[66] Instead, these are the losses to families when working parents end up unemployed or must work part-time due to a lack of child care.

The first category of workers included in this calculation are those who we estimate are unemployed due to a lack of access to child care. This includes people who simultaneously report that they are currently not employed but are looking for work; that they are not working because they are taking care of a family member; and whose youngest child is older than age 1 but younger than age 6. Given current gender norms and the fact that mothers are the most likely family members to take on the bulk of child care, the majority of people in this category are women.[67] Based on their previous earnings before leaving work to care for their family, we estimate the total lost wages of this group to be approximately $240 million per year. Notably, this figure only accounts for immediate lost wages and does not take into account future wage depression, loss of retirement income, or other costs included in the previously mentioned interactive calculator.[68]

The final two categories consist of currently employed parents who either normally work part-time due to child care problems or report normally working full-time but who temporarily worked part-time the week prior to being surveyed due to child care problems. As was the case for unemployed workers, the majority of people in these categories are also women. Notably, 96 percent of those who always work part-time due to child care reasons are women. The data contained information that allowed us to calculate median hourly wages for the men and women affected, as well as their missing hours as a result of child care problems. In total, we estimate that working part-time—either temporarily or over a longer time period—results in losses to families of $522 million annually.

TABLE 1

Estimated total lost wages for workers ages 18 to 64 due to child care problems

Workers' status

	Unemployed	Temporarily part-time	Usually part-time
Share of labor force	0.06%	0.05%	0.51%
Share of men	16.67%	20.00%	3.92%
Share of women	83.33%	80.00%	96.08%
Median weekly wage, male	$499.85	$865.15	$346.92
Median weekly wage, female	$250.09	$538.46	$288.38
Median hourly wage, male		$15.00	$8.75
Median hourly wage, female		$13.27	$10.00
Missing hours, male		8.00	16.00
Missing hours, female		10.00	20.00
Median weeks part-time, male			48.50
Median weeks part-time, female			48.00
Median weeks of leave, male	12.0		
Median weeks of leave, female	8.0		
Total lost wages, male	$79,899,136	$124,834,700	$253,040,620
Total lost wages, female	$159,585,251	$397,224,556	$7,237,992,386
Total lost wages	**$239,484,387**	**$522,059,256**	**$7,491,033,006**
Total losses associated with child care	**$8,252,576,649**		

Source: Authors' analysis of Miriam King and others, "Integrated Public Use Microdata Series, Current Population Survey: Version 3.0," available at https://cps.ipums.org/cps/index.shtml (last accessed July 2016).

Losses due to a lack of paid family and medical leave: $20.6 billion

Individuals may need time off from work not only to care for children but also to provide care to family members or to recover from a serious illness or injury. While the FMLA provides job protection to those who qualify, roughly 40 percent of workers are ineligible and may lose their job if they have a baby, a serious illness, or need to care for a seriously ill family member.[69] Even those who are able to keep their jobs may still experience economic hardship if they are forced to take unpaid or partially paid leave.

Parents who need time off to care for a newborn or newly adopted child are often left with few options for paid leave. While paid leave has been shown to make new mothers more likely to return to work, and more likely to return to their same or higher wages, only 13 percent of all civilian workers have access to paid family leave.[70] As a result, many parents—particularly mothers—may be forced to quit or are fired from their jobs after having a baby. We estimate the lost wages of parents who experience unemployment due to a lack of paid parental leave to be $73 million per year.

On the other hand, other parents are able to keep their jobs but lose wages because they must take unpaid or partially paid parental leave. Overall, families suffer $1.7 billion in lost wages due to unpaid parental leave and $3.8 billion in lost wages due to partially paid wages. While the higher cumulative cost of partially paid leave may seem counterintuitive, it is the result of parents' ability to take longer leaves when they are receiving at least some wage replacement. For example, the median length of unpaid leave for a father of a newborn is only 1.5 weeks, while the median length of partially paid leave taken by fathers is 5 weeks.[71]

TABLE 2

Total lost wages for workers ages 18 to 64 due to lack of paid parental leave

Workers' status

	Unemployed after having a child	Unpaid leave	Partially paid leave
Share of labor force	0.02%	1.05%	0.50%
Share of men	*	50.48%	24.00%
Share of women	100.00%	49.52%	76.00%
Median weekly wage, male	*	$653.85	$163.46
Median weekly wage, female	$322.28	$470.86	$235.43
Median weeks of unemployment, male	12		
Median weeks of unemployment, female	8		
Median weeks of leave, male		1.5	5.0
Median weeks of leave, female		8.5	11.6
Total lost wages, male	*	$765,215,044	$144,380,197
Total lost wages, female	$73,085,871	$3,063,736,287	$1,527,709,225
Total lost wages	**$73,085,871**	**$3,828,951,330**	**$1,672,089,422**
Total lost wages associated with lack of paid parental leave	**$5,574,126,623**		

* Denotes sample sizes that are too small for analysis.

Source: Authors' analysis of Miriam King and others, "Integrated Public Use Microdata Series, Current Population Survey: Version 3.0," available at https://cps.ipums.org/cps/index.shtml (last accessed July 2016); U.S. Department of Labor, "Wage and Hour Division (WHD)," available at https://www.dol.gov/whd/fmla/survey/ (last accessed July 2016).

While the majority of research on FMLA-type leaves tends to focus solely on parental leave, the majority of leaves from work are taken so that workers can address their own serious health concerns.[72] More than half—63.2 percent—of unpaid or partially paid leaves are to address personal health issues.[73] Some workers do have access to paid temporary disability leave through their employers, but only 37 percent of the private sector is covered under these policies.[74] Because temporary disability claims are the most common, and because workers taking these leaves on average tend to be older and thus earn higher wages, disability leaves have the highest cumulative costs to workers and their families. While many birth mothers take temporary disability leave to recover from the physical effects of childbirth, these estimates only include nonpregnancy-related temporary disability leaves—of which men take the majority of leaves. We estimate that working families lose $8 billion in lost wages due to unpaid temporary disability leave and $5.3 billion in partially paid temporary disability leaves.

TABLE 3

Total lost wages for workers ages 18 to 64 due to lack of paid disability leave

Workers' status

	Unpaid leave	Partially paid leave
Share of labor force	2.57%	1.81%
Share of men	57.98%	63.54%
Share of women	42.02%	36.46%
Median weekly wage, male	$595.83	$297.92
Median weekly wage, female	$384.51	$128.43
Median weeks of leave, male	4.0	8.5
Median weeks of leave, female	4.5	8.5
Total lost wages, male	$5,227,643,204	$4,286,930,564
Total lost wages, female	$2,750,940,651	$1,060,606,489
Total lost wages	**$7,978,583,855**	**$5,347,537,053**
Total lost wages associated with lack of paid disability leave	**$13,326,120,908**	

Source: Authors' analysis of Miriam King and others, "Integrated Public Use Microdata Series, Current Population Survey: Version 3.0," available at https://cps.ipums.org/cps/index.shtml (last accessed July 2016); U.S. Department of Labor, "Wage and Hour Division (WHD)," available at https://www.dol.gov/whd/fmla/survey/ (last accessed July 2016).

The least frequent—yet still substantial—category of leave includes those taken so that workers can provide care for a seriously ill family member. This can include caring for an aging parent or a seriously ill spouse or child. More men than women take unpaid family caregiving leave but their leaves tend to be shorter. Women, however, are much more likely than men to take partially paid family care leave from work. Overall, we estimate that families lose $1.7 billion in wages due to unpaid caregiving leaves and $42 million due to partially paid family care leaves.

TABLE 4

Total lost wages for workers ages 18 to 64 due to lack of paid caregiving leave

Workers' status

	Unpaid leave	Partially paid leave
Share of labor force	0.90%	0.10%
Share of men	55.56%	*
Share of women	44.44%	100.00%
Median weekly wage, male	$624.84	*
Median weekly wage, female	$427.69	$142.85
Median weeks of leave, male	1.2	*
Median weeks of leave, female	4.4	2.0
Total lost wages, male	$551,896,797	*
Total lost wages, female	$1,108,087,356	$42,056,952
Total lost wages	**$1,659,984,152**	**$42,056,952**
Total lost wages associated with lack of paid caregiving leave	**$1,702,041,104**	

* Denotes sample sizes that are too small for analysis.

Source: Authors' analysis of Miriam King and others, "Integrated Public Use Microdata Series, Current Population Survey: Version 3.0," available at https://cps.ipums.org/cps/index.shtml (last accessed July 2016); U.S. Department of Labor, "Wage and Hour Division (WHD)," available at https://www.dol.gov/whd/fmla/survey/ (last accessed July 2016).

Conclusion

The nation's economy thrives and grows when people have enough money to afford the basic necessities of life, but all too often, people are forced to give up or reduce their paychecks in order to care for their families. When this happens, it not only affects individual families—it slows down spending and has a negative impact on local communities and the economy.

While $29 billion in annual lost wages is a staggering amount of money for working families to lose due to a lack of work-family policies, it is only one part of a much larger problem. The time that workers spend out of the labor force not only results in lost wages but also affects workers' future job prospects, wages, and retirement security. These previously identified costs are not included in our estimate of lost wages and are beyond the scope of this report.

In addition to the high costs to families, previous research has shown that the lack of work-family policies also creates additional costs that go beyond the losses documented in this report. When families lose income due to unpaid leave or because they are pushed out of the labor force, this leads to lower family incomes and increased costs to the government through increased usage of public benefits such as SNAP and TANF. The figure presented here represents annual lost wages and is only one aspect of the total costs that families must shoulder due to a lack of affordable child care and access to paid family leave. It is crucial that policymakers act to address the challenges and costs that American families face as they try to making ends meet while caring for their families.

About the authors

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Appendix A: Data and methodology

The analysis reported here relies on two primary data sets. The main source of data is the Current Population Survey Annual Social and Economic Supplement, or CPS ASEC, a nationally representative survey of more than 75,000 households collected every March. The survey collects detailed information on demographic, social, and economic characteristics of each individual in the household. For this analysis, we pooled ten years of survey data from 2005 through 2015. Our sample is limited to individuals who were ages 18 to 64 and who reported being members of the labor force at the time the survey was conducted.

The second source of supplementary data is the Family and Medical Leave in 2012 data set, collected by Abt Associates for the U.S. Department of Labor. Our analysis uses the Employee Survey portion of the data set, which includes detailed information on nearly 3,000 workers, including demographics and data on leave-taking.

Losses due to a lack of child care

We estimate lost wages due to unemployment related to child care using data from the CPS ASEC by identifying the portion of the labor force who reported the following:

a. Currently not working
b. Not working for part of the previous year because they were taking care of family member
c. Having a child who is older than age 1 but younger than age 6
d. Wanting work or actively looking for work

The total number of affected individuals was estimated, broken down by gender. The data set allowed us to calculate the duration of unemployment for men and women in this category, as well as their median weekly wages prior to becoming unemployed, which were then used to estimate lost wages.

We also estimate lost wages caused by working part-time due to a lack of child care. This category consists of employed individuals who report either normally working part-time due to child care problems or normally working full-time but who temporarily worked part-time in the week before they survey was conducted due to child care problems, broken down by gender. The CPS ASEC contains information that allowed us to calculate median hourly wages for the men and women affected, as well as their missing hours as a result of child care problems in order to estimate lost wages.

Losses due to a lack of paid family and medical leave

Data from the U.S. Department of Labor's Family and Medical Leave in 2012 survey provides information on workers who take unpaid and partially paid leave each year, broken down by type of leave and gender. This survey data also contains information on the median length of leave taken by gender and type and the median portion of wages received for workers receiving partial pay.

This was combined with data from the CPS ASEC on the median usual wages of workers who reported taking unpaid parental or disability leave by gender; the Family and Medical Leave survey, unfortunately, did not contain this data. The normal wages of individuals taking partially paid leave were assumed to be the same as those taking unpaid leave, which likely underestimates the total costs since workers who only have access to unpaid leave are more likely to be low-income. Because the CPS ASEC does not contain information on the wages of individuals who take caregiving leave, their median wages were estimated to be the average of the median wages of workers taking parental leave and disability leave. This is a reasonable assumption because parental leave takers are likely to be younger and thus lower-income, while disability leave takers are more likely to be in their prime earning years. Averaging the two gives us a more reasonable estimate in the absence of specific wage data on this demographic.

Data from the CPS ASEC was also used to calculate the lost wages of parents who are estimated to experience unemployment after the birth of a child due to a lack of paid parental leave. This variable identifies the portion of the labor force who are:

a. Currently not working
b. Report not working for part of the previous year because they were taking care of family member
c. Have a child who is younger than age 1
d. Report wanting work or actively looking for work

The total number of affected individuals was estimated, broken down by gender. The CPS ASEC data allowed us to calculate the duration of unemployment for men and women in this category, as well as their median weekly wages prior to becoming unemployed in order to estimate lost wages.

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