



The Daily Dish

# More Evidence on the Family Leave Debate

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## Eakinomics: More Evidence on the Family Leave Debate

There has been considerable interest and debate recently on paid leave proposals and policies — laws under which workers would be paid for time taken off to care for a newborn or adopted child, receive personal medical care, or to be the caregiver for a parent or other family member. These seem like noble purposes, so if money were no issue (and it is never no issue) one might enact a law providing such benefits. But the reality ([documented](#) best by the Congressional Budget Office) is that the federal government is already overcommitted in using taxpayer dollars for social programs. It is another example of a troubling phenomenon: Current and future generations will be unable to undertake desired new initiatives because of the cost of maintaining historic entitlement programs.

At present, the Family and Medical Leave Act (FMLA) provides up to 12 weeks of unpaid, job-protected parental, family caregiving, and personal medical leave. The hitch, of course, is that it is unpaid. The most prominent alternative proposal is the FAMILY Act, which would provide 12 weeks of paid leave financed with a 0.4 percent payroll tax, split between employers and employees. For those 12 weeks, the federal government would provide benefit payments equal to two-thirds of regular earnings, with a minimum monthly benefit of \$580 and a maximum of \$4,000 for the three main types of leave covered by the FMLA.

The snag is what it will cost. Previous estimates used the FMLA as a guide to the cost of the FAMILY Act. That is, it used the frequency of leave, the duration of leave, etc. to estimate the cost of the FAMILY Act. This approach accords with my bias of looking at what people do over listening to what they say, and it suggests that the price tag in 2017 would have been something like \$30 billion to \$70 billion. Not exactly chump change.

Of course, the FMLA guarantees unpaid leave so there is the serious risk that people would take more frequent and longer leave if they were paid. AAF's Ben Gitis took advantage of recent survey evidence on using leaves to [re-estimate](#) the cost of the FAMILY Act based on what people said they would do if it was the law of the land. The results are sobering, if not shocking.

The survey data indicate that, in 2017, 45.5 million workers would have taken leave at cost between \$200 billion and \$230 billion. And kiss the 0.4 percent payroll tax goodbye; it would pay for only 15 percent of benefits. Instead, the payroll tax could be as high as 2.9 percent. For perspective, that's another Medicare payroll tax.

Paid leave is a great idea until you have to pay for it.