

ISSUE BRIEF: Q3 2021

THE ROLE OF PAID LEAVE IN CLOSING THE GENDER GAP

HOW A FEDERAL FAMILY & MEDICAL
PAID LEAVE PROGRAM WILL HELP
WORKING WOMEN GET BACK ON TRACK

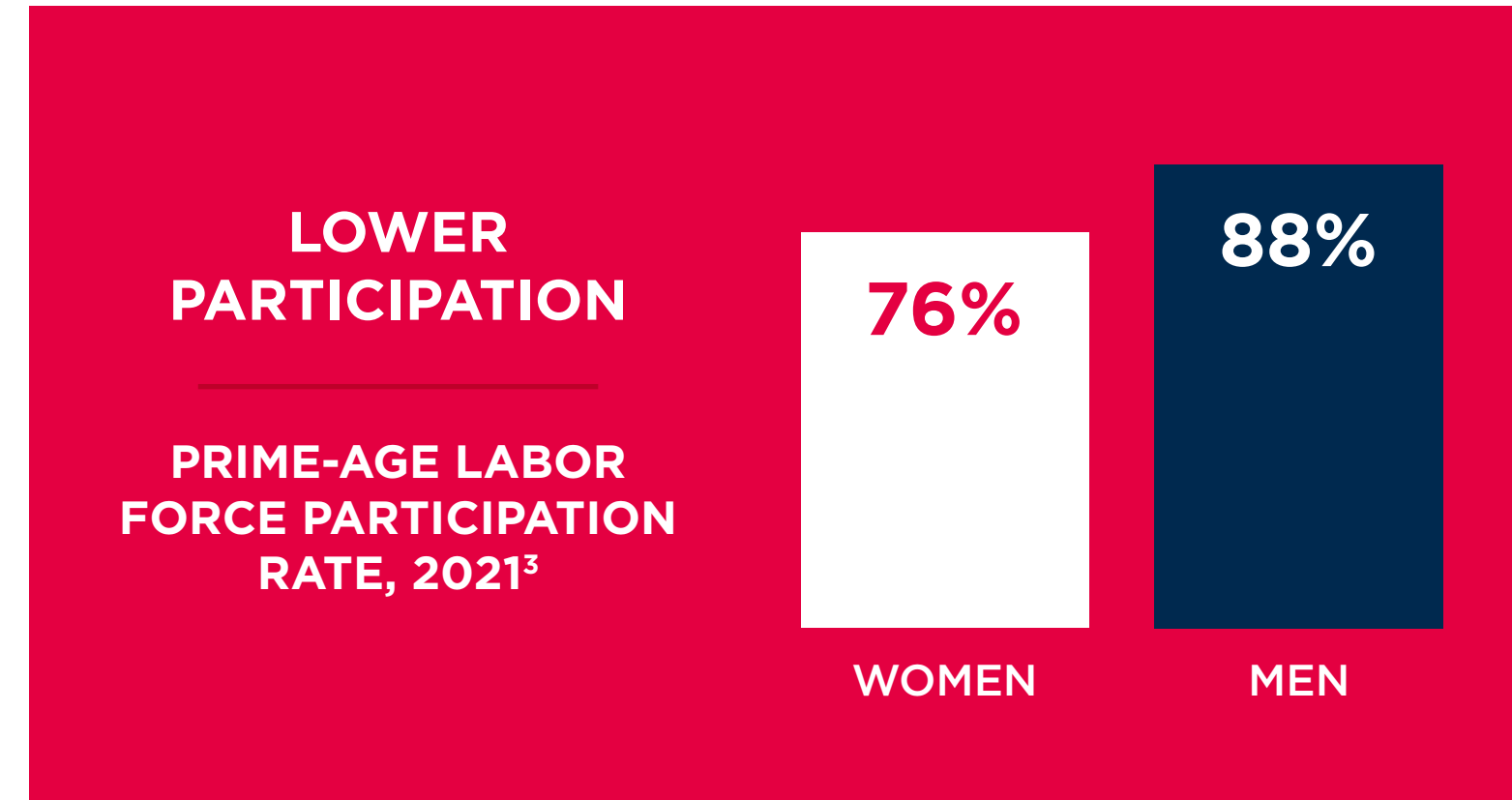


BUSINESSFORWARD
FOUNDATION

- 1. WOMEN ARE A HUGE DRIVER OF ECONOMIC GROWTH: BY HELPING THEM STAY IN AND RE-ENTER THE WORKFORCE, OUR ANNUAL ECONOMIC OUTPUT COULD BE \$2.4 TRILLION LARGER BY 2030.**
- 2. AFTER DECADES OF GAINS, WOMEN'S PROGRESS IN THE WORKPLACE HAS STALLED. THEY REMAIN UNDERREPRESENTED IN HIGH-PAYING JOBS, OVERREPRESENTED IN LOW-PAYING JOBS, OVERWORKED AT HOME, AND UNDERPROTECTED AT WORK.**
- 3. WHEN COVID-19 CLOSED SCHOOLS AND DAYCARE CENTERS, WOMEN WERE THE FIRST TO STAY HOME — AND GETTING THEM BACK TO WORK IS CRITICAL TO OUR ECONOMIC RECOVERY.**
- 4. PROVIDING PAID FAMILY & MEDICAL LEAVE WILL SUPPORT WORKING WOMEN AND HELP CLOSE THE GENDER GAP.**
- 5. WHEN WORKING WOMEN WITHOUT PAID LEAVE EXIT THE WORKFORCE, COSTS ARE BORNE BY THEIR FAMILIES, EMPLOYERS, AND COMMUNITIES.**
- 6. THE AMERICAN FAMILIES PLAN WOULD PROVIDE TWELVE WEEKS OF GOVERNMENT-FUNDED PAID FAMILY & MEDICAL LEAVE TO PREVENT THESE FALLOUT EFFECTS.**
- 7. PAID LEAVE WILL ALSO IMPROVE THE BOTTOM LINE FOR SMALL BUSINESSES AND HELP LEVEL THE PLAYING FIELD BETWEEN SMALL BUSINESSES AND LARGE CORPORATIONS.**

WOMEN'S PROGRESS IS STALLED, AND TODAY'S GENDER GAP = \$2.4T/YEAR OPPORTUNITY

Women who work full-time earn just 82% of what their male counterparts earn.¹ Women earn less, in part, because they tend to work in jobs and industries that pay less. In other words, they are overrepresented in low-paying jobs and underrepresented in higher paying ones.

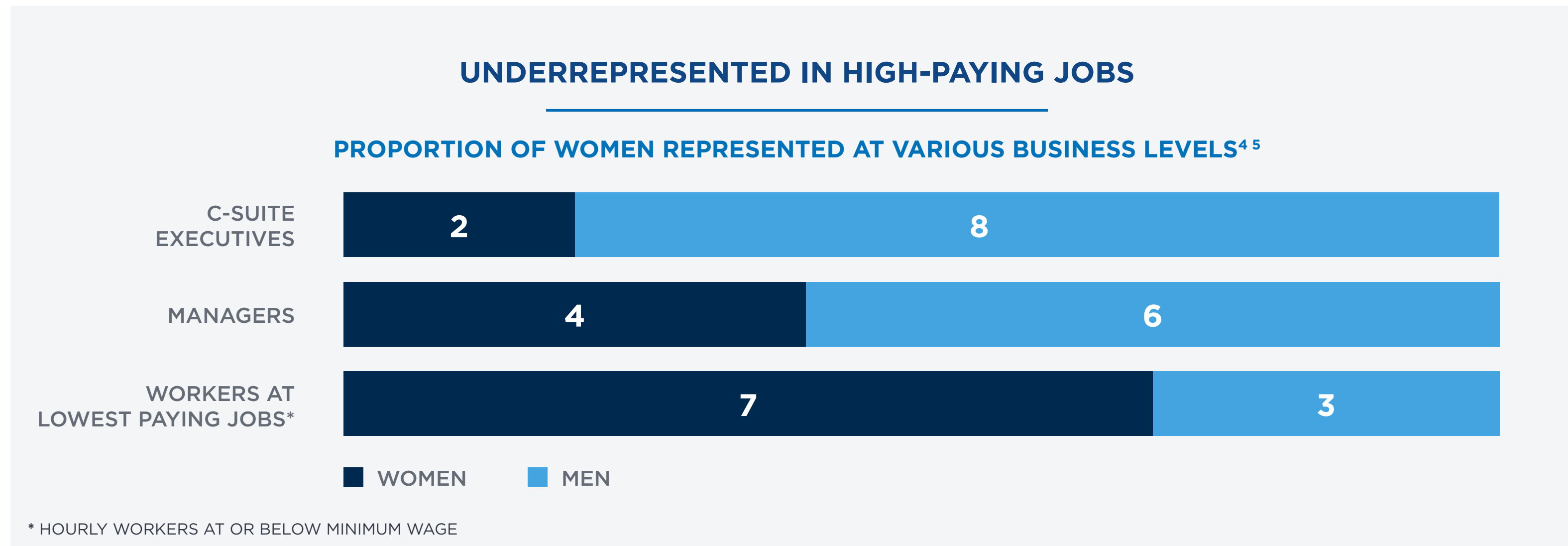


ECONOMIC OPPORTUNITY

Making investments in education, childcare, and family planning to help working women could add \$2.4 trillion to the economy by 2030.⁶ That's the size of the Rocky Mountain and Plains regions' economies.⁷

ADDITIONAL ANNUAL ECONOMIC OUTPUT =

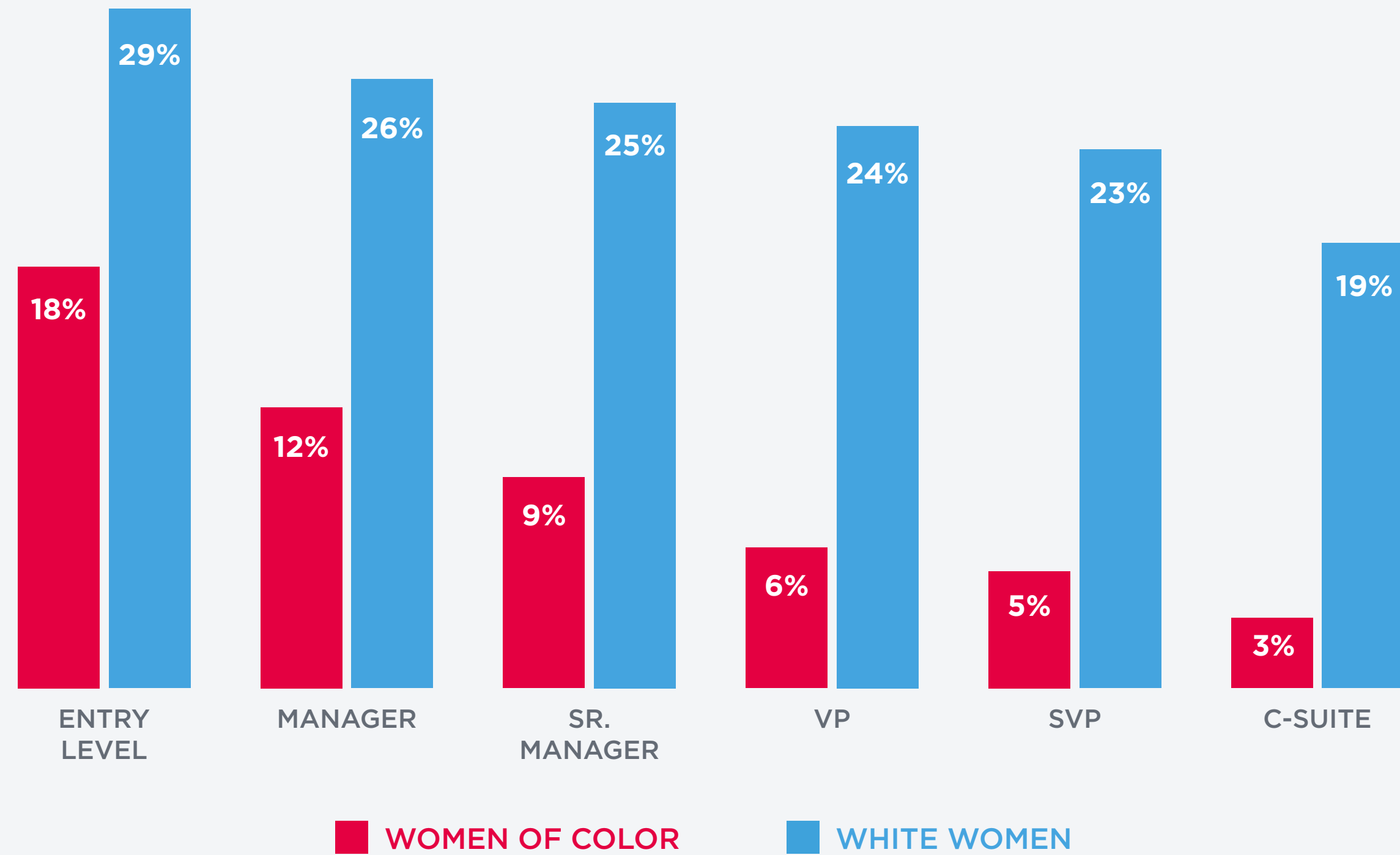
\$2.4T



GENDER GAP FOR BLACK AND HISPANIC WOMEN

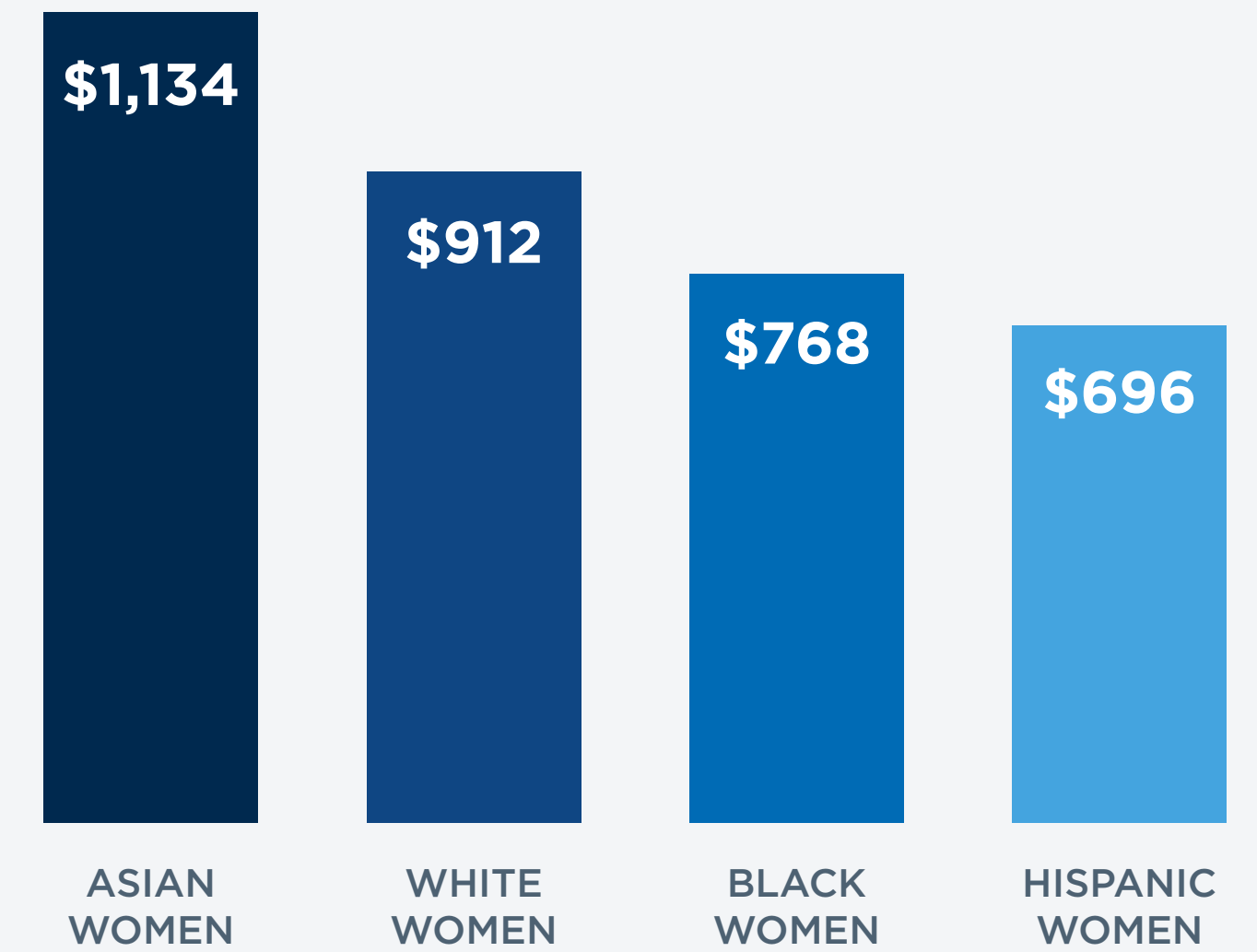
Black and Hispanic women face greater institutional barriers to promotion in the workplace and are overrepresented in low-paying jobs and underrepresented in high-paying jobs. Fewer Black and Hispanic women occupying senior-level positions ultimately translates into lower weekly earnings.

REPRESENTATION IN THE CORPORATE PIPELINE⁸



EARNINGS GAP⁹

MEDIAN EARNINGS PER WEEK, 2021



MOTHERS' "SECOND SHIFT" AT HOME IS UNDERMINING THEIR SUCCESS AT WORK

We cannot help women succeed in the workplace without recognizing the unequal distribution of work at home. Working women spend 40% more time managing household activities and caring for family members than their male counterparts. Economists refer to this household work as a “second shift” for women who work outside the home. The value of this household work is approximately 23% of our GDP – or \$5.1 trillion each year.¹⁰

Women are nearly twice as likely to take time off work to care for a family member than men are. In fact, they are more likely to quit their job to care for their family than a man is to take time off his job to do so. Economists describe the result of this disparity in household responsibilities as “the family gap,” which means women’s pay decreases with childbearing. Women without children earn 85% of what men in the same age group make. But women with kids earn only 74% of what men in the same age group make.¹¹

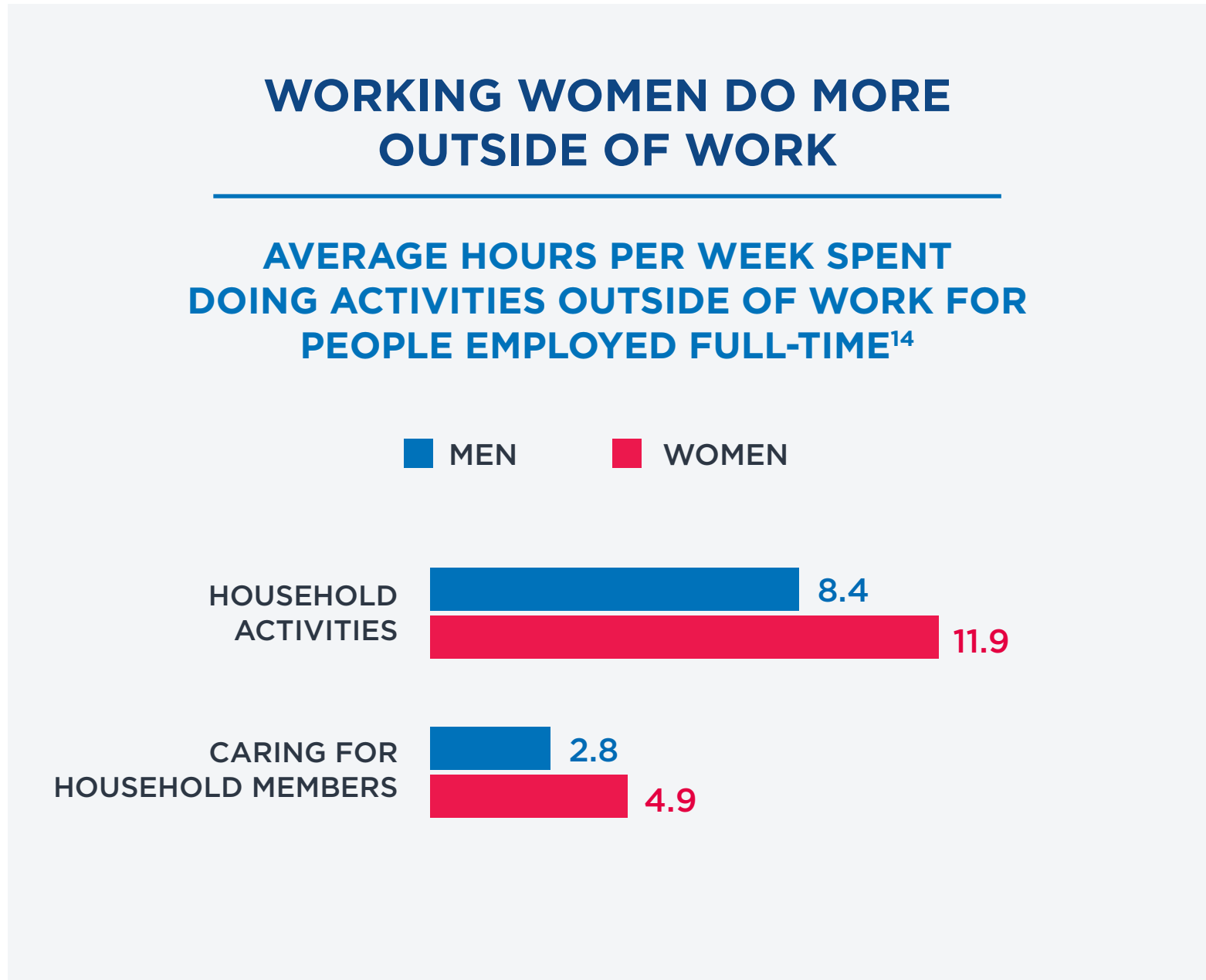
The proportional loss of wages is significantly more for highly educated women in high-paying jobs. These women lose 21-33% of their lifetime earnings after having a child, compared with a 10-14% loss for women with lower-paying jobs. The impact of the “family gap” on all women drops if women delay childbearing until 30.¹²

VALUE OF WORK MANAGING HOUSEHOLDS AND FAMILY?
\$5.1 TRILLION¹⁶

2 IN 3
MOTHERS ARE SUBSTANTIAL BREADWINNERS¹³

41% EARN AS MUCH OR MORE THAN THEIR PARTNER.

23% EARN AT LEAST 25% OF THEIR HOUSEHOLD'S INCOME.



FAMILY LEAVE¹⁵

39% MOTHERS TAKE TIME OFF

25% MOTHERS QUIT

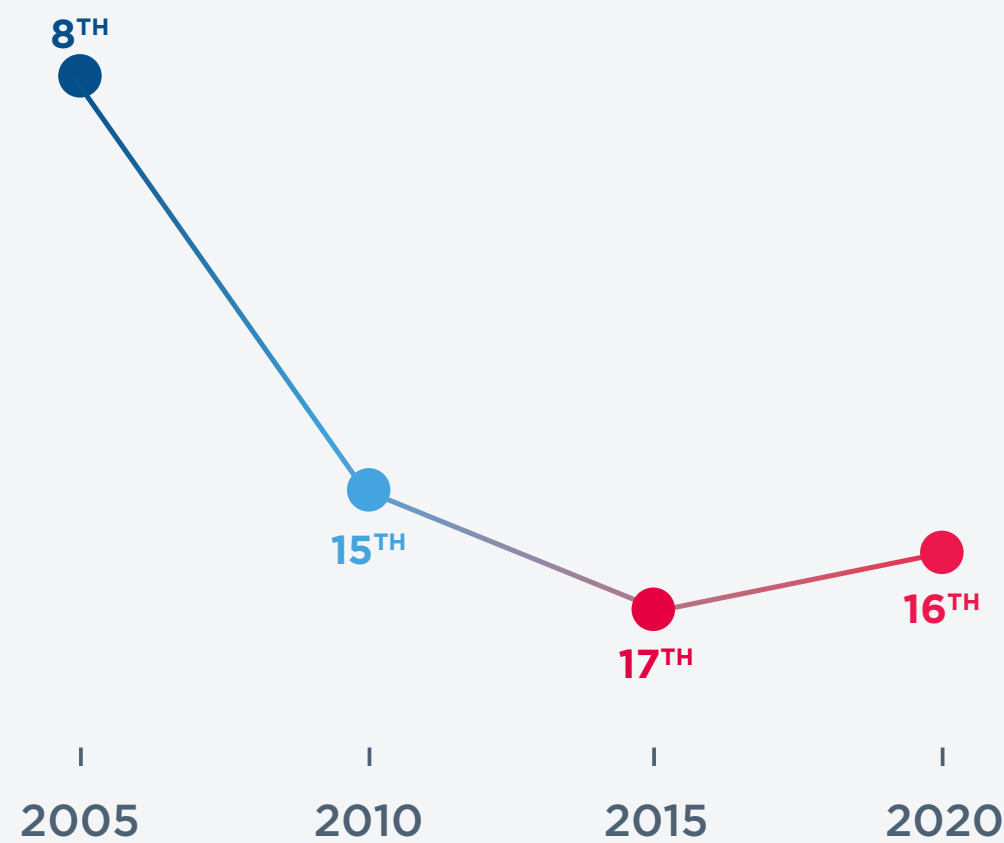
24% FATHERS TAKE TIME OFF

OUR COMPETITORS SPEND THREE TIMES MORE SUPPORTING WOMEN — AND IT'S BOOSTING THEIR ECONOMIES

Once a leader, the U.S. consistently ranks in the bottom half of 25 advanced economies in prime-age female labor participation.¹⁷ In 2017, other OECD members spent over three times more subsidizing family benefits (as a share of GDP) than the U.S.¹⁸



U.S. RANKING FOR PRIME-AGE FEMALE LABOR FORCE PARTICIPATION RATE AMONG 25 ADVANCED ECONOMIES, 2005-2020¹⁹

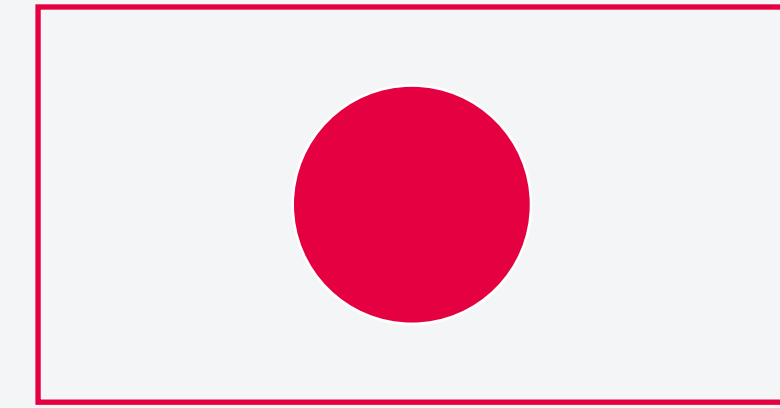


WOMEN'S PRIME-AGE LABOR FORCE PARTICIPATION RATE, 2020²⁰

U.S. = 75.1%
CANADA = 82.3

“ The reason Canadian women are much more likely to be in the workforce than their U.S. counterparts comes down to three decades of public policies and business incentives.²¹ ”

- BETH ANN BOVINO
CHIEF ECONOMIST
S&P GLOBAL



WOMEN'S PRIME-AGE LABOR FORCE PARTICIPATION RATE, 2020²²

U.S. = 75.1%
JAPAN = 80%

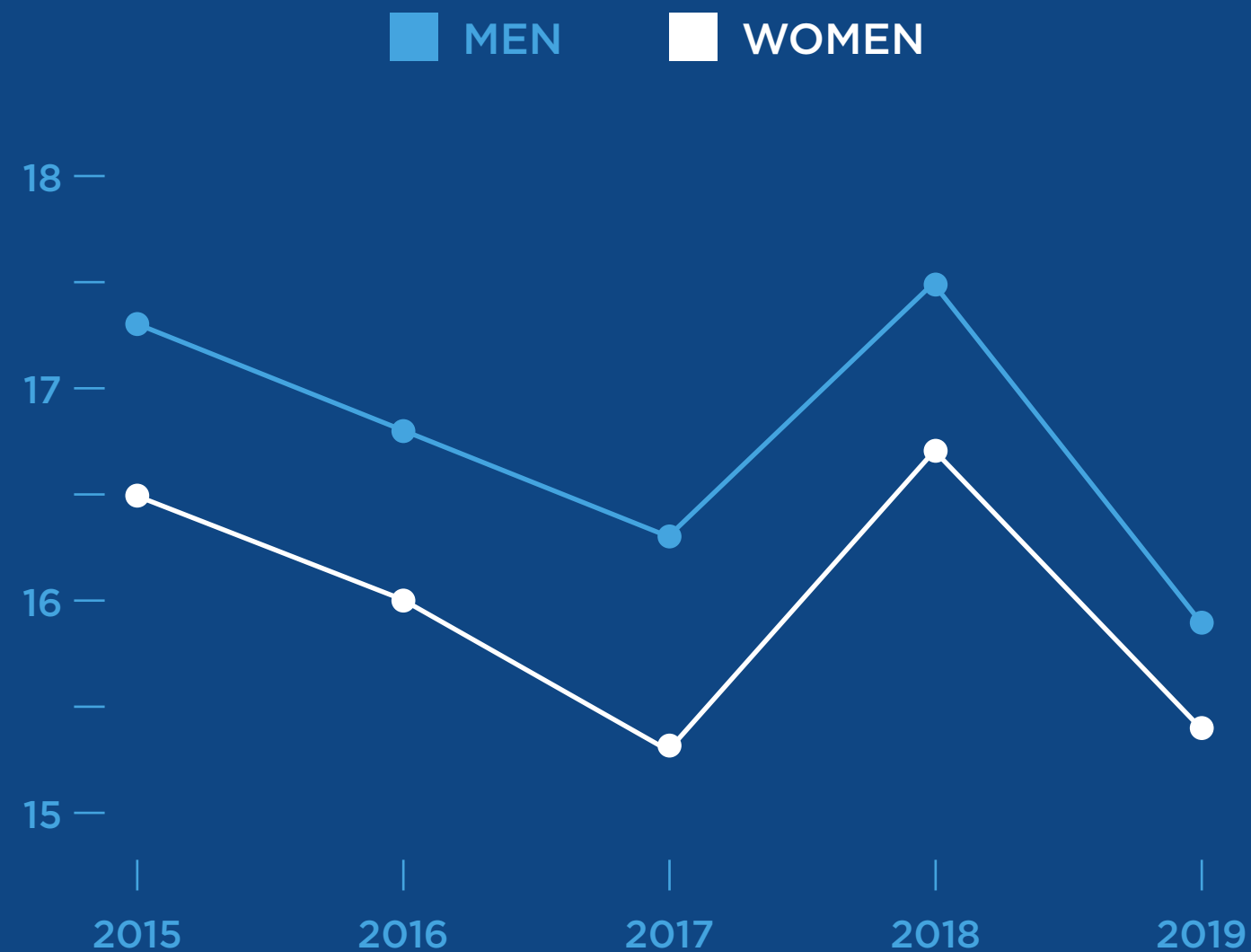
Over the last two decades, Japan's “womenomics”-driven agenda included passing one of the world's most generous paid leave policies, expanding childcare capacity, and improving gender and diversity transparency in the workplace.²³

While many problems persist (e.g. gender gap, low levels of female leadership), the labor participation rate has increased by 8 percentage points since 2010.

COVID-19 MADE IT HARDER FOR WORKING WOMEN

BEFORE COVID-19, WOMEN WERE MORE LIKELY TO STAY AT THEIR JOBS AND IN THE WORKFORCE

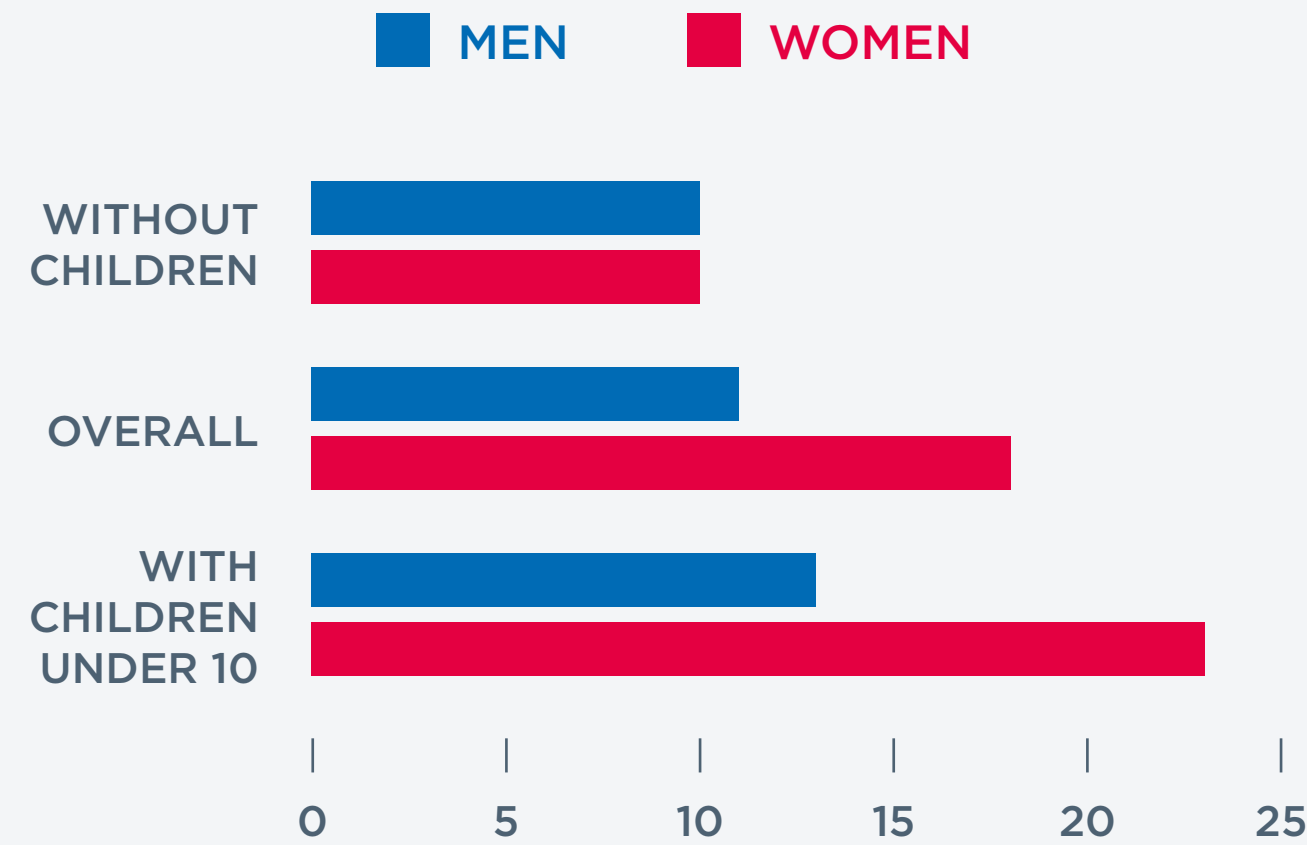
AVERAGE COMPANY EMPLOYEE ATTRITION RATE IN US (% OF EMPLOYEES LOST)²⁴



DURING COVID-19, MANY WOMEN CONSIDERED LEAVING THE WORKFORCE

Many women felt pressure to leave the workforce to take on increased childcare and caregiving responsibilities.

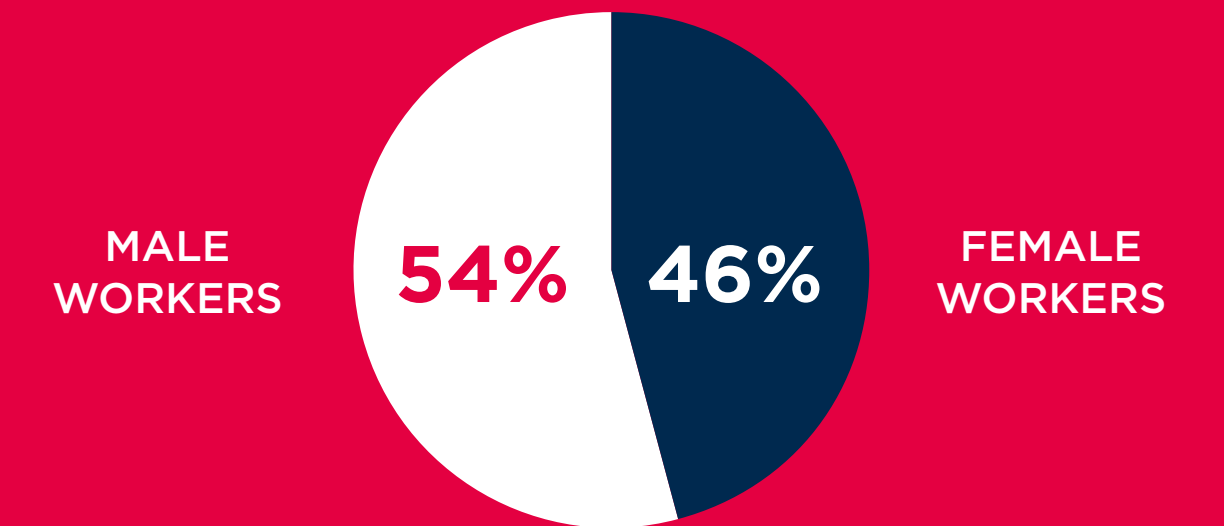
EMPLOYEES CONSIDERING LEAVING THE WORKFORCE SINCE THE START OF COVID-19 (% OF EMPLOYEES)²⁵



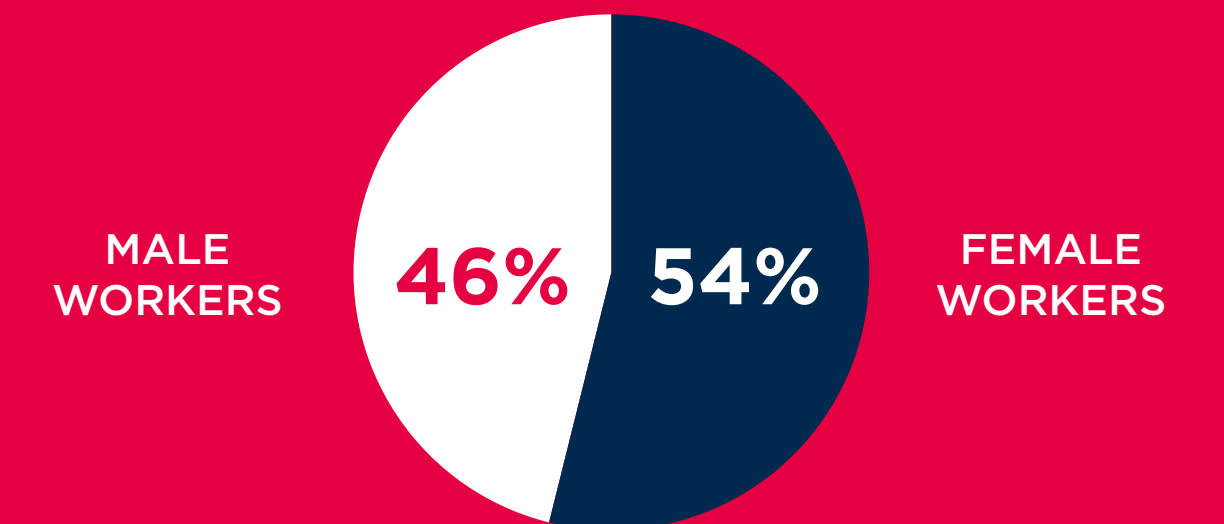
WORKFORCE PARTICIPATION DROPPED MORE SUBSTANTIALLY FOR WOMEN

Even though there are more men than women in the workforce, women accounted for more than half of the workers who dropped out of workforce during COVID-19.

LABOR FORCE GENDER DISTRIBUTION²⁶



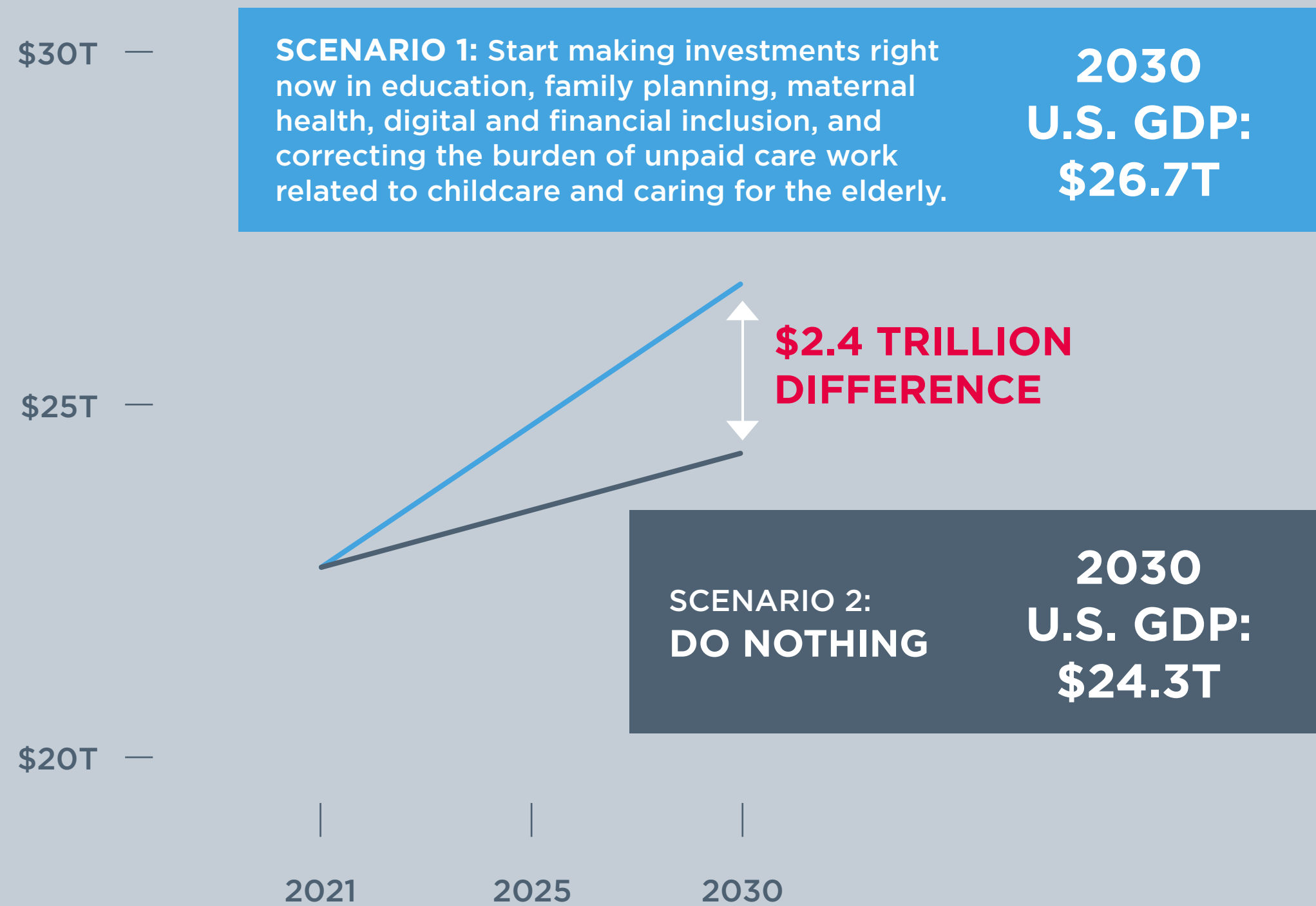
COVID-19 JOB LOSS GENDER DISTRIBUTION²⁷



HOW MUCH COULD THE U.S. ECONOMY BENEFIT FROM ACHIEVING GENDER EQUALITY IN THE WORKFORCE?

CASE STUDY: MCKINSEY ON THE ECONOMIC OPPORTUNITY OF CLOSING THE GENDER GAP

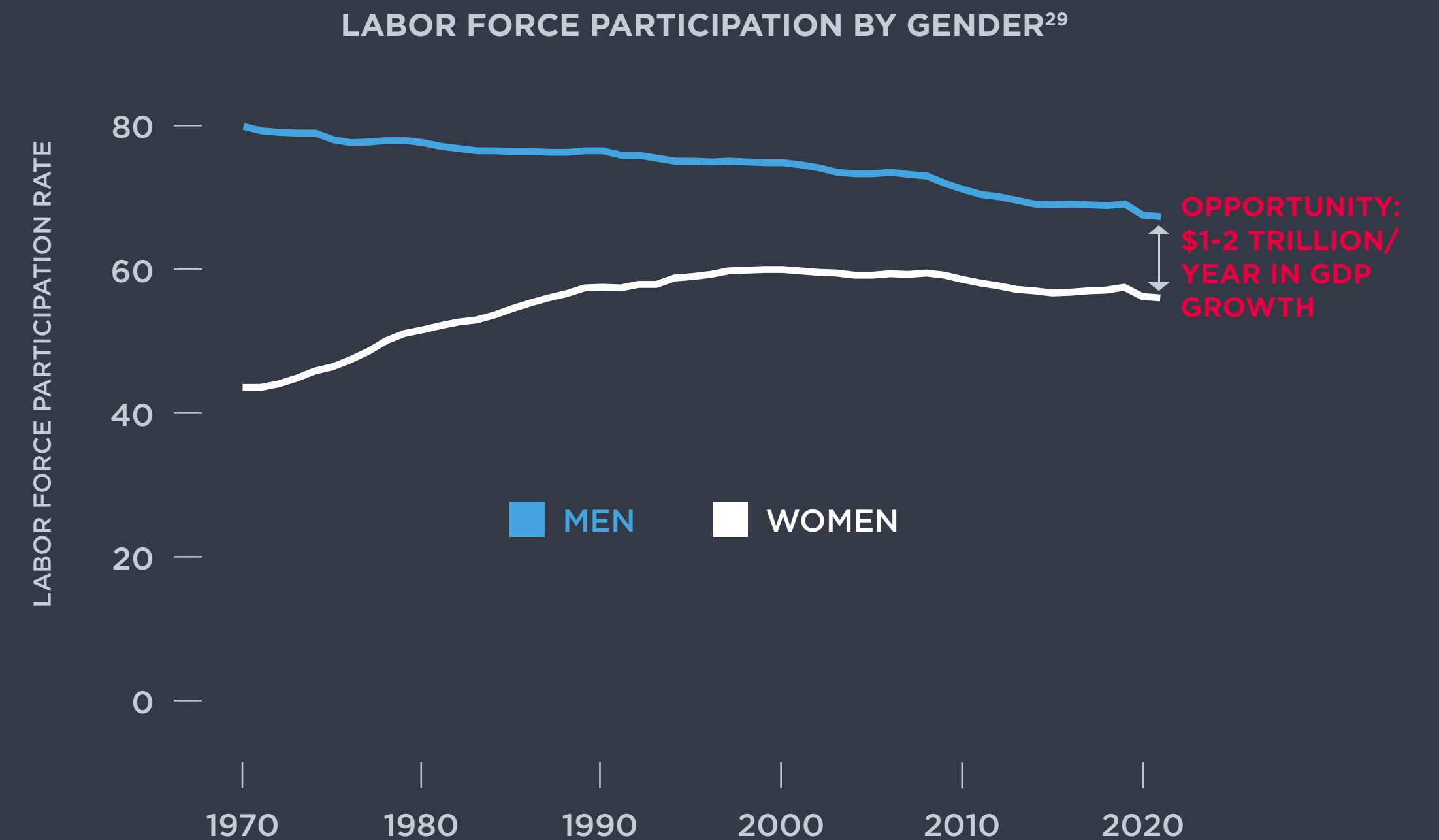
If the U.S. started making investments to narrow the gender gap today, the U.S. economy could be \$2.4 trillion larger by 2030*.²⁸



* INVESTMENTS NARROW THE MALE-TO-FEMALE EMPLOYMENT RATIO BY -16%

CASE STUDY: S&P ON MORE EQUAL WORKFORCE PARTICIPATION

S&P estimates that the economic potential of helping women enter and stay in the workforce is the addition of 5-10% of nominal GDP over the next few decades.



PROVIDING PAID FAMILY & MEDICAL LEAVE IS ONE OF THE BEST WAYS TO HELP WOMEN STAY IN AND RE-ENTER THE WORKFORCE

MOST PEOPLE DON'T HAVE ACCESS TO PAID FAMILY LEAVE

Since most people lack access to paid family leave, universal coverage presents a huge opportunity to make it easier for working parents.



1 IN 5
WORKERS HAVE
ACCESS TO PAID LEAVE³⁰



1 IN 20
LOWEST-INCOME WORKERS HAVE
ACCESS TO PAID LEAVE³¹

PAID LEAVE IMPROVES WORKFORCE PARTICIPATION

Paid leave programs support women during their leave and help them re-enter the workforce when they're ready.

SHORT-TERM IMPACT

Women who take paid family leave after giving birth are 40% more likely to return to work than those without the benefit.³²

WOMEN WITH
PAID FAMILY LEAVE =

40%

MORE LIKELY TO
RETURN TO WORK

LONG-TERM IMPACT

LABOR FORCE PARTICIPATION
(10 YRS POST BIRTH)³³

WOMEN
WITH PAID
FAMILY
LEAVE

82%

WOMEN
WHO QUIT
DURING
PREGNANCY

64%

WHEN A WOMAN EXITS THE WORKFORCE, THE COSTS ARE SHARED BY HER FAMILY, EMPLOYER, AND COMMUNITY

IMPACT ON FAMILY

When a woman leaves her job, the family loses her income and healthcare. In the long-term, the family could lose their home and access to good schools.

IMPACT ON EMPLOYER

The employer bears the cost of recruiting and training her replacement, and then loses her experience.

IMPACT ON COMMUNITY

Communities with higher unemployment rates suffer from underfunded schools and low-quality housing.

6 WEEKS
UNPAID LEAVE =
27% LOSS
FAMILY INCOME³⁴

\$1,500
AVERAGE COST TO RETRAIN (2020)³⁵
55.4 HRS
AVERAGE TIME TO RETRAIN (2020)³⁶

+1% = +.7%
INCREASE IN THE RATE OF UNEMPLOYMENT INCREASE IN THE RATE OF POVERTY³⁷

THE SOLUTION:

The American Families Plan would provide access to paid leave so an employee doesn't have to choose between her job and time off. The cost of paid leave is covered by the government, so families retain their income and employers retain their workers.

A NATIONAL PAID LEAVE PROGRAM WILL HELP SMALL BUSINESS STAY ON TRACK WITHOUT BURDENING THEM

Q: WHAT IF MY COMPANY CAN'T AFFORD TO PAY FOR THIS?

A: The American Families Plan allocates \$225 billion to help businesses pay for 12 weeks of paid leave per employee.³⁸ Many small businesses lack the capital to provide paid leave programs. A federal program levels the playing field between small businesses and large employers.

Q: WHAT IF MY BUSINESS CAN'T AFFORD TO LOSE MY EMPLOYEES FOR 12 WEEKS?

A: If employees need to take time off, they will, regardless of the paid leave policy. Having paid leave increases the chances they will return.

Q: WILL MY EMPLOYEES RETURN TO WORK?

A: In California, one of the first states to implement their own paid leave policy, when workers were able to take paid leave, 83% of workers who took paid leave returned, compared to only 72% of those with unpaid leave.³⁹



14%

OF PEOPLE WHO WORK FOR EMPLOYERS WITH UNDER 50 EMPLOYEES RECEIVE PAID FAMILY LEAVE⁴⁰

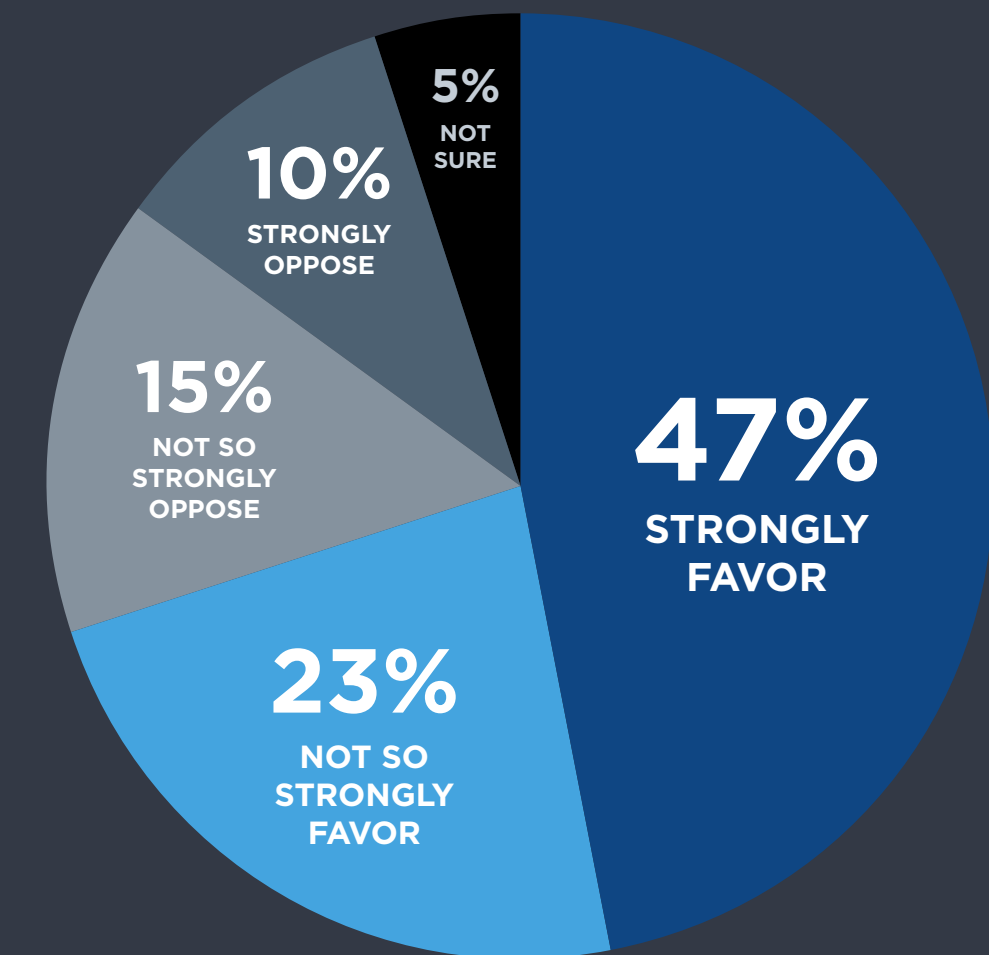


28%

OF PEOPLE WHO WORK FOR EMPLOYERS WITH OVER 500 EMPLOYEES RECEIVE PAID FAMILY LEAVE⁴¹

CASE STUDY: BUSINESS BACKS PAID FAMILY LEAVE

In a survey of small business owners on whether they support the Family and Medical Insurance Leave (FAMILY) Act, which offers 12 weeks of partial income funded by employee and employer contributions, 7 in 10 business leaders expressed their support.⁴²



REFERENCES

1. “America’s Women and the Wage Gap.” National Partnership for Women and Families. March 26, 2021. <https://www.nationalpartnership.org/our-work/resources/economic-justice/fair-pay/americas-women-and-the-wage-gap.pdf>.
2. “Median Weekly Earnings.” Bureau of Labor Statistics. April 23, 2021. <https://www.bls.gov/opub/ted/2021/median-weekly-earnings-were-900-for-women-1089-for-men-in-first-quarter-2021.htm>.
3. Activity Rate: Aged 25-54 Females for the United States. Federal Reserve Economic Data. August 12, 2021. <https://fred.stlouisfed.org/series/LRAC25FEUSM156S>; see also, Activity Rate: Aged 25-54 Males for the United States. Federal Reserve Economic Data. August 12, 2021. <https://fred.stlouisfed.org/series/LRAC25MAUSM156S>.
4. Coury, Sarah, et al. “Women in the Workforce 2020.” McKinsey. September 30, 2020. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace>.
5. “Characteristics of minimum wage workers, 2020.” U.S. Bureau of Labor Statistics. February 2021. <https://www.bls.gov/opub/reports/minimum-wage/2020/home.htm>.
6. Azcue, Xavier, et al. “COVID-19 and gender equality: countering the regressive effects.” McKinsey. July 15, 2020. <https://www.mckinsey.com/featured-insights/future-of-work/covid-19-and-gender-equality-countering-the-regressive-effects>.
7. “Gross Domestic Product By State, 1st Quarter, 2021.” Bureau of Economic Analysis. June 25, 2021. <https://www.bea.gov/sites/default/files/2021-06/qgdystate0621.pdf>.
8. Coury, et al. “Women in the Workforce 2020.”
9. “Usual Weekly Earnings of Wage and Salary Workers.” U.S. Bureau of Labor Statistics. April 16, 2021. https://www.bls.gov/news.release/archives/wkyeng_04162021.htm.
10. Kanal, Danit, and Joseph Ted Kornegay. “Accounting for Household Production in the National Accounts.” U.S. Bureau of Economic Analysis. June 2019. <https://apps.bea.gov/scb/2019/06-june/pdf/0619-household-production.pdf>. Note: The \$5.1 trillion figure was calculated using the Q1 2021 nominal GDP.
11. “Highlights of women’s earnings in 2019.” U.S. Bureau of Labor Statistics. December 2020. <https://www.bls.gov/opub/reports/womens-earnings/2019/home.htm>.
12. Sonfield, Adam, et al. “The Social and Economic Benefits of Women’s Ability To Determine Whether and When to Have Children.” Guttmacher Institute. March 2013. https://www.guttmacher.org/sites/default/files/report_pdf/social-economic-benefits.pdf.
13. Glynn, Sarah Jane. “Breadwinning Mothers Continue To Be the U.S. Norm.” Center for American Progress. May 10, 2019. <https://www.americanprogress.org/issues/women/reports/2019/05/10/469739/breadwinning-mothers-continue-u-s-norm/>.
14. “American Time Use Survey” U.S. Bureau of Labor Statistics. 2021. <https://www.bls.gov/tus/#news>.
15. Bovino, Beth Ann and Jason Gold. “The Key to Unlocking U.S. GDP Growth? Women.” S&P Global. October 13, 2020. <https://www.spglobal.com/en/research-insights/featured/the-key-to-unlocking-u-s-gdp-growth-women>.
16. Kanal, Danit, and Joseph Ted Kornegay. “Accounting for Household Production in the National Accounts.” U.S. Bureau of Economic Analysis. June 2019. <https://apps.bea.gov/scb/2019/06-june/pdf/0619-household-production.pdf>.
17. “Labour Force Statistics by Sex and Age: Indicators.” OECD Online Employment Database. Accessed August 24, 2021. https://stats.oecd.org/BrandedView.aspx?oecd_bv_id=ifs-data-en&doi=data-00310-en#.
18. “Family benefits public spending.” OECD. <https://data.oecd.org/socialexp/familybenefits-public-spending.htm>.
19. “Labour Force Statistics by Sex and Age: Indicators.” OECD Online Employment Database. Accessed August 24, 2021. https://stats.oecd.org/BrandedView.aspx?oecd_bv_id=ifs-data-en&doi=data-00310-en#.
20. Ibid.
21. Bovino, et al. “The Key to Unlocking U.S. GDP Growth? Women.”
22. “Labour Force Statistics by Sex and Age: Indicators.” OECD Online Employment Database. Accessed August 24, 2021. https://stats.oecd.org/BrandedView.aspx?oecd_bv_id=ifs-data-en&doi=data-00310-en#.
23. “Womonomics 5.0.” Goldman Sachs. April 18, 2019. <https://www.goldmansachs.com/insights/pages/womenomics-5.0/multimedia/womenomics-5.0-report.pdf>.
24. Jablonska, Justine. “Seven charts that show COVID-19’s impact on women’s employment.” McKinsey. March 8, 2021. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/seven-charts-that-show-covid-19s-impact-on-womens-employment>.
25. Ibid.
26. Ibid.
27. Ibid.
28. Azcue, et al. “COVID-19 and gender equality: countering the regressive effects.”
29. Bovino, et al. “The Key to Unlocking U.S. GDP Growth? Women.”
30. Scalia, Eugene, and William W. Beach. “Employee Benefits in the United States, March 2020.” U.S. Bureau of Labor Statistics. September, 2020. <https://www.bls.gov/ncs/ebs/benefits/2020/employee-benefits-in-the-united-states-march-2020.pdf>.
31. Ibid.
32. Gitis, Ben. “Paid Family Leave Can Help Close the Gender Gap.” Bipartisan Policy Center. March 24, 2021. <https://bipartisanpolicy.org/blog/paid-family-leave-can-help-close-the-gender-pay-gap/>.
33. Ibid.
34. Acevedo-Garcia, Dolores, et al. “How much would unpaid leave cost workers?” Diversity Data Kids. January 18, 2020. <https://www.diversitydatakids.org/research-library/research-report/how-much-would-unpaid-leave-cost-workers>.
35. “2020 Industry Training Report.” The Industry Report. November 2020. <https://pubs.royle.com/publication/?m=20617&i=678873&p=24&ver=html5>.
36. Ibid.
37. Gorman, Linda. “Why Poverty Persists.” National Bureau of Economic Research. June, 2020. <https://www.nber.org/digest/jun06/why-poverty-persists>.
38. “Fact Sheet: The American Families Plan.” The White House. April 28, 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/28/fact-sheet-the-american-families-plan/>.
39. “Paid Family Leave Frequently Asked Questions.” Paid Leave for the United States. Accessed August 2021. https://paidleave.us/paidleave_faq.
40. Scalia, et al. “Employee Benefits.”
41. Ibid.
42. “Small Businesses Support Paid Family Leave Programs.” Small Business Majority. March 30, 2017. <https://small-businessmajority.org/sites/default/files/research-reports/033017-paid-leave-poll.pdf>.

INFO@BUSINESSFWD.ORG

BUSINESSFORWARD.ORG

1155 CONNECTICUT AVENUE NW
SUITE 1000
WASHINGTON, D.C. 20036

202.861.1270

 **BUSINESSFORWARD**
FOUNDATION