



# Parental Leave Policies in 21 Countries

# Assessing Generosity and Gender Equality

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September 2008

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#### Acknowledgements

We thank Heather Boushey and Dean Baker for many helpful comments and Nichole Szembrot for research assistance.

# **Executive Summary**

This report reviews the national policies of 21 high-income economies, as of June 2008. We focus on two key aspects of parental leave policies: the level of support provided to parents; and the degree to which leave policies promote an egalitarian distribution between mothers and fathers of the time devoted to child care.

#### **Parental Leave: Time and Money**

Parental leave laws can support new parents in two complementary ways: by offering job-protected leave and by offering financial support during that leave.

In terms of time, all 21 countries analyzed here protect at least one parent's job for a period of weeks, months, or years around the birth of a child. This job protection allows parents to take time to care for their infant or young child secure in the knowledge that they will be able to return to the same (or a comparable) job at the end of the leave period.

Total protected job leave available to couples varies widely across the 21 countries, from only 14 weeks in Switzerland to over 300 weeks (about six years) in France and Spain. The United States, with 24 weeks of combined protected job leave for a two-parent family, ranks 20th (out of 21); Switzerland provides fewer weeks of protected job leave (14), but provides financial support of 80 percent of a mother's usual earnings during that leave.

In terms of money, almost all of the 21 countries also provide direct financial support for parents during at least part of the protected leave. Most countries provide between three months and one year of full-time-equivalent paid leave; Sweden, the most generous of the countries examined, provides 40 weeks of full-time-equivalent paid leave. The United States is one of only two countries to offer no paid parental leave. Australia also offers no paid leave, but supports new parents with a substantial financial "baby bonus" regardless of whether they take parental leave.

#### The Case of the United States

The U.S. Family and Medical Leave Act (FMLA) sets a minimum standard for parental leave, but due to the exclusion of small employers and short-tenure workers, about 40 percent of U.S. workers are not eligible for the FMLA. In general, U.S. employers as a group have not stepped in to fill the gap. While about 60 percent of workers are eligible for FMLA-related leave, only about one-fourth of U.S. employers offer fully paid "maternity-related leave" of any duration, and one-fifth of U.S. employers offer no maternity-related leave of any kind, paid or unpaid. Private employers do not appear to be narrowing the statutory gap in parental leave entitlements between the United States and the rest of the high-income countries analyzed here.

#### **Parental Leave: Gender Equality**

In the absence of paid parental leave policies, traditional gender roles that involve women as "caregivers" and men as "providers", and the typically lower earnings of mothers (relative to fathers) in the labor market, create strong incentives for women to reduce their employment and take on a large majority of child care responsibilities. The most obvious problems associated with such outcomes are that women bear a disproportionate burden of child care responsibilities and pay both a short- and a long-term penalty in the labor market. A related issue is that traditional gender roles and labor-market outcomes work together to deprive men of the opportunity to participate actively in providing infant and child care.

#### **Gender Equality Index**

Parental leave policies can have an important impact on gender equality, both in the workplace and with respect to sharing child care responsibilities. Hence, we sought a *single* measure that allows us to examine the effect of parental leave policies on *both* the workplace and caregiving. To create such a measure, we constructed a Gender Equality Index, which measures countries' parental leave policies on a fifteen-point scale, with fifteen points indicating full equality of workplace and caregiving benefits to men and women. Among our 21 countries, Sweden earned the highest score (13 points). Finland, Greece, and Norway each earn 12 points, and Belgium and Portugal follow closely with 11 points. France and Spain each receive 10 points. While the United States rates poorly on the time and money aspects of parental leave, on gender equality, the U.S. fares much better. The U.S., along with Germany and Italy, falls right at the middle of the 21 countries, with nine points each. Denmark, the Netherlands, New Zealand, and the United Kingdom trail slightly behind at eight points. Austria, Ireland, and Canada each earn seven points. Three countries scored fewer than seven points: Japan (5), Australia (1), and Switzerland (0).

#### **Best Practices**

Our review of 21 countries lead us to identify six countries with policies that are strongest on both generosity and gender equality. These six countries include three Nordic countries – Finland, Norway, and Sweden – plus France, Spain, and Greece. Across these six high-performing systems, five policy practices stand out as the most important: (1) generous paid leave; (2) non-transferable quotas of leave for each parent; (3) universal coverage combined with modest eligibility restrictions; (4) financing structures that pool risk among many employers; and (5) scheduling flexibility.

#### Best Practices and the Case of the United States

Current U.S. law falls well short of these best practices. The federal Family and Medical Leave Act (FMLA) includes strict non-transferability between parents, but does not provide any paid leave, let alone generous paid leave, for parents. Employer-size and long job-tenure restrictions also mean that a large share of working parents is either not covered or not eligible for leave under the FMLA. Nor does the FMLA guarantee or explicitly encourage flexible leave arrangements. The current parental leave systems operating in a few U.S. states do better than the FMLA in that they provide paid leave at partial replacement rates over several weeks; these state systems also rely on state-level, social-insurance-style financing and administration. The state-level benefits, however, would not qualify as generous by international standards and the current systems do not guarantee or explicitly encourage flexible scheduling of leave.

The experience of the countries following international "best practices" suggests that a generous, universal, gender-egalitarian, and flexible parental leave policy, financed through social insurance would go a long way toward spreading the costs of caring for children more equitably across mothers and fathers, parents and non-parents, and employees.

## Introduction

The governments of every high-income economy in the world take measures to support parents in their efforts to care for newborn children.<sup>1</sup> These policies reflect the national interest in promoting the health and well-being of infants and young children as well as society's recognition that the first months and years of a child's life require substantial and sustained attention from parents.<sup>2</sup>

This report reviews the national policies of 21 high-income economies, as of June 2008. We focus on two key aspects of parental leave policies: the level of support provided to parents; and the degree to which leave policies promote an egalitarian distribution between mothers and fathers of the time devoted to child care.<sup>3</sup> The review of the generosity of leave policies updates earlier international comparisons of parental leave policies, but our focus on gender equality, including documenting and quantifying this aspect of existing policies, is among the first attempts to do so.<sup>4</sup>

Governments generally provide two kinds of support for parents of infants and young children: protected job leave and financial support.<sup>5</sup> All 21 countries analyzed here protect at least one parent's job for a period of weeks, months, or years around the birth of a child. This job protection allows parents to take time to care for their infant or young child secure in the knowledge that they will be able to return to the same (or a comparable) job at the end of the leave period. Most of the countries (though not the United States)<sup>6</sup> also provide direct financial support for parents during at least part of the protected leave.

How the available time and money for parental leave are allocated between mothers and fathers has a significant influence on how time for child care is shared among adults in families. Family leave policies operate in a broader social context with strong tendencies against equality in the distribution of child care responsibilities. Traditionally, social expectations have been that women will take on most, if not all, child care responsibilities. This traditional view has been reinforced by the reality that mothers tend to earn less at paid work than fathers do.<sup>7</sup> Women's traditional gender roles and their disadvantage relative to men in the labor market work together to shift the responsibility of care for infants and young children heavily toward mothers.

<sup>&</sup>lt;sup>1</sup> Most also support parents of recently adopted children.

<sup>&</sup>lt;sup>2</sup> See Folbre (2001).

<sup>&</sup>lt;sup>3</sup> Most national legislation and regulation refers to mothers and fathers in heterosexual marriages. For ease of exposition, we follow the pattern established in national laws. Ray (2008), which this report uses as a basis for all descriptions of national policies, however, notes cases where leave applies to unmarried heterosexual or same-sex couples.

<sup>&</sup>lt;sup>4</sup> We draw here on earlier work by Gornick and Meyers (2003). As part of their 12-country study of work-family reconciliation policies, Gornick and Meyers developed a six-point "index of gender equality" which captured the extent to which leave policy designs enabled and encouraged men to take leaves for child caregiving. In this report, we present a revised – and far more detailed – gender equality index, and we apply it to a substantially larger group of countries.

<sup>&</sup>lt;sup>5</sup> Publicly provided or subsidized infant and pre-school age child care is a third type of government support for parents of infants and young children. We do not address this kind of support here.

<sup>&</sup>lt;sup>6</sup> The Family and Medical Leave Act of 1993 provides up to 12 weeks of *unpaid* leave for employees who have been with their current employer for at least one year and who work at an establishment with at least 50 employees. In recent years, the U.S. states of California and New Jersey have passed laws that guarantee six weeks of parental leave – reimbursed at about 55 and 67 percent of current wages, respectively – and parents in the state of Washington will have access to five weeks of family leave beginning October 2009 (with a flat-rate financial benefit). In addition, five states allow women to use Temporary Disability Insurance to access additional leave due to pregnancy and childbirth-related medical necessity: California, Hawaii, New Jersey, New York, and Rhode Island.

<sup>&</sup>lt;sup>7</sup> Of course, one reason that mothers earn less than the fathers of their children is that child care responsibilities lead many mothers to interrupt their employment or to put their jobs on a "mommy track" that trades off diminished responsibilities at work (and, therefore, diminished prospects for promotion) for more time and greater flexibility to devote to child care.

Depending on the details, parental leave policy can either reinforce or counteract the factors that work to exclude fathers from child care. Designing parental leave policy to promote greater gender equality, however, is not simply a question of making these policies more generous. In fact, depending on the policy particulars, increasing the generosity of parental leave policies can have the effect of reducing gender equality. Imagine, for example, a country that currently provides no time off and no financial support to new mothers and fathers. Given traditional gender roles and the earnings advantage of fathers in the labor market, we would expect that most married couples would arrange for the lower-earning mother to assume most of the early responsibilities of child care.

Imagine that a country passed a law that provided one year of fully paid leave for mothers (but not fathers) of newborn children. The new policy would represent a substantial improvement with respect to the level of support provided to families with infants, but by restricting the support to new mothers, the policy would reinforce both the social norms and the market outcomes that already push mothers into – and keep fathers out of – caregiving roles. In fact, the new policy might well reduce gender equality in the long-run, relative to doing nothing, because it would likely induce more women to take longer breaks from work than was the case before the policy was enacted, leading mothers to fall farther behind fathers in the labor market.

The same country, however, could spend roughly the same amount of its resources and design a parental leave policy that promoted a more equal distribution of child care responsibilities. Instead of guaranteeing mothers 12 months of fully paid parental leave, the country could provide mothers six months of fully paid leave and fathers six months of (non-transferable) fully paid leave.<sup>8</sup> This alternative system would provide direct financial incentives for fathers to assume half (or at least some portion) of the infant-care responsibilities, even though, at first glance, the new system appears to be less generous for women.<sup>9</sup>

The terminology used to describe various types of leave across 21 countries varies widely (and is further complicated by the need to translate these national terms into English). Throughout this report, we use "parental leave" as an umbrella term that includes leaves for maternity, pregnancy, paternity, birth, adoption, and longer-term care of young children. In many European countries, "parental leave" is used to refer to leave granted to mothers or fathers for longer-term care of young children after an initial spell of what is usually referred to "maternity" or "paternity" leave. In some discussions of European leave policies, where the context demands, we will also use "parental leave" in this second, narrower sense.<sup>10</sup>

The rest of this report looks first at the duration and benefit levels of national parental leave policies operating across 21 rich countries and, then, at how those policies address the issue of gender equality. The paper concludes with a discussion of "best practices" culled from the 21 national experiences. The United States, which has arguably the least generous parental leave policies among the countries studied here, does reasonably well with respect to promoting gender equality.

<sup>&</sup>lt;sup>8</sup> Because, on average, fathers earn more than mothers, the new program would actually be somewhat more expensive than the earlier example where only mothers received 12 months leave. On the other hand, because fathers are less likely to take the leave, costs might actually be lower.

<sup>&</sup>lt;sup>9</sup> The new system would, indeed, be less generous for infants born to single mothers because these infants would be entitled to only six months of fully paid parental care. A further policy tweak allowing single mothers to claim an extra six months of fully paid leave would address this inequality; Ray (2008) shows that several countries have taken this step. <sup>10</sup> The OECD's report series *Babies and Bosses -- Reconciling Work and Family Life* takes the identical approach.

# **Parental Leave Policies in 21 Rich Countries**

Parental leave laws can support new parents in two complementary ways: by offering job-protected leave and by offering financial support during that leave. In this section, we look at both the number of weeks of protected job leave guaranteed in each country and at the portion of those weeks that are paid. Because the countries that provide paid leave vary widely with respect to both the number of paid weeks available and the amount of financial support provided, we have converted each country's paid parental leave into "full-time equivalent" (FTE) units (see <u>Box 1</u> for details).

Because we are interested in both the overall level of support and the implications of policy design for gender equality, we will analyze the national parental leave policies in three different dimensions. First, we will look at how national policy affects two-parent families as a group. Here we combine all forms of support, regardless of whether it is earmarked specifically for the mother or the father. Next, we examine the parental leave available to mothers, under the assumption that fathers transfer all transferable leave to mothers. Finally, we survey the leave available exclusively to fathers under the assumption that mothers transfer none of their transferable leave to fathers.

#### **Parental Leave for Couples**

**Figure 1** reports the amount of unpaid and paid parental leave available to two-parent families with a new child. The totals here reflect the combined legal entitlements for both mothers and fathers, under the assumption that both parents take all available leave. The figure demonstrates that total protected job leave varies widely across the 21 countries, from only 14 weeks in Switzerland to over 300 weeks (about six years) in France and Spain.<sup>11</sup> The United States, with 24 weeks of combined protected job leave for a two-parent family, ranks 20th (out of 21); Switzerland provides fewer weeks of protected job leave (14), but provides financial support of 80 percent of a mother's usual earnings during that leave.

In addition to France and Spain, four countries grant a total of at least two years of protected leave for a two-parent family: Germany (170 weeks), Sweden (163 weeks), Norway (148 weeks), and Austria (116 weeks). Six countries offer over one year: the United Kingdom (80 weeks), Ireland (70 weeks), Italy (69 weeks), New Zealand (66), Greece (60 weeks), and Japan (58 weeks). Australia, Canada and Denmark each guarantee one full year. Among the six remaining countries, four provide over six months' leave: Finland (48 weeks), Belgium (43 weeks), the Netherlands (42 weeks), and Portugal (38). Only the United States (24 weeks) and Switzerland (14 weeks) offer less than six months to care for a new child.

A second key dimension of parental leave is whether it is paid, and if so, how generously. For many low- and middle-income families, unpaid leave is not particularly helpful because these families cannot afford the time away from work. According to a 2000 Department of Labor survey, for example, over a 22-month period in 1999 and 2000, 3.5 million people in the United States needed leave for family or medical reasons but did not take it; almost 80 percent of those who did not take the leave said they could not afford to do so.<sup>12</sup>

<sup>&</sup>lt;sup>11</sup> France and Spain allow both parents to stay at home – and return to their prior job or a comparable one – until their child's third birthday.

<sup>&</sup>lt;sup>12</sup> The survey allowed respondents to cite multiple reasons for not taking leave. The next most important reason for not taking leave was "work too important" cited by 53 percent of respondents. See U.S Department of Labor (2000).

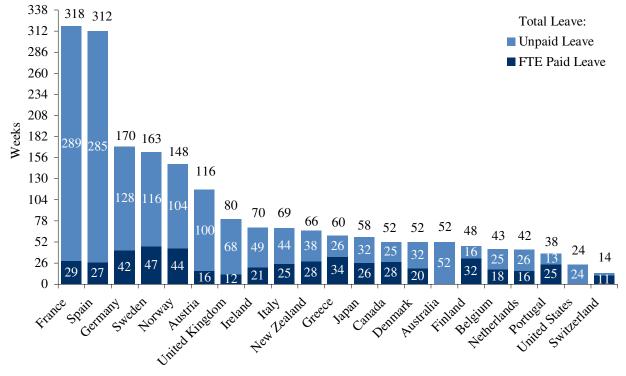


FIGURE 1 Total and FTE Paid Parental Leave for Two-Parent Families

Source: Authors' analysis and Ray (2008).

Figure 1 also displays the total number of weeks of paid parental leave available jointly to couples. To simplify comparisons across countries, the figure converts benefits in all countries to a full-time-equivalent basis. The United States is one of only two countries – Australia is the other – to offer no paid parental leave.<sup>13</sup>

Most countries provide between three months and one year of FTE paid leave. Ireland falls right at the middle of the paid-leave scale, guaranteeing about 21 weeks of FTE paid leave. Sweden provides the most FTE paid leave: 47 weeks. Eight other countries offer at least six months of FTE paid leave: Norway (44 weeks), Germany (42 weeks), Greece (34 weeks), Finland (32 weeks), France (29 weeks), Canada (28 weeks), New Zealand (28 weeks), Spain (27 weeks), and Japan (26 weeks). Six countries have between four and six months of FTE paid leave: Italy (25 weeks), Portugal (25 weeks), Ireland (21 weeks), Denmark (20 weeks), and Belgium (18 weeks). Four countries guarantee some paid leave, but fewer than four months: Austria and the Netherlands offers approximately 16 weeks; the United Kingdom has 12 weeks, and Switzerland, 11 weeks of FTE paid leave. Finally, Australia and the United States grant no paid leave whatsoever.

#### **Public Policies and Employer Practices in the United States**

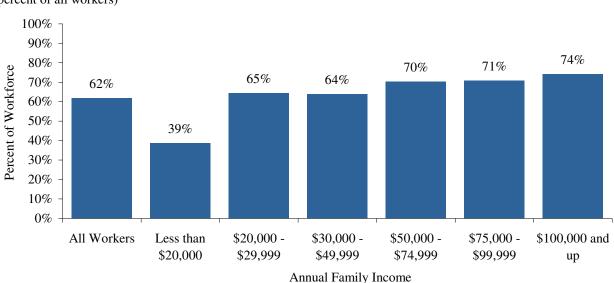
In the United States, the federal Family and Medical Leave Act (FMLA) guarantees up to 12 weeks of unpaid leave to recent parents, provided that they work in an establishment with at least 50 employees, have at least one year of tenure with their current employer, and have worked at least 1,250 hours for that employer in the previous 12 months. A handful of states also provide limited

<sup>&</sup>lt;sup>13</sup> Australian parents, however, are arguably better able to take leave because the country has a "Baby Bonus" that gives a lump-sum payment of A\$4,258 per child, or US\$3,085 (conversion to U.S. dollars using purchasing-power-parity exchange rates.)

financial support to new parents, with important restrictions on eligibility.<sup>14</sup> Employers in the United States, however, are free to offer some or all of their employees parental leave on terms that are more generous than the federal or state laws. The same is generally true for employers in the other 20 countries surveyed here, but employer discretion likely plays a larger role in shaping parental leave policy in the much less regulated United States.

Because the FMLA does not cover establishments with fewer than 50 employees, and because employees must have at least one year of tenure with their current employer and they must have met a minimum hours threshold to be eligible, a large share of the U.S. workforce is not legally protected by the FMLA. **Figure 2** presents U.S. Department of Labor data on FMLA coverage from a large survey conducted in 2000. According to the data, almost 40 percent of the U.S. workforce was not covered by the FMLA due to establishment-size requirements, or not eligible due to tenure and hours requirements. As the same figure also shows, the eligibility rates were lowest for families with low annual incomes.

The same U.S. Department of Labor survey shows that some employers meet or exceed the FMLA requirement of 12 weeks of unpaid leave for each parent, but that many others fall short of providing even unpaid leave. According to the survey (see Figure 3), about one fourth of employers (24 percent) provided at least some period (length unspecified) of fully paid "maternity-related leave"; five percent provided partially-paid leave; and 29 percent offered paid maternity leave under some circumstances. About one fifth of employers provided unpaid leave (11 percent) or unpaid leave under some circumstances (10 percent). Fully one fifth of employers provided no maternity-related leave, paid or unpaid. Other forms of parental leave are even less common. Only 16 percent of employers offered paid or partially paid leave for "parents to care for newborn" children which includes paternity-related leave; over one third (34 percent) of employers offered no such leave.



#### FIGURE 2 Estimated percent of workforce covered by and eligible for FMLA, United States, 2000. (percent of all workers)

Source: U.S. Department of Labor (2000), Appendix A-2.

<sup>&</sup>lt;sup>14</sup> See Ray (2008).

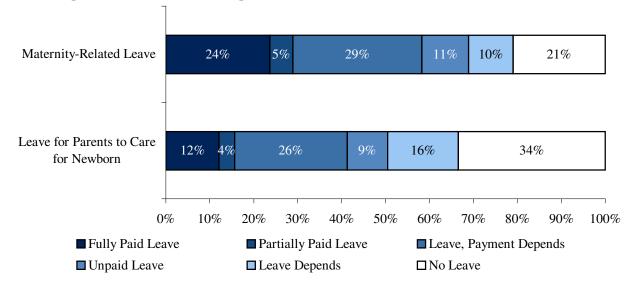


FIGURE 3 Estimated provision of various forms of parental leave, United States, 2000

Source: U.S. Department of Labor (2000), Appendix A-2.

More recent but less detailed data, from the 2006 National Compensation Survey, found that only seven percent of U.S. establishments offered paid "family leave" (leave to care for a family member including a newborn child, separate from paid vacation leave, sick days, personal leave, and short-term disability leave), while 68 percent offered unpaid "family leave."<sup>15</sup>

The FMLA sets a minimum standard for parental leave, but due to the exclusion of small employers and short-tenure workers, about 40 percent of U.S. workers are either not covered or not eligible for the FMLA.<sup>16</sup> U.S. employers as a group have not stepped in to fill the gap. While about 60 percent of workers are covered by FMLA-related leave, only about one-fourth of U.S. employers offer fully paid "maternity-related leave" of any duration, and one-fifth of U.S. employers offer no maternity-related leave of any kind, paid or unpaid. Private employers do not appear to be narrowing the statutory gap in parental leave entitlement between the United States and the rest of the high-income countries analyzed here.

# **Gender Equality**

Parental leave policies can have an important impact on gender equality, both in the workplace and with respect to sharing child care responsibilities. In the absence of paid parental leave policies, traditional gender roles, and the typically lower earnings of mothers (relative to fathers) in the labor market, create strong incentives for women to reduce their employment and take on a large majority of child care responsibilities. The most obvious problems associated with such outcomes are that women bear a disproportionate burden of child care responsibilities and pay both a short- and a long-term penalty in the labor market.<sup>17</sup> A related issue is that traditional gender roles and labor-market outcomes work together to deprive men of the opportunity to participate actively in providing infant and child care.

<sup>&</sup>lt;sup>15</sup> See Lovell (2008).

<sup>&</sup>lt;sup>16</sup> On the role that job tenure plays in ineligibility for the FMLA, see Boushey and Schmitt (2007).

<sup>&</sup>lt;sup>17</sup> For evidence on possible long-term negative consequences of women having paid time off for child care, see, among others: Crittenden (2002), Hayghe (1993), and Rose and Hartmann (2004).

Poorly designed parental leave policies can actually reinforce these tendencies toward gender inequality. At first glance, providing mothers – but not fathers – with leave that is both long and generous may seem to benefit mothers relative to fathers. In practice, however, such a policy would more than likely increase the child care responsibilities for mothers while, at the same time, reducing their long-term earnings relative to fathers. By contrast, a policy that divided leave and payments equally between mothers and fathers on a non-transferable, "use it or lose it" basis would help to counteract both traditional gender roles and labor-market pressures.<sup>18</sup> Mothers would provide a substantial portion of child care. Mothers would also have the expectation that fathers would provide a substantial portion of child care. Mothers would also spend less time outside of the labor force, doing less damage to their long-term labor-market prospects and lifetime earnings (especially relative to fathers, if fathers are also taking time out for child care). Limiting the total time outside of paid work is an especially important consideration given the possibility of divorce, which underscores the advantage for women of maintaining active ties to the labor market. Meanwhile, fathers would be given permission and financial support to care for their young children.<sup>19</sup>

#### Mothers in a Couple

The data in Figure 1 refer to the combined leave guaranteed to two-parent couples.<sup>20</sup> Figure 4 shows the maximum entitlements for mothers in a couple, under the assumption that a mother takes all of the leave to which she is specifically entitled, plus all of the father's leave that he can transfer to her. These data on mothers in a couple, together with corresponding data for fathers (below), shed important light on the impact of national parental leave policies on gender equality.

The generosity of national policies looks somewhat different when we focus exclusively on mothers. All countries provide mothers with at least some protected job leave – from a low of 12 weeks in the United States (in the case of mothers who are employed in establishments with 50 or more employees and who have been on the job for at least one year) to a high of 162 weeks in the case of France. France, Germany (160 weeks), and Spain (156 weeks) provide mothers with at least 3 years of total parental leave. Austria (112 weeks) grants more than two years. Norway (90 weeks), Sweden (85 weeks), the United Kingdom (65 weeks), Japan (58 weeks), New Zealand (58 weeks), Ireland (56 weeks), Australia (52 weeks), and Canada (52 weeks) all require employers to provide mothers at least one year of total leave. Denmark (50 weeks), Italy (48 weeks), Greece (47 weeks), Finland (44 weeks), Portugal (37 weeks), the Netherlands (29 weeks), and Belgium (28) provide mothers with between six months and one year of total leave. The two least generous countries are Switzerland (14 weeks) and the United States (12 weeks).

<sup>&</sup>lt;sup>18</sup> By "use it or lose it" we mean that workers who do not take advantage of the benefit cannot transfer it to a spouse or save the benefit for later. We do not mean that workers are legally required to take the leave. In a few countries, the law does require workers to take a short parental leave (typically for mothers) around the time of birth or adoption. See Ray (2008) for details.

<sup>&</sup>lt;sup>19</sup> Finland, for example, paired a recently-enacted incentive for fathers to take parental leave with a billboard campaign asking "How many men, upon dying, wish they had spent more time with their bosses?" Meanwhile, in Japan, where fathers have limited options and no incentives to take parental leave; fewer than half of one percent of eligible men take time off to spend with newborn children, largely due to workplace expectations (OECD 2007a).

<sup>&</sup>lt;sup>20</sup> The data for couples in Figure 1 reflect the summation of three kinds of parental leave: leave available exclusively for mothers; leave available exclusively for fathers; and leave that can be divided, at couples' discretion, between mothers and fathers.

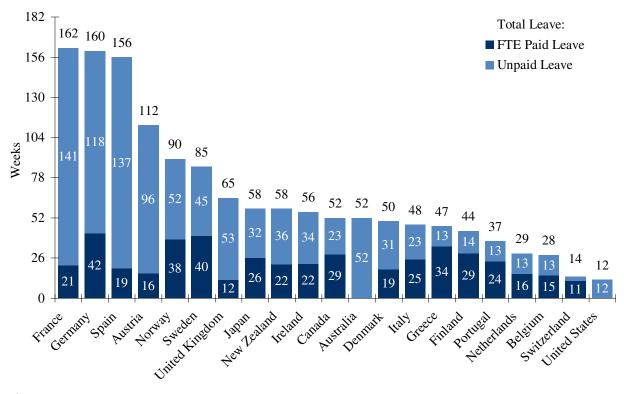
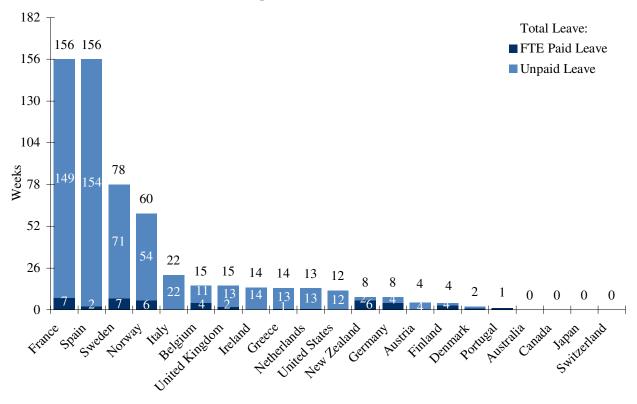


FIGURE 4 Total and FTE Paid Leave for Mothers in Couples

FIGURE 5 Total and FTE Paid Leave for Fathers in Couples



Source: Authors' analysis and Ray (2008).

#### **BOX 1: Full-Time Equivalent Paid Leave**

Full-Time Equivalent (FTE) paid leave allows comparisons across countries with complex systems of fully-paid, partially-paid, and unpaid leave. FTE paid leave is calculated as the wage replacement rate multiplied by the duration of leave. For example, during Switzerland's 14 weeks of maternity leave, mothers receive 80 percent of their usual earnings, or the equivalent of 11.2 weeks of full-time wage replacement.

Because of the wide variety of benefit guarantees, we have made several simplifying decisions. First, for countries that offer flat-rate benefits (Belgium, France, Germany, and Sweden), we calculate the benefit as a percentage of the most recently available average wage figures for the country, using the OECD's Benefits and Wages, Annex A. Secondly, wherever parents may choose between an extended leave at a low benefit rate or a shorter leave at a higher rate, we report the shorter estimate of leave. Similarly, where workers in different industries or sectors have different amounts of leave and payments (Denmark and Greece), Figure 1 indicates the lowest benefit amount. Finally, Finland's sliding-scale benefits offer between roughly 30 and 70 percent wage replacement, depending on the parent's usual wage level. Figure 1 shows a 65 percent rate, reflecting the OECD (2005) assessment of average worker benefits.

In figures and tables, we have rounded the resulting FTE estimates to the nearest week. For more detailed explanations of each country's policies, see Ray (2008).

The duration of paid leave for mothers, expressed in FTE units, is substantially shorter than total leave. Only seven of the 21 countries provide six months or more of FTE paid leave: Germany (42 weeks), Sweden (40 weeks), Norway (38 weeks), Greece (34 weeks), Canada (29 weeks), Finland (29 weeks), and Japan (26 weeks). Twelve of the seventeen remaining countries provide mothers with between 11 and 26 weeks of FTE paid leave. Australia and the United States guarantee mothers no paid time off after child birth.

#### Fathers in a Couple

**Figure 5** presents data on leave available for fathers in a couple. Here, we have assumed that fathers take only the portion of leave earmarked exclusively for them. Given the social and economic pressures acting on fathers, these "use it or lose it" days are often the only ones that fathers take.

The contrast between mothers' maximum entitlements and fathers' minimum entitlements is stark. A handful of countries offer "use it or lose it" job-protected leave in excess of one year: Spain (156 weeks), France (156 weeks), Sweden (78 weeks), and Norway (60) weeks. The vast majority of countries, however, offer substantially less "use it or lose it" leave, and four countries offer fathers none at all (Australia, Canada, Japan, and Switzerland). The United States (12 weeks) falls near the middle of the international distribution.

Paid "use it or lose it" leave for fathers is remarkably limited. France and Sweden offer fathers the most non-transferable FTE leave: seven weeks each. Ten of the remaining 19 countries provide between two days and six weeks. Nine countries, including the United States, have not established any paid "use it or lose it" leave for fathers.

The contrast between the maximum entitlements for mothers (Figure 4) and the minimum entitlements for fathers (Figure 5) underscores the ways in which parental leave policy – even generous parental leave policy – can act to undermine gender equality. Policies that allow families to allocate paid and unpaid leave heavily or even exclusively for mothers can reinforce traditional gender roles and women's disadvantage in the labor market.

#### Leave Generosity – for Couples, Mothers, and Fathers

A summary of the availability and generosity of paid leave is presented in <u>Table 1</u>. The generosity of paid leave is a factor in assessing the gender equality of parental leave policies. Because fathers' earnings are generally higher than mothers' earnings, unpaid or poorly paid parental leave can reinforce social and economic pressures against gender equality. If parental leave does not replace a substantial portion of fathers' earnings, families will bear a greater financial burden when fathers take leave than when mothers take leave. Spain, for example, has the second-longest total parental leave policy of the 21 countries analyzed here (312 weeks per couple) but offers a relatively small number of FTE paid weeks of leave (18 weeks per couple) - that is, the benefit level is low - which does little to counteract the effects of traditional gender roles and gender-wage differentials that push women out of the labor market and push fathers out of child care. Finland grants far less total leave (48 weeks per couple), but a large portion of the leave is paid (32 weeks) and only one third of this is earmarked for mothers, giving Finnish families greater latitude for higher-earning fathers to take time to care for infants.<sup>21</sup> Experience suggests that providing paid parental leave can go some distance toward encouraging fathers to take leave. For example, in Portugal in the last year that parental leave was unpaid (2000) fewer than 150 men took parental leave; three years later, after Portuguese law was changed to give fathers two weeks of paid family leave ("daddy days"), the number of men who took up the leave rose to  $27,000^{22}$ 

| Country        | Couples' FTE Paid | Mothers' FTE Paid Leave |         | Fathers' FTE Paid Leave |         |
|----------------|-------------------|-------------------------|---------|-------------------------|---------|
|                | Leave             | Minimum                 | Maximum | Minimum                 | Maximum |
| Australia      | 0.0               | 0.0                     | 0.0     | 0.0                     | 0.0     |
| Austria        | 16.0              | 16.0                    | 16.0    | 0.0                     | 0.0     |
| Belgium        | 18.0              | 13.9                    | 13.9    | 4.1                     | 4.1     |
| Canada         | 28.6              | 9.4                     | 28.6    | 0.0                     | 19.3    |
| Denmark        | 19.6              | 9.0                     | 18.6    | 1.0                     | 10.6    |
| Finland        | 33.0              | 11.7                    | 29.0    | 2.7                     | 21.3    |
| France         | 23.4              | 21.4                    | 21.4    | 7.4                     | 7.4     |
| Germany        | 42.0              | 14.0                    | 36.6    | 4.3                     | 28.0    |
| Greece         | 34.1              | 17.0                    | 33.5    | 0.6                     | 17.1    |
| Ireland        | 20.8              | 20.8                    | 20.8    | 0.0                     | 0.0     |
| Italy          | 25.1              | 17.3                    | 25.1    | 0.0                     | 7.8     |
| Japan          | 26.0              | 8.4                     | 26.0    | 0.0                     | 17.6    |
| Netherlands    | 16.4              | 16.0                    | 16.0    | 0.4                     | 0.4     |
| New Zealand    | 28.0              | 14.0                    | 22.0    | 6.0                     | 14.0    |
| Norway         | 44.0              | 9.0                     | 38.0    | 6.0                     | 35.0    |
| Portugal       | 24.8              | 6.0                     | 23.8    | 1.0                     | 20.8    |
| Spain          | 26.7              | 9.3                     | 19.3    | 7.4                     | 17.4    |
| Sweden         | 46.8              | 18.1                    | 39.8    | 6.9                     | 28.6    |
| Switzerland    | 11.2              | 11.2                    | 11.2    | 0.0                     | 0.0     |
| United Kingdom | 12.4              | 12.0                    | 12.0    | 0.4                     | 0.4     |
| United States  | 0.0               | 0.0                     | 0.0     | 0.0                     | 0.0     |

 TABLE 1

 Minimum and Maximum Parental Leave Allotments, in Weeks of FTE Paid Leave

Note: The first column is the sum of various combinations of leave taken by the two parents. In countries where the total entitlement is affected by the distribution between parents, we have assumed the shortest entitlement. "Minimum" here refers to the portions of leave reserved for each parent on a "use it or lose it" basis. Authors' analysis and Ray (2008).

 $<sup>^{21}</sup>$  Switzerland is an example of a situation where offering a high wage replacement – but limiting it to mothers – can work against gender equality.

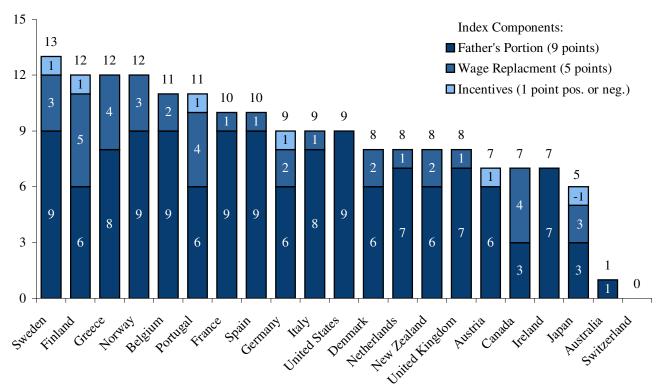
<sup>&</sup>lt;sup>22</sup> OECD (2002).

#### **Gender Equality Index**

As explained above, the gender equality implications of a country's parental leave policies depend on two main factors: (1) the portion of leave available for fathers and/or reserved exclusively for fathers and (2) the percentage of earnings replaced during periods of leave. The Gender Equality Index shown in Figure 6 captures both aspects of national parental leave policies. The index measures countries' policies on a fifteen-point scale, with nine possible points for the distribution of leave, five possible points for the level of wage replacement during leave, and one possible point (positive or negative) for policy incentives that encourage men to take or not take their available leave.

<u>**Table 2**</u> shows the criteria used to display the nine points for leave distribution. The portion of a two-parent family's leave that is reserved for a father's use accounts for most of the score; the maximum portion of leave available to fathers determines the remainder of the nine possible points. A policy that reserves no parental leave, paid or unpaid, to fathers, receives zero points.

However, the score rises to one point if fathers are permitted take up to one sixth (16.7 percent) of the total two-parent leave; up to two points, if the portion available to fathers is between one sixth and one third of the total; and three points, if the total available for fathers is more than one third of the total. Similarly, policies receive additional points as they cross three sets of thresholds (up to one sixth, one sixth to one third, more than one third) with respect to the share of total leave reserved exclusively for fathers. A country that reserves at least one third of total two-parent parental leave for the exclusive use of fathers earns a maximum of nine points.



#### FIGURE 6 Gender Equality Index

Source: Authors' analysis and Ray (2008).

|                          |               | Fathers' Reserved Parental Leave |            |               |              |  |
|--------------------------|---------------|----------------------------------|------------|---------------|--------------|--|
|                          |               | 0%                               | 1% - 16.6% | 16.7% - 33.2% | 33.3% and up |  |
| Maximum<br>Parental 16.7 | 0%            | 0                                | -          | -             | -            |  |
|                          | 1% - 16.6%    | 1                                | 4          | -             | -            |  |
|                          | 16.7% - 33.2% | 2                                | 5          | 7             | -            |  |
|                          | 33.3% and up  | 3                                | 6          | 8             | 9            |  |

 TABLE 2

 Gender Equality Index Scoring Depends on Both the Minimum and Maximum Leave Available to Fathers

Notes: Father's reserved and maximum parental leave are measured as a portion of the total parental leave available to a two-parent family. Authors' analysis and Ray (2008).

The five points awarded for the level of wage replacement during leave available for fathers are given as follows: zero points for unpaid leave, one point for leave paid at less than 16.7 percent, two points for payments between 16.7 and 33.3 percent, three points for at least one-third but less than one-half, four points for at least one-half but less than two-thirds, and five points for two-thirds wage replacement and above. Wage replacement is averaged during all periods of leave available to fathers. For example, if half of a parent's leave is paid at 80 percent and half is unpaid, the overall wage replacement rate would be 40 percent.

Finally, countries can earn one positive or one negative point for incentives for fathers to either take their permitted leave or transfer it to the mother. Austria, Finland, Germany, Portugal, and Sweden each earned one point in this category. Austria's parental allowance for low-income families is extended from 30 to 36 months if both parents take some of the shared parental leave. Finland allows two additional weeks of parental leave if the father takes at least two weeks. Germany has instituted recent reforms that dramatically shifted their parental leave policy toward gender equality; their current policy allows two additional months if they are taken by the father. Portugal offers full payment during the first two weeks of parental leave, but only if they are taken by the father. Sweden has long had a policy of "daddy days," which reserve a portion of parental leave, which took effect in July 2008. Japan earned one negative point. In Japan, one parent must take all of the family's parental leave, which has the effect of dramatically reducing fathers' incentive to take leave.

Figure 6 shows the resulting gender equality scores. Sweden earns the highest score: 13 points. Finland, Greece, and Norway each earn 12 points, and Belgium and Portugal follow closely with 11 points. France and Spain each receive 10 points. Germany, Italy, and the United States fall at the median of nine points. Denmark, the Netherlands, New Zealand, and the United Kingdom trail closely behind at eight points. Austria, Ireland and Canada each earn seven points. Three countries scored fewer than seven points: Japan (5), Australia (1), and Switzerland (0).

As we have noted, parental leave policy designs vary on multiple dimensions. Leave provisions can be more or less generous with respect to the amount of total time granted to parents and can be more or less generous with respect to the level of financial remuneration provided. In addition, leave policy designs affect the extent to which fathers are enabled or encouraged to take leaves – which, in turn, can influence the degree to which fathers share child caregiving with mothers. While much research on parental leave assesses the generosity of policy designs, far less has focused on the "gendered features" of paid parental leave policies – as we do here.

Our findings underscore that generosity and gender equality are largely distinct features of parental leave policy designs. In any given country, leave policies can be generous, or gender egalitarian, or both – or neither. The relative independence of these two overarching aspects of leave policies are underscored when we compare the results reported in Figure 1, which shows the generosity of total and paid leave provisions, with the results of our Gender Equality Index, summarized in Figure 6.

What are the main conclusions to be drawn from the Gender Equality Index? First, there is some association between leave generosity, with respect to total time granted to parents, and gender equality in policy design. The correlation between countries' total leave available (see Figure 1) and their Gender Equality Index score is 0.346, meaning that there is a modest positive association. Second, there is a stronger association between countries' leave generosity, with respect to wage replacement, and their Gender Equality Index score. The correlation between countries' paid leave (in FTEs, see Figure 1) and their Gender Equality Index score is 0.753, which indicates a greater positive association than with respect to total time provided. (Paid leave correlates more strongly than total leave with the Gender Equality Index score, because the presence and generosity of paid leave is a component of the Gender Equality Index.) Undoubtedly, there is some association between aspects of generosity and the degree of gender egalitarian policy features, but a simple comparison of Figures 1 and 6 demonstrates that generosity and gender egalitarianism are different dimensions and comprehensive policy analyses ought to account for both.

# **Financing Structure**

Most of the countries studied here finance paid leave benefits through payroll taxes – with the overall taxation rates, and the relative shares contributed by employers and employees, varying across countries. In some countries, these programs are financed through contributory funds dedicated solely to family leave benefits. In others, they are financed through health and sickness funds, or through unemployment compensation funds; in some countries, they are financed from social insurance funds that pay for a broad set of contributory programs. The key point here is that these benefits are funded through social insurance schemes; in general, individual employers are not asked to pay the replaced wages of their own workers during periods of paid leave.<sup>23</sup> Social insurance financing means that costs are distributed throughout society, which minimizes the burden on individual employers and, in turn, reduces incentives for employers to discriminate against potential leave-takers (which is especially important for women applicants and workers).

In most countries, these payroll taxes operate at the national level. Canada and Switzerland stand as exceptions; the Canadian province of Quebec and the Swiss canton of Bern administer their own, more generous, benefits apart from their respective national systems. Similarly, in the United States, California and New Jersey operate state-level paid leave programs and finance their provisions with payroll taxes of approximately 0.1 percent; these taxes are paid exclusively by employees. Before Switzerland's recent adoption of a country-wide benefit scheme, employers could self-finance paid maternity benefits or contract with private maternity leave insurers to cover the costs, allowing small businesses to pool risks, although to a limited extent.

<sup>&</sup>lt;sup>23</sup> In some countries, general government revenues supplement revenues raised through contributory taxes.

# **Scheduling Flexibility**

The right to take parental leave on a part-time basis – that is, to combine leave-taking with part-time employment – can be another important aspect of family leave policy. Drawing a reduced leave while working part-time offers parents the possibility of staying connected to their jobs during parental leave, which has benefits for both parents and employers. Part-time leave can also allow parents to phase out parental leave slowly, waiting until the child is older to resume full-time work. Of the 21 countries studied here, ten allow parental leave to be taken on a part-time basis: Austria, Belgium, Denmark, Finland, Germany, the Netherlands, Norway, Portugal, Spain, and Sweden. Portugal is notable in that it gives parents an incentive to choose part-time over full-time leave: parents have three months of full-time parental leave or 12 months of part-time leave.

Canada and the United Kingdom give parents the option of being on parental leave, and collecting their full benefits, while continuing to work for pay on a reduced schedule. Canada allows parents to receive parental benefits while working part-time, as long as they do not earn more than 25 percent of their usual earnings (or C\$50 per week, whichever is greater). The United Kingdom grants mothers up to 10 "Keep in Touch" days to work during maternity leave.

In general, parental leave laws can grant workers the right to draw a reduced leave while working part-time – but typically they do not grant workers the right to actually work part-time. The responsibility for arranging part-time employment generally falls on the worker taking leave. In many countries, labor statutes grant workers the right to change their work schedule; in some cases, these statutes grant workers the right to *request* a work-schedule change, with that request subject to an official review. In several countries, these statutes include the option to reduce one's weekly work hours. These laws enable workers to adjust their work schedules without having to changes jobs or employers.

Hegewisch and Gornick (2008) reviewed these statutes across 21 high-income countries, including the United States. They found that, among these countries, 17 have statutes that enable parents to adjust their working hours; another six allow workers to adjust their hours to care for adult family members. Sweden was the first country, as far back as 1978, to give mothers and fathers the right to reduce their daily work hours by 25 percent until the youngest child reached the age of eight. Several other countries have enacted related rights, in recent years. In Austria, for example, both parents may reduce their hours or change the scheduling of hours until their child is seven years old, with a right to return to full-time work afterwards. In Norway, parents may ask for reduced hours until the child is 10 years old. In Spain, parents caring for children under eight years old are entitled to reduce work hours by 20 to 50 percent. In the United Kingdom, parents of children under six years old, or 18 if the child has a disability, have a right to request reduced hours. In New Zealand, as of July 2008, all parents (and other caregivers) have rights similar to those granted in the United Kingdom. In the Netherlands, workers with two years of job tenure with the same employer have the right to request a change in working hours, including changing between full-time and part-time work, and may do so again every two years they remain with the same employer.

Other countries have enacted various rights to change one's work schedule, with some covering those engaged in lifelong learning, or older workers, or all employees irrespective of the reason for seeking an altered work schedule. Hegewisch and Gornick's (2008) review of the statutes supporting flexible or reduced working hours concluded that the laws have caused few problems for employers, and that gender equality improves most where laws are aimed broadly, that is, not granted exclusively to parents or only for part-time work.

### **Best Practices**

We have argued that parental leave policy designs can be generous in terms of time granted to parents and wages replaced; leave policies can also be designed to enable and support gender egalitarian divisions of labor with respect to child caregiving. Further policy elements – especially rights to flexible scheduling and social insurance financing – extend parents' options, lessen barriers to take-up, reduce employer resistance, and weaken incentives for discrimination against potential caregivers.<sup>24</sup>

Our review of 21 parental leave policies helps to identify countries with policies that are comparatively strong on both generosity and gender equality. To summarize, six countries fall among the nine most generous with respect to paid leave (see FTEs in Figure 1) *and* among the nine most gender egalitarian (see Figure 6). Each of these six countries provides couples with six months or more of fully paid leave *and* scores at least ten points on our Gender Equality Index. These six countries include three Nordic countries – Finland, Norway, and Sweden – plus France, Spain, and Greece.<sup>25</sup> Taken as a group, then, these six countries have policy features that exemplify best practices. Across these six high-performing systems, five policy practices stand out as the most important: (1) generous paid leave; (2) non-transferable quotas of leave for each parent; (3) universal coverage combined with modest eligibility restrictions; (4) financing structures that pool risk among many employers; and (5) scheduling flexibility.

**Paid leave** is arguably the most salient of these four policy elements, strengthening countries' performance on both generosity and gender equality. Toward the goal of generosity, paid leave gives lower wage parents the financial security necessary to take the leave available to them, strengthening a country's support for new parents and their children. In terms of gender equality, generous paid leave allows the higher wage parent – usually the father – to take parental leave without forfeiting the family's larger source of earnings. In addition, benefit caps and sliding-scale payments contribute to the cost-efficiency of paid leave, while creating a progressive benefit structure that favors lower wage parents. Among the six high-performing countries identified here, France, Greece, and Spain offer 100 percent wage replacement for portions of parental leave. Sweden replaces 80 percent of usual earnings, and a shorter, fully-paid period. Finland utilizes a sliding scale of benefits, in which low-earning workers receive approximately two-thirds of their usual earnings, and higher-earning workers receive progressively less.

The second key feature of the high-performing systems is a requirement that substantial portions of **parental leave not be transferable** from one parent to another.<sup>26</sup> Non-transferability helps to counteract social and economic pressures that otherwise encourage fathers to transfer benefits to mothers, thereby reducing fathers' role in caregiving and mothers' attachment to paid work. Finland guarantees fathers four full weeks of paternity leave. Finnish fathers also have an added incentive to take parental leave: if they take the last two weeks to which they are entitled, they receive an extra two weeks thereafter, paid at a higher wage-replacement rate. Spain allows fathers the same paid schedule reductions as those for breastfeeding mothers, independently of whether the mothers takes

<sup>&</sup>lt;sup>24</sup> For a detailed proposal for the design of parental leave policies, see Gornick and Meyers' essay, in Gornick, Meyers *et al* (forthcoming).

<sup>&</sup>lt;sup>25</sup> Germany also provides paid leave in this range of generosity, but lags in gender egalitarian features. Belgium and Portugal received ten points on the Gender Equality Index, but fall short in terms of generosity.

<sup>&</sup>lt;sup>26</sup> Gornick and Meyers argue for identical and totally non-transferable leave, which exceeds "best practices" in the 21 countries analyzed here (see Gornick and Meyers *et al*, forthcoming).

their allotments, until their child is nine months old. Norway and Sweden each reserve a portion of families' financial benefits for fathers' leave (six weeks and two months, respectively), referred to as "daddy days". Countries differ, however, as to whether single parents should be able to use the absent parent's share of leave, balancing concerns for child welfare with avoiding a labor-market disadvantage for mothers who spend long periods outside of the workforce. Both Norway and Sweden allow single parents to use the entire two-parent share of paid leave, but Finland does not allow single mothers to access the additional two weeks of leave reserved for fathers.

Third, the best-practice systems are all essentially universal, meaning that nearly all workplaces are covered - regardless of employer size, industry, geographic location or other criteria - and that individual eligibility restrictions are limited. While the best-practice systems require a recent employment history to qualify for earnings-related benefits, these systems typically offer some, usually flat-rate, benefits to new parents who do not meet the work requirements (because they fall short in terms of tenure or earnings). Norway, for example, requires that parents work for at least six of the ten months preceding their leave and meet a minimum earnings requirement, and Spain requires parents to be employed and to have made Social Security contributions for 180 days, but in each country parents who do not qualify are entitled to a less generous form of paid leave. Greece limits longer-term parental leave to employees with at least one year with their current employer, but has no job tenure requirement for short-term parental leave. In France, to be eligible for the main parental leave program, parents must have worked at least one year for their employer (two years for the first child), but parents who do not meet the tenure requirement are entitled to a flat-rate payment if their income is below a certain level (in practice, about 90 percent of families are eligible). In Finland, all parents regardless of employment status are eligible for a minimum flat-rate benefit; to participate in the more generous parental leave program, parents must enroll at least 30 weeks prior to the expected date of birth. In Sweden, to receive the 80-percent benefit, parents must have earned a minimum specified daily wage for 240 days before the expected date of delivery, but those who do not meet that minimum, or have no recent employment, receive a flat-rate benefit.

Fourth, **collective financing** allows risk to be shared across all employers, greatly reducing the financial burden for individual employers. Administering contributions and benefit payment at the national or regional level ensures that individual employers do not bear the burden of directly paying benefits to each employee on parental leave. The centralized financing structure also reduces incentive for discrimination against women of child-bearing age. In France, employee contributions finance parental leave through local Sickness Insurance Funds. In Greece, employers, the Greek Manpower Employment Organization (a government organization), and the Social Security Institute each contribute part of parental benefits. Finland, Norway, Spain and Sweden also finance and administer parental benefits through social insurance programs at the national level.

Finally, **scheduling flexibility** allows families to find an arrangement that fits their needs, and to combine leave with part-time work over several years. Parents who can take parental leave on a part-time basis can care for their children without severing their relationship with their employer, which allows professional parents (more likely to be fathers) to take leave without jeopardizing their seniority and career prospects. In Finland, parents can take paid leave until their child's third birthday; parents who work part-time can extend this benefit until their child's seventh birthday. France gives four levels of parental benefits: for parents who work full time; for those who work between 50 and 80 percent of their usual schedule; for those who work no more than half of their usual schedule; and for those who take full-time leave. In Greece, private-sector workers can choose between taking parental leave by reducing their schedule by one hour per day for 30 months, at no loss of pay, or taking the same number of paid leave hours in a more condensed fashion, including one continuous leave period of almost four months. Spain, Sweden and Norway all allow leave to be

taken on a part-time basis. Spanish parents may also request part-time schedules until their child's eighth birthday. Norwegian parents have an added accommodation that permits both parents to take leave simultaneously if both take part-time leave.

Current U.S. law falls well short of these best practices. The federal Family and Medical Leave Act includes strict non-transferability between parents, but does not provide any paid leave, let alone generous paid leave, for parents.<sup>27</sup> Employer-size and long job-tenure restrictions also mean that a large share of working parents are not eligible for leave under the FMLA. Nor does the FMLA guarantee or explicitly encourage flexible leave arrangements. The current systems operating in a few U.S. states do better than the FMLA in that they provide paid leave at partial replacement rates over several weeks; these state systems also rely on state-level, social-insurance-style financing and administration. The state-level benefits, however, would not qualify as generous by international standards and the current systems do not encourage or guarantee flexible scheduling of leave.<sup>28</sup>

# Conclusion

Our review of national policies finds that the United States has the least generous parental leave policies among the 21 high-income countries we studied. With the exception of a handful of U.S. states, U.S. law provides no right to paid parental leave. Australia is the only other high-income country without some form of paid parental leave, although the Australian "Baby Bonus" offsets some of the financial hardship of unpaid leave. Under the FMLA, the United States offers only 24 weeks of unpaid leave to a two-parent family. Only Switzerland offers a two-parent family fewer weeks of leave (14), but these are paid at the equivalent of 80 percent of earnings.

Generosity, however, is not the only criterion for assessing parental leave policy. Depending on their design, leave policies can either reinforce inequalities between mothers and fathers in both caregiving and earnings from work, or can work to counteract those inequalities. Current U.S. policy includes a key feature of gender-egalitarian parental leave policy – the non-transferability of leave between fathers and mothers. But, the United States falls far short on other dimensions. The lack of a paid leave entitlement (or the relatively low levels of paid leave provided by a handful of state-level programs) works against mothers because fathers, who typically earn more than mothers, are unlikely to take unpaid or poorly paid leave to give care to infants. In the absence of generous paid leave, traditional gender roles and the typically lower earnings levels of mothers lead the large majority of parents to choose to have mothers not fathers to stay at home to give care. Moreover, due to establishment-size restrictions and long job-tenure requirements, the FMLA and the hodge-podge of state systems currently in place leave large shares of workers ineligible for unpaid leave under the FMLA or the relatively ungenerous paid systems operating in several U.S. states.

All members of society have a profound interest in the health and well-being of young children and the parents who take care of them. All of us benefit from the existence of happy and healthy children who can go on to become productive members of society. Unfortunately, current U.S. labor

<sup>&</sup>lt;sup>27</sup> Of course, because leave is not paid, the FMLA does not establish a centrally administered and financed social-insurance-style system.

<sup>&</sup>lt;sup>28</sup> The Federal Employees Paid Parental Leave Act of 2008, currently under consideration, would move U.S. law in the direction of international best practices, by offering all federal employees (over two percent of the U.S. workforce) up to four weeks of fully paid parental leave. The proposed law would maintain non-transferability of benefits and rely on centralized financing through the federal government. The Family Leave Insurance Act of 2008 would also push the United States in the direction of established best practices by creating a state-administered, social-insurance-style program to provide paid leave under the existing FMLA. Neither bill, however, directly addresses the issues of universality or promoting flexible scheduling of paid or unpaid leave.

law and social policy places almost the entire responsibility for caring for young children, and for blending that care with employment responsibilities, on individual parents. A generous, universal, gender-egalitarian, and flexible parental leave policy, financed through social insurance, would go a long way toward spreading the costs of caring for children more equitably across mothers and fathers, parents and non-parents, and employers and employees.

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