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

BUSINESS FORWARD 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 who work full-time earn just 82% of what their male counterparts earn. 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. That’s the size of the Rocky Mountain and Plains regions’ economies.

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**LOWER PAY**
Median earnings per week, 2021:

- **Women:** $900
- **Men:** $1098

**LOWER PARTICIPATION**
Prime-age labor force participation rate, 2021:

- **Women:** 76%
- **Men:** 88%

**UNDERREPRESENTED IN HIGH-PAYING JOBS**
Proportion of women represented at various business levels:

- **C-suite Executives:** 2% (Women), 8% (Men)
- **Managers:** 4% (Women), 6% (Men)
- **Workers at lowest paying jobs:** 7% (Women), 3% (Men)

*Hourly workers at or below minimum wage*
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.

**EARNINGS GAP**

<table>
<thead>
<tr>
<th></th>
<th>ASIAN WOMEN</th>
<th>WHITE WOMEN</th>
<th>BLACK WOMEN</th>
<th>HISPANIC WOMEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEDIAN EARNINGS PER WEEK, 2021</td>
<td>$1,134</td>
<td>$912</td>
<td>$768</td>
<td>$696</td>
</tr>
</tbody>
</table>

**REPRESENTATION IN THE CORPORATE PIPELINE**

<table>
<thead>
<tr>
<th></th>
<th>WOMEN OF COLOR</th>
<th>WHITE WOMEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENTRY LEVEL</td>
<td>18%</td>
<td>29%</td>
</tr>
<tr>
<td>MANAGER</td>
<td>12%</td>
<td>26%</td>
</tr>
<tr>
<td>SR. MANAGER</td>
<td>9%</td>
<td>25%</td>
</tr>
<tr>
<td>VP</td>
<td>6%</td>
<td>24%</td>
</tr>
<tr>
<td>SVP</td>
<td>5%</td>
<td>23%</td>
</tr>
<tr>
<td>C-SUITE</td>
<td>3%</td>
<td>19%</td>
</tr>
</tbody>
</table>
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
Once a leader, the U.S. consistently ranks in the bottom half of 25 advanced economies in prime-age female labor participation. In 2017, other OECD members spent over three times more subsidizing family benefits (as a share of GDP) than the U.S.

Our competitors spend three times more supporting women—and it’s boosting their economies.

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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.

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.

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.

— Beth Ann Bovino, Chief Economist, S&P Global
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)\(^{24}\)

![Graph showing employee attrition rate]

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)\(^{25}\)

![Bar chart showing employee attrition rate]

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 DISTRIBUTION\(^{26}\)

<table>
<thead>
<tr>
<th>Without Children</th>
<th>Overall</th>
<th>With Children Under 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEN</td>
<td>WOMEN</td>
<td>MEN</td>
</tr>
<tr>
<td>54%</td>
<td>46%</td>
<td>46%</td>
</tr>
</tbody>
</table>

COVID-19 JOB LOSS GENDER DISTRIBUTION\(^{27}\)

<table>
<thead>
<tr>
<th>Male Workers</th>
<th>Female Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>46%</td>
<td>54%</td>
</tr>
</tbody>
</table>
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

SCENARIO 1: Start making investments right now in education, family planning, maternal health, digital and financial inclusion, and correcting the burden of unpaid care work related to childcare and caring for the elderly.

2030
U.S. GDP: $26.7T

SCENARIO 2: DO NOTHING

2030
U.S. GDP: $24.3T

$2.4 TRILLION DIFFERENCE

*$ 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.

LABOR FORCE PARTICIPATION BY GENDER

OPPORTUNITY: $1-2 TRILLION/ YEAR IN GDP GROWTH

2021 2025 2030

2030
U.S. GDP: $26.7T

2030
U.S. GDP: $24.3T

2021 2025 2030

MEN WOMEN

BUSINESS FORWARD FOUNDATION
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 LEAVE\textsuperscript{30}

1 IN 20 LOWEST-INCOME WORKERS HAVE ACCESS TO PAID LEAVE\textsuperscript{31}

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.\textsuperscript{32}

WOMEN WITH PAID FAMILY LEAVE = 40% MORE LIKELY TO RETURN TO WORK

LONG-TERM IMPACT

LABOR FORCE PARTICIPATION (10 YRS POST BIRTH)\textsuperscript{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**

<table>
<thead>
<tr>
<th>IMPACT ON FAMILY</th>
<th>IMPACT ON EMPLOYER</th>
<th>IMPACT ON COMMUNITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>The employer bears the cost of recruiting and training her replacement, and then loses her experience.</td>
<td>Communities with higher unemployment rates suffer from underfunded schools and low-quality housing.</td>
</tr>
</tbody>
</table>

### 6 WEEKS UNPAID LEAVE = 27% LOSS FAMILY INCOME

- **$1,500** average cost to retrain (2020)\(^{35}\)
- **55.4 HRS** average time to retrain (2020)\(^{36}\)
- **+1% = +.7%** increase in the rate of poverty\(^{37}\)

**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. 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.

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.

47% STRONGLY FAVOR
40% NOT SO STRONGLY FAVOR
15% NOT SO STRONGLY OPPOSE
10% STRONGLY OPPOSE
5% NOT SURE

47% OF PEOPLE WHO WORK FOR EMPLOYERS WITH UNDER 50 EMPLOYEES RECEIVE PAID FAMILY LEAVE

28% OF PEOPLE WHO WORK FOR EMPLOYERS WITH OVER 500 EMPLOYEES RECEIVE PAID FAMILY LEAVE