

# BALANCING WORK AND FAMILY RESPONSIBILITIES: DESIGNING POLICY ALTERNATIVES

by *Sabrina Townsend*

Families of all shapes and sizes are struggling to meet work and caregiving responsibilities. While all parents have the option under law to take unpaid leave from work to meet caregiving demands, the lack of pay presents a significant barrier to most low- and middle-income families. This article begins by defining the problem faced by working families, particularly parents of newborn children, and then proposes three policy alternatives for the provision of financial assistance to help families balance their work and family responsibilities. The article concludes with an evaluation of the proposed policy alternatives and makes a final recommendation as to how the federal government could best meet the needs of working families.

## DEFINITION OF THE PROBLEM

The current administration has placed considerable emphasis on the promotion of marriage and family within the United States, and yet families of all types and sizes continue to struggle with difficult day-to-day decisions. Those fortunate enough to be working during these tough economic times may be forced to choose between going to work and staying home to care for a newborn, sick child or dependent family member. This decision could result in substantial lost income, which is a path the majority of U.S. citizens opt not or are unable to take (Commission on Family and Medical Leave (CFML), 1996). In today's society, the demands and responsibilities of work are too often directly at odds with those of the family across all age groups.

Changes in gender roles, family structure and stagnant job design are all in part responsible for the current imbalance. Women began entering the workforce in droves during the World War II era, thus permanently altering their role within the world of work. The number of women in the workforce increased from 31.5 million in 1970 to 57 million in 1991. Today, half of the total labor force lives in dual-earner households (CFML, 1996). Throughout

the past 30 years, the United States has witnessed a dramatic increase in the number of single-parent, female-headed households. New pressures and responsibilities have been placed on the family as a direct result of these changes. Although the workforce has become somewhat “feminized” (Kelly & Dobbin, 1999), employers refuse to let go of the “male model” job structure, defined as a job formerly held exclusively by men designed with the assumption that workers can devote long hours to work without interference of personal responsibilities (Lambert, 1993). A disconnect has been created between employer expectations and the demands faced by the emerging female work force and families in general.

Both single parents and those living in dual-earner, dual-caregiver households face numerous challenges when it comes to meeting the competing demands of work and caregiving (Gornick & Meyers, 2001). Many single parents are in dire need of financial assistance and peer support, particularly following childbirth. In the '90s, more than 45 percent of single mothers were poor (measured as family income below 50 percent of U.S. median income) versus only 13 percent in France and 5 percent in Sweden, where more generous family supports are in place (Christopher, 2002). As maternal employment continues to increase, the need for paternal caregiving becomes more evident. In 1998, fathers spent 45 percent of the time their wives spent on caregiving (Gornick & Meyers, 2001). Perhaps more men would opt to take leave from work if the rates of pay across genders were more equitable. However, given that it is more profitable for men to remain attached to the workforce, women are the predominant leave takers and the predominant caregivers (CFML, 1996). Thus, the cycle of lost human capital and career advancement for women is perpetuated (Gornick & Meyers, 2001).

Although it would be ideal to take a comprehensive lifespan approach in addressing this social condition, the focus of this paper will be on achieving balance between work and caregiving responsibilities for a newborn child. By supporting mothers and fathers in balancing these dual demands, policymakers would have an opportunity to yield positive developmental outcomes for young children and economic benefits for all of society. “One of the greatest risks to the healthy development of young children may be the risk of the loss or disruption of important caregiving relationships” (Fenichel, 2002, p. 49). This relationship is key to the healthy development of children and begins the moment a child is born. Research shows that while child care in general does not have adverse effects on child development, the lack of quality infant care is more likely to have a negative impact on developmental outcomes (Children’s Defense Fund, 2001; National Child Care Information Center, 2002). Urie

Bronfenbrenner argues that in order to promote a child's intellectual, emotional and social development, child-caregiver interactions must continue long enough to become increasingly complex (Fenichel, 2002). Therefore, it is in the best developmental interest of the child that parents should be able to spend extended periods of time providing care, particularly in the first few months of life, to ensure positive attachment, or the development of trust between an infant and caregivers.

The potential economic benefits to society are another powerful argument for why this social condition should be addressed. In his 2001 paper, *Fostering Human Capital*, James J. Heckman, winner of the Nobel Prize in economics in 2000, provides evidence of the rate-of-return on investments made in the earliest years of a child's life. Heckman stresses that it makes economic sense to invest in the very young when trying to prevent the long-term consequences of poverty and costs to society. By investing in the caregiving relationship crucial to infant development, policymakers would, in effect, be investing in the long-term life success of all children.

All types of families are facing work-caregiving conflicts, including men and women; young, middle-aged, and older caregivers; whites, African Americans, Latinos and Asians; and married and single caregivers (Heymann, 2000). This social problem is practically universal in scope, except for the disproportionate amount of financial and social resources available to higher-income families that buffers them from potential negatives effects. Middle-income and, especially, lower-income families have a much smaller chance of successfully meeting dual work and caregiving responsibilities (Heymann, 2000). To mediate this social condition, policymakers should aim to achieve the following goals:

- Provide financial assistance to biological and adoptive parents of newborn children that enables them to take leave from work.
- Provide equal incentives and opportunities to mothers and fathers to care for newborn children.

## POLICY ALTERNATIVES

Several policy alternatives may be utilized in an effort to resolve this social condition. The three policy tools described in this paper include the expansion of the Family and Medical Leave Act, Parental Leave Assistance (cash grants), and Temporary Caregiver Insurance. The proposed policy alternatives are to be enacted at the federal level to create a national minimum standard rather than a patchwork of uneven, local responses to the needs of families.

## *Expansion of the Family and Medical Leave Act*

One way to address this glaring social problem would be to expand current legislation so that employers are required to provide 12 weeks of paid parental leave to parents of newborns. This approach provides additional legal protections to working parents of newborn children by imposing further rules upon businesses. It is a highly centralized approach that relies on indirect means for the delivery of intended benefits.

Erin Kelly and Frank Dobbin (1999) provide a concise summary of the ways in which the federal government has responded to the changing needs of society and the family over the past 40 years. In 1964 Congress passed the Civil Rights Act, which outlawed discrimination in many areas, including gender. Then, in 1972, the definition of discrimination was expanded to include pregnancy. This expanded definition was quickly and successfully challenged by General Electric, which yielded two important results. First, it generated so much publicity surrounding maternity leave that many employers across the nation took it upon themselves to institute maternity benefits out of fear of impending legislation. Second, Congress passed the Pregnancy Discrimination Act in 1978, since pregnancy could not be incorporated into existing legislation. This legislation required equal treatment of pregnancy and other disabling medical conditions, but it did not mandate that employers adopt maternity or family leave benefits as anticipated by much of the private business community. Finally, Congress passed the Family and Medical Leave Act (FMLA) in 1993 to assist all working families balance their varying responsibilities.

The FMLA has been successful thus far in allowing approximately 4 million men and women take time off from work each year to care for their loved ones (National Partnership for Women and Families (NPWF), 2002), but the law is incomplete. Under FMLA, workers are guaranteed 12 weeks of unpaid leave to care for a newborn, a newly adopted child or a seriously ill family member. To be eligible, one must work for a company with at least 50 employees within a 75-mile radius and have worked for a minimum of 1,250 hours in one year. This response to balancing work and family responsibilities has serious flaws. First, workers are guaranteed leave, but it is unpaid. "In 2000, 78% of people who needed but did not take family or medical leave said that they could not afford to take the leave" (NPWF, 2002). Twenty-one percent of workers who did take some leave had to turn to welfare for support (Institute for Women's Policy Research, 2000). Second, roughly 41 million people are not covered by the law (NPWF, 2002). Nearly half of the private

workforce in the United States does not meet basic eligibility criteria because they have either not worked for an employer long enough or their employer is too small (Heymann et al, 2002).

In August 2000, the Clinton Administration passed an administrative rule permitting states to compensate families with childbirths and new adoptions through State Unemployment Insurance (UI). States were given the option of enacting birth and adoption unemployment compensation to provide UI payments to parents for 12 weeks or more in the year following a birth or adoption. Additional details were to be developed by the states. During 2000, 15 states proposed to expand UI benefits, but no new policies or changes were enacted (Vroman, 2001). States' failure to provide compensation to parents for the birth or adoption of a child under this rule suggests that voluntary measures are ineffective and will not motivate nationwide change.

Expansion of FMLA, a law passed a decade ago, is one way in which to address the imbalance between work and caregiving responsibilities. This expanded FMLA would mandate employers to provide *paid* parental leave for up to 12 weeks so that mothers and fathers are able to take leave from work. Leave could be taken simultaneously or parents could take turns to provide a total of 24 weeks of paid leave. Employers smaller than 50 employees within a 75-mile radius would remain exempt from this rule; however, it would be left up to individual states to provide some minimum level of benefit to these eligible employees, most likely from general revenues.

Addressing the current limitations of FMLA will undoubtedly receive tremendous public support. Roughly 83 percent of working women say that providing paid leave through FMLA is important to them, and 80 percent of adults support paid parental leave that allows working parents to stay home to care for newborn children (AFL-CIO, 2001). Studies have shown that women who receive paid leave return to work in less time and have stronger attachment to the labor force (Ruhm, 1997), which will benefit employers and all of society across time.

According to businesses, the adoption of previous legislation had no noticeable negative effect on performance or growth (Ruhm, 1997); however, the financial impact of this mandate may be overwhelming for many companies, particularly those just over the 50-employee cutoff. Companies that do not have existing programs for the provision of paid parental leave, such as Temporary Disability Insurance, will be forced to come up with some sort of financing mechanism. The new mandate will allow one year for implementation with the option of receiving technical assistance from the federal government. Some companies are already providing benefits comparable to what this

policy aims to achieve. J. P. Morgan Chase & Co. in Florida sets a wonderful example and appears to be having little trouble supporting parents in their dual roles. This company provides employees with 12 weeks of employer-paid leave and eight weeks of free child care on site (Ackerman, 2002).

### *Parental Leave Assistance*

Another way in which the federal government could address this social problem is by establishing a Parental Leave Assistance (PLA) grant to states, to provide outright cash payments to parents of newborn children who meet specified eligibility criteria. The target of PLA is low- to middle-income parents of newborn children. Cash payments are to be provided monthly for up to 12 weeks based on individual total household income. Households with dual caregivers (married or cohabitating) would be eligible for 24 weeks of cash transfers on the condition that both parents provide at home care either simultaneously or one after the other. Neither caregiver may exceed the 12 week limit. PLA would be administered through each state's Department of Health and Human Services Childcare Assistance program. This office is currently responsible for administering the Federal Child Care Development block grant, so it is expected to have many of the necessary administrative structures in place, and it is also most likely to come into contact with many low-income parents needing childcare assistance as they return to work. The PLA grant to states would be a categorical formula grant based on the total number of births and total income in that state in a given year. A 40 percent match would be required by all states that choose to participate. Additional rules and regulations associated with PLA would be left to states' discretion.

Currently, there is no explicit grant to states that provides funding for parental leave assistance. The Child Care Development block grant, in addition to providing child care subsidies to eligible parents, is being used by Minnesota, Montana and Missouri to fund the At-Home Infant Care (AHIC) program (Goodman, 2002; NPWF, 2001). AHIC provides parental-leave benefits directly to one parent to stay home to care for their infant rather than paying someone else to care for the child. In Minnesota, eligible families receive 90 percent of the child-care payment rate minus a co-payment based on the family's income for up to one year (NPWF, 2001). Montana followed in Minnesota's footsteps and implemented an AHIC pilot program that pays low-income mothers caring for children under age 2 the same child care worker's wage, \$17 a day (Goodman, 2002). This approach to supporting families may work well for single, low-income parents, but it does not provide

benefits to partners or the slightly poor to middle-class populations who are targeted by the PLA grant.

### *Temporary Caregiver Insurance*

The third policy approach that may be taken is to provide insurance against the risk of lost income due to leave from work to care for a newborn child. Participation would be mandatory, related to earnings and universally applied. All who pay into the system would, at some point, be eligible to receive benefits should the need arise. The locus of control would be at the state level, in the same administrative body that now operates Unemployment Insurance (UI). The proposed policy alternative is to redesign UI to provide unemployment compensation to those temporarily not working due to caregiving responsibilities for a newborn child, or Temporary Caregiver Insurance (TCI).

Several examples exist of ways in which states are insuring against the risk of lost income due to caregiving needs. Five states and Puerto Rico provide compensation for medical disability related to pregnancy and childbirth through state Temporary Disability Insurance (TDI) programs, all of which were created more than 40 years ago and represent the nation's biggest paid medical leave program (NPWF, 2001). Payments typically begin four weeks prior to birth and end four weeks after birth (Vroman, 2001).

Recent legislation passed in California (SB 1661) allows employees to take six weeks of paid family leave to care for a newborn or newly adopted child at a 50 percent to 60 percent wage replacement rate (Dube & Kaplan, 2002). This is in addition to the 16 weeks of job-protected leave covered by the Pregnancy Disability Leave law and the 12 weeks of job-protected leave covered by both the FMLA and the California Family Rights Act (NPWF, 2002). Employees who voluntarily pay into the State Disability Insurance fund are eligible for paid family leave to care for a newborn or newly adopted child during the first year if they have earned sufficient wages during the disability base period, served a seven-day waiting period for eligibility determination, and do not have a family member available to provide care (NPWF, 2002). Employees living in other states lack the paid family-leave protection provided in California unless their employer voluntarily provides TDI. However, the California law is limited in that it does not allow both parents to take paid leave simultaneously to care for a newborn child.

Several European countries serve as excellent examples for how government is able to address the tension between meeting work and family responsibilities. Through a combination of national sickness, maternity and social

insurance funds, parents in Norway are entitled to 42 weeks of leave with full wage replacement or 52 weeks of leave with 80 percent wage replacement, while Swedish parents can share 52 weeks of full wage replacement plus an additional three months at a lower rate (Gornick & Meyers, 2001). Other affluent, industrialized nations provide a minimum of 12 weeks of paid leave to parents, with the majority granting closer to 20 weeks (Christopher, 2002). The third proposed policy alternative is to redesign State Unemployment Insurance so that it provides unemployment compensation to parents of newborn children called Temporary Caregiver Insurance (TCI). “Paying compensation would expand the scope of UI to situations where persons are not physically job ready and, perhaps more important, not psychologically ready” (Vroman, 2001, p. 10). Given that every state currently operates an UI program, it is a more viable option than TDI. All employees who are eligible for UI would also be eligible for TCI. The minimum length of leave for which benefits may be paid is 12 weeks. Parents may choose to take leave at the same time or alternate so that they can provide at-home care with wage replacement for a total of 24 weeks. States would determine benefit levels, lengths of leave for which benefits are paid and eligibility requirements.

In sum, the three policy tools that may be used to rectify the imbalance between work and caregiving responsibilities are rules and regulations, cushions and insurance. The first approach would amend the Family and Medical Leave Act so that employers are mandated to provide paid leave to employees. For employers that are too small, the state would fill in so that the playing field is somewhat leveled and that the odds of attracting workers are not unfairly tipped into the larger employers favor. The second approach would provide states with a categorical matching grant to distribute Parental Leave Assistance cash payments to mothers and fathers of newborn children. The third and final approach, Temporary Caregiver Insurance, would redesign existing State Unemployment Insurance system by making care for a newborn child an eligible category for coverage.

## EVALUATION OF POLICY ALTERNATIVES

To evaluate the policy alternatives outlined above, one must first examine what is to be equitably distributed and what the ideal distribution should look like. Here, equity is defined as equal opportunity for all parents to exercise a choice to stay home to provide care for a newborn child during the first 12 weeks of a child’s life. What needs to be equitably distributed to make this a reality is financial assistance through some policy tool. An equitable distribution process



will provide unequal levels of financial assistance so that in the end, all parents of newborn children have equal amounts of wage replacement. The level of financial assistance will vary from person to person given the drastic differences in total household income. The following evaluation measures each of the policy alternatives against seven benchmarks and rates them on a scale from one to five, with five being the highest. The ratings represent the author's best estimate and are therefore subjective in nature.

*Benchmark 1: The financial assistance provided to parents of newborn children will vary, but in the end all parents will have equal levels of wage replacement.*

The proposed expansion of FMLA requires companies to provide eligible employees in covered work sites with 12 weeks of paid leave at a minimum of 50 percent wage replacement. Currently, 11 percent of work sites are covered under FMLA, among which 52 percent of employees taking leave for one of the FMLA-covered reasons received full pay and 21.5 percent received partial wage replacement (CFML, 1996). No compensation was received by the remaining 26.6 percent of employees taking leave. The proposed policy change would have little to no effect on companies already providing the minimum amount of wage replacement set by the state; however, it may induce companies who are replacing wages at a higher rate to reduce coverage. Employees working in covered work sites that provide no compensation likely will benefit the most, but perhaps at the expense of those working in one of the previously described worksites.

While the expansion of FMLA is likely to affect a significant portion of the target population, it fails to provide needed financial assistance to those who are not attached to the workforce, have not worked a sufficient amount of time to be eligible under FMLA, or do not work for an FMLA-covered worksite. Therefore, this policy gets a 2 in relation to the first benchmark given that it provides unequal levels of financial assistance to create unequal total amounts of wage replacement for parents taking leave from work to care for a newborn.

The level of financial assistance provided under Parental Leave Assistance (PLA) varies depending on the total household income of the beneficiary. PLA is a means-tested cash assistance program targeted to low- and middle-income parents of newborn children. The exact level of financial assistance provided has been left up to states' discretion and is based on total household income and the number of caregivers (either one or two) present in the home. This

policy is designed so that parents with the least amount of income receive the greatest amount of financial assistance and as income level rises the amount of financial assistance decreases. Once a certain level of income is reached, parents are no longer eligible for PLA. Therefore, this policy gets a 5 in relation to the first benchmark.

The level of financial assistance provided to parents through Temporary Caregiver Insurance (TCI) depends on the amount paid into the system. TCI builds on the existing UI system to provide financial assistance to parents who take leave from work to care for a newborn. Participation is mandatory, which provides universal protection to all employees, although not all employees will need to access benefits, similar to Social Security. The level of financial assistance provided will vary depending on pre-leave wages and how much a particular employee has paid into the system, but it will result in equal wage replacement. This policy gets a 5 in relation to this benchmark.

*Benchmark 2: Mothers and fathers have equal access to benefits.*

Both mothers and fathers are guaranteed job protection and employer funded wage replacement under the recommended expansion of FMLA. The policy is highly flexible in that it permits both parents to take 12 weeks of paid leave at different times for a total of 24 weeks. Women bear the responsibility of child-birth and have traditionally been the predominant caregivers, suggesting they are more likely to take advantage of paid leave than men. However, due to glaring inequities in salary structures, this policy may make leave-taking more financially advantageous for men than women. In the end, more men may take advantage of the full 12 weeks of leave with wage replacement. This policy gets a 5 for providing equal access to benefits; however, until gender inequalities, such as unequal pay, are resolved, there will be unequal incentives for men and women to take advantage of such policies.

Both mothers and fathers are encouraged to stay at home to care for a newborn child under PLA. Dual-care giving households, either married or cohabitating, are eligible for a total of 24 weeks of cash transfers as long as neither caregiver exceeds the 12-week limit. Parents may stagger or overlap leave from work depending on their financial and parenting needs. Similar to the expansion of FMLA, this policy provides equal access to benefits and encourages dual caregiving responsibility. Therefore, the policy alternative gets a 5 in relation to the second benchmark.

TCI provides mothers and fathers equal access to financial assistance to stay home to care for a newborn child. Both parents are eligible for 12 weeks

of wage replacement through UI, which may be taken simultaneously following the birth of a child or in turn for a total of 24 weeks with wage replacement. Similar to the other two policies, one or both parents may find it more economically beneficial to work rather than take leave to care for a newborn child. However, the availability of wage replacement to both parents earns a 5 in relation to this benchmark.

*Benchmark 3: The infringement upon the liberty of society at large is minimized.*

By expanding FMLA to provide paid leave to workers to care for a newborn child, the liberty of society is infringed upon slightly, particularly in relation to non-parent employees. The majority of surveyed employees (71 percent) believe that every employee should be able to take 12 weeks of leave from work, however 54 percent feel that it is an unfair burden placed on co-workers (CFML, 1996). The overlap in employees' opinions suggest that some may feel torn between infringing upon the rights of individual employees who wish to take leave and the question of who bears the responsibility for covering for them at work. The intent of providing employees with financial assistance is to make taking 12 weeks of FMLA-covered leave a more feasible option, which will ultimately result in more parents taking leave. Given that using other employees is the most common method for covering work responsibilities (69 percent) (CFML, 1996), this policy may further infringe upon the liberty of non-parent co-workers, who will be required to provide coverage for those parents taking leave.

It is also important to consider the impact this policy may have on employers, children and society. A survey of employees found that 10 percent of those taking leave did not return to work, the most predominant of which were employees making less than \$20,000 annually and those who received no wage replacement (CFML, 1996). Low-income parents who take unpaid leave following childbirth are more likely to end up on welfare to make ends meet (CFML, 1996). By mandating employers to provide wage replacement, this policy will likely reduce turnover rates, which will benefit companies, families and children and prevent families from turning to alternative forms of public assistance. Overall, this policy gets a 3 in relation to the third benchmark.

PLA infringes somewhat on the liberty of society. The PLA grant provides states with the option to provide PLA cash transfers to low- to middle-income parents of newborn children. States have a financial incentive to do so in that they are able to draw down a higher federal match than what they are asked to

contribute to the program; however, they are not obligated to participate. States that choose to participate must commit a 40 percent match to satisfy grant conditions. The liberty of those living in a state that chooses to participate but may not directly benefit from PLA may be infringed upon. Therefore, this policy gets a 4 in relation to this benchmark.

TCI infringes upon the liberty of society by mandating participation. In doing so, it provides a universal benefit to all employees, who are then eligible to access benefits should the need arise. The liberty of non-parent employees may be particularly infringed upon given that all employees pay in equal amounts, but certain employees are able to access benefits for a greater number of categories. This policy gets a 2 in relation to this benchmark.

*Benchmark 4: The number of families taking full leave to spend with newborn children is maximized.*

The expansion of FMLA and PLA are likely to benefit a smaller number of families overall, bearing in mind that it is difficult to project with certainty the precise number of families who will take full advantage of available benefits. The FMLA mandate will disproportionately benefit middle- to higher-income employees, but these targeted families are likely to take full leave to spend with their children. Thus, this policy gets a 2. Likewise, PLA targets low- to middle-income families, not all families. There is a greater chance, however, that the number of families in this category taking full leave to care for a newborn will be maximized due to the provision of financial assistance. This policy gets a 3.

TCI is likely to result in the maximum number of families taking full parental leave, given that it is a universal system paid into by the majority of the income distribution, except for the very rich who are less likely to need financial assistance in the first place. Therefore, TCI gets a 4 in relation to this benchmark.

*Benchmark 5: The level of administrative complexity is low.*

The proposed expansion of FMLA is low in administrative complexity. For this policy to be implemented, additional rules and sanctions would need to be devised by the Wage and Hour Division of the U.S. Department of Labor, which is the agency responsible for the administration of FMLA (Ruhm, 1997). Processes would then need to be put into place for providing technical assistance to companies, monitoring the process and responding to complaints. The courts will be relied upon to remedy individual cases and many of these other systems are already in place. For example, between Aug. 5, 1993, and

Sept. 30, 1995, the Wage and Hour Division received 3,833 complaints against employers and has completed compliance actions on 3,650 of them (CMFL, 1996). In relation to this benchmark, this policy gets a 4.

The level of administrative complexity associated with PLA is extraordinarily high. First, there is the issue of administering the grants to states. This will require a formal application and approval process. Second, each state's Department of Health and Human Services Childcare Assistance program is expected to administer benefits to eligible parents. At present this program administers child-care subsidies made available through the Federal Child Care Development block grant to those who meet specific eligibility criteria. Some systems may be in place to take on additional means-testing; however, PLA is likely to be time-consuming and involve considerably more paperwork. Someone will need to process applications, verify income eligibility and birth certificates and verify the presence of more than one caregiver in the home. Due to administrative complexity on numerous levels, this policy gets a 1 in relation to this benchmark.

TCI is a redesigned form of the existing UI system. By adding an extra category of eligibility, the policy approach provides the intended benefits without creating a high amount of administrative complexity. TCI will use current UI systems to verify eligibility and administer benefits as needed and will simply require additional time and personnel. Therefore, this policy gets a 3 in terms of overall administrative complexity.

*Benchmark 6: Political stability of the target population is maximized.*

Two dimensions must be assessed when measuring the political stability of the target population, including how the target population is socially constructed or perceived (deserving versus undeserving) and how stigmatizing the policy may be toward the intended recipient. The broad target population of all three policy alternatives is parents of newborn children, which includes parents of all income groups, races, ethnicities, ages, and gender.

Each policy alternative carves out a more defined target population that may be deemed more or less deserving by policymakers and the general public. The group targeted by FMLA in 1993, when the legislation was initially passed, is most likely the same group targeted today, predominantly middle-class employees, suggesting that recipients will still be regarded as deserving. PLA, on the other hand, focuses on parents in the first half of the income distribution, primarily lower- to middle-income families. Historically, poor families have been regarded as less deserving than their middle class counterparts

for various reasons. While this is unfortunate, it is a political barrier that is overcome by targeting both groups simultaneously, as does PLA. By providing some level of financial assistance to both groups, PLA increases its overall political stability (Skocpol, 1995). The recipients of TCI are probably the most positively constructed group in that TCI is a universal policy available to all families who may need it at some point in time.

The second dimension of this benchmark is the level of stigmatization likely to be felt by recipients. Those who may benefit from the expansion of FMLA probably will experience a minimal amount of stigmatization in regard to employer and co-worker relations, but not necessarily from the greater society. This may be true for TCI as well, although the stigma may be slightly reduced in that all employees know that if the need for them to take leave should arise, they will benefit from equal wage replacement. Recipients of PLA are likely to feel the greatest level of stigmatization compared to the other two policies. By their nature, means-tested programs are more stigmatizing than universal programs. Given dimensions described the above, the expansion of FMLA gets a 4, PLA gets a 2, and TCI gets a 4.

*Benchmark 7: Political stability of the item to be distributed is maximized.*

Another aspect of political stability pertains to the item to be distributed, which in this case is financial assistance through some policy tool. The way in which financial assistance is provided to recipients will impact a policy's overall political stability. The expansion of FMLA provides financial assistance by mandating that companies provide employees with a minimum level of wage replacement. This indirect process may be more attractive to policymakers since costs appear strictly in the ledgers of private businesses. The level of financial assistance is tied to wages, which are likely to rise with inflation. However, powerful interest groups representing the private sector may oppose the new requirements and, if passed, are likely to work to have them reduced or removed later down the line. Thus, this policy gets a 4.

The item provided by PLA is a series of cash payments, the size of which depends on a family's total household income. This item will be less politically stable over time given that its costs are highly visible in the federal budget and that cash payments tend to generate controversial public debate. Therefore, this policy gets a 2 in relation to this benchmark.

TCI provides insurance against the risk of lost income due to the need to care for a newborn child. Some who pay into the system will be able to access benefits, while others will not. However, all participants will feel protected

against the potential risk of lost income. This policy is likely to be positively regarded by employees, policymakers, and the general public. TCI provides a socially acceptable item similar to that of Social Security warranting a 5 in relation this benchmark.

### *Summary*

All three policy alternatives provide some level of financial assistance that will enable parents to stay home to care for a newborn child. The process or means of delivering financial assistance distinguishes one alternative from another. As shown in Table 1, TCI received the highest rating across all seven benchmarks followed by the expansion of FMLA and then PLA.

TABLE 1: MATRIX OF POLICY ALTERNATIVES

<b>BENCHMARKS</b>	<b>FMLA</b>	<b>PLA</b>	<b>TCI</b>
1) Equitable amounts of wage replacement	2	5	5
2) Equal access to benefits	5	5	5
3) Infringement on liberty of society is minimized	3	4	2
4) Number of families taking leave is maximized	2	3	4
5) Administrative complexity is low	4	1	3
6) Political stability of target population is maximized	4	2	4
7) Political stability of item to be distributed is maximized	4	2	5
<b>TOTAL RATING</b>	<b>24</b>	<b>22</b>	<b>28</b>

### RECOMMENDATIONS

The social problem addressed throughout this paper is the imbalance between work and caregiving demands placed on families, particularly parents of new-

born children. The goals for remedying this problem include the provision of financial assistance so that both parents, whenever possible, are able to take leave from work to care for a newborn child and balance caregiving responsibilities. In the absence of wage replacement, many employees find taking leave to be impossible. Upon thoughtful consideration and evaluation of the three policy alternatives described above, the recommended approach for providing men and women with equal access to financial assistance so that they may stay home to care for a newborn child is through Temporary Caregiver Insurance (TCI).

The expansion of FMLA and Parental Leave Assistance (PLA) are attractive options, but they do not rate as highly as TCI in many key areas, including providing equitable amounts of wage replacement and maximizing the number of families taking full leave to care for newborns. The expansion of FMLA does particularly well in terms of providing equal access to benefits to mothers and fathers, administrative ease and potential political stability once passed. However, it does not provide equitable amounts of wage replacement or maximize the number of families able to take full leave to care for a newborn. PLA received the lowest rating on several benchmarks, except for providing equitable amounts of wage replacement and equal access to benefits. At a glance this policy alternative appears to be the least optimal choice, however, it warrants merit for providing financial assistance that is not necessarily tied to work. This is one of the limitations of the expansion of FMLA in that a small proportion of employees are covered to begin with.

TCI is the recommended policy approach, but it is not without weaknesses. This policy alternative does well in terms of providing an equitable amount of wage replacement and access to benefits, the highest number of families taking full leave to care for a newborn, and overall political stability regarding the item to be distributed and the recipient. Two primary areas in which this policy alternative may be improved include reducing its infringement on the liberty of society, particularly non-parent employees, and reducing the level of administrative complexity. The first issue concerns those employees who pay into the TCI system but never access benefits and are forced to provide coverage on the job for those who do. One way in which to address this matter would be the development of small, local management boards who oversee the process by which employees apply for temporary leave to care for a newborn and assign coverage of their work responsibilities. This will encourage employee oversight and involvement and create a forum in which they can express concerns or grievances. The level of administrative complexity is likely to be higher at the outset and eventually plateau. The



weaknesses of TCI are minor in comparison to the overall strengths of this policy, making it the better of the three alternatives at this time.

#### ADDENDUM

On Nov. 25, 2002, the United States Department of Labor (DOL) posted a notice of proposed rulemaking regarding the removal of the Birth and Adoption Unemployment Compensation (BAA-UC) regulation, more commonly known as the “Baby UI” rule. Written comments were to be submitted to DOL by Feb. 3, 2003. As of April 24, 2003, DOL has not yet issued a finding. The rescinding of BAA-UC would prevent the implementation of the policy alternative recommended in this paper. ■

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#### ABOUT THE AUTHOR

SABRINA TOWNSEND is a second-year student at the School of Social Service Administration concentrating in policy analysis and family support and a recipient of the 2002 Brinks Family Support Fellowship. She graduated from DePaul University with a bachelor's degree in psychology. She is interested in the research and advancement of prevention-oriented policies that are supportive of children and families at the local, state and federal levels.