



The Daily Dish

The President's Paid Parental Leave Proposal

BEN GITIS, PATRICK HEFFLINGER | MAY 24, 2017

On Monday the Trump Administration announced a delay to the Labor Department's Mine Safety and Health Administration (MSHA) rule. The rule was issued on President Obama's final day in office and was delayed in order to give businesses more time to comply with the changes. The rule is expected to cost mining companies \$35 million according to the Labor Department and will go into effect on October 2nd.

Yesterday a bipartisan group of 40 members of the House announced their support for tying tax reform efforts to infrastructure investments. The members argue that by tying to the two together Congress will gain more bipartisan support, helping to get the plans through. President Trump stated he was interested in combining the two back in March.

Eakinomics: The President's Paid Parental Leave Proposal

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One of the many promises made by the Trump Campaign was to expand paid parental leave in the United States. After much anticipation, the White House's FY 2018 Budget offered a program that mirrors the campaign proposal with a few tweaks.

Here's what we know: Under the president's proposal, the federal government would require states to provide six weeks of paid parental leave through the unemployment insurance (UI) system. While the campaign proposal was just for new mothers, the White House now makes the benefit available to new fathers and adoptive parents as well. The federal government would spend \$26.6 billion on paid parental leave benefits over the next ten years. To offset these costs, the White House proposes to reform the UI system to reduce improper payments, reduce the duration of unemployment among UI recipients, and incentivize states to maintain reserves in UI trust funds. States would also be required to pick up a part of the tab, as the federal government would give states the flexibility to design and finance the program themselves.

The White House has left many unanswered questions. The administration provides no information on pay replacement, whether it would still prohibit any workers who already receive paid parental leave from claiming the benefit, and whether the program would guarantee job protection.

In a new AAF report, we piece together information from the White House and campaign proposals to speculate what the program would look like in practice, and to estimate the program's budgetary costs and distribution of benefits. Assuming an average weekly benefit of \$300, which matches the campaign proposal, providing six weeks of paid parental leave to new mothers and fathers would cost roughly \$6.8 billion in 2018 and \$81.1 billion over ten years. If the federal government covers \$26.6 billion of the costs, the states would be responsible for the remaining \$54.5 billion.

Moreover, the Pew Research Center [found](#) that paid leave is common among middle-and high-income workers, but rare for low-income workers. So, for a program to *expand* access to paid leave, it must prioritize providing the benefit to low income workers. Yet, only 22 percent of the benefits under the president’s proposal (\$1.5 billion in 2018) would go to workers under 200 percent of the poverty threshold.

If the president is serious about providing paid parental leave, a more sensible and cost-effective approach would be a program that targets low-income workers. A joint AAF-AEI [proposal](#) would provide paid parental leave to low-income workers and cost \$4.3 billion in 2018 or \$51.6 billion over ten years. 62 percent of the benefits (\$2.7 billion in 2018) would go to workers under 200 percent of the poverty threshold. So even though the program would cost less than the president’s proposal, the federal government would still provide more benefits to low-income workers. Providing paid parental leave to low-income workers would aid those in need, while greatly expanding paid parental leave in the United States.