



**Testimony before the House Budget Committee  
on “Ensuring Women Can Thrive in a Post Pandemic Economy”**

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Good morning, I’m Carrie Lukas, President of Independent Women’s Forum. Independent Women’s Forum is a nonprofit organization (501c3) dedicated to developing and advancing policies that aren’t just well-intended, but actually enhance people’s freedom, opportunities, and well-being.

IWF employs more than 30 full-time employees and more than a dozen additional contractors and fellows. We have studied the issue of women’s employment as a policy topic, but I also know about this first hand as an employer. I’m a working mother of five children between ages 7 and 16, so I know personally about how women balance work life with family life.

Before we consider what policies we need to have in place to make it easier and more attractive for women to re-enter the workforce, we need to be clear about why women left in the first place. After all, women did not leave the workforce because of a virus, but because of society's response to COVID-19.

Women had made record labor force gains during the Trump administration.<sup>1</sup> Unfortunately those gains were lost during the pandemic and economic closures, and we have yet to fully recover. The economic losses have not been uniform throughout the country: Rather they have been most pronounced in states that most aggressively shut down schools and locked down their economies in response to COVID-19. In these states – disproportionately led by Democratic governors and state legislatures – women are still suffering the worst economic effects and have the highest unemployment rates. Reduced earnings and lower labor force participation will lead to lower earnings for women not just today but for years to come.

Congress should consider four lessons we've learned in the past two years to inform policy making moving forward.

### **1) Our Public K-12 Schools Profoundly Failed Women and Kids During COVID-19 – They Need to Be Reformed**

Like many working parents, during COVID-19, I had to juggle my job along with managing my kids' schooling online. Where I live in Virginia, most private schools provided in-person service by fall 2020, but our public schools fought to stay closed for as long as was politically possible, until mid-April 2021.

Public schools behaved this way because they do not see parents and students as their customers. Why would they? Their ability to pay the bills and keep their jobs depends

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<sup>1</sup> In 2019, after the Tax Cuts and Jobs Act took effect, women held more jobs in the U.S. than men for the first time in over a decade, accounting for 50.04 percent of payroll in December. Unemployment among women fell to 3.1 percent, the lowest level since 1953. Women's salaries increased at a quicker rate than men's, and women of color were gaining ground in the labor market. To recruit quality workers, businesses increase their benefits for employees and their families. See, Kelsey Bolar, Biden's American Families Plan is not what women need, Placed in The Hill, May 5, 2021, 11:00 AM, <<https://thehill.com/opinion/finance/551279-bidens-american-families-plan-is-not-what-women-need/>>.

on pleasing government officials, not serving families. They know that most families are captive consumers; escaping to another school is financially out of reach.

We need to change this dynamic. We need to fundamentally transform our K-12 public education system so that schools see parents and students as valued customers and never again fail families and our country so spectacularly. Rather than funding systems, money should follow each student so that parents have leverage and schools know that if they fail to provide value, parents will take their business elsewhere.

## **2) Don't Make Day Care and Preschool Function More Like Public K-12**

The failures of our K-12 public schools contrast with the childcare sector. At the height of the pandemic, according to the Department of [Health and Human Services](#), about 60% of childcare centers closed and enrollment fell by about 70%. But many did stay open to serve the children of critical workers. And by the end of 2020, an estimated [73%](#) of daycare, preschool, and childcare programs had opened. In contrast, [at the end of 2020](#), only about a third of K-12 public schools were providing fully in-person services.

*Imagine how much worse our employment situation would have been if our daycare system was run like our public schools and refused to provide in person service.*

Policymakers should find ways to make child care more affordable, plentiful and diverse, including eliminating unnecessary red tape that especially burdens home-based care facilities. They should reject plans like those contained in Build Back Better, which would have made the government the biggest funder of day care and reoriented providers toward pleasing regulators and policymakers instead of parents and families.

### **3) Women Need a Diversity of Work and Employment Opportunities**

In a recent [Gallup poll](#), women looking for a new job were more likely to say greater work-life balance was the most important factor, even ahead of compensation and benefits, when considering whether or not to take a new position.

We know women want flexibility, but what does flexibility mean? True flexibility means having a wide range of different employment options, not just the ability to take off a couple extra hours a week. That's why about 23 million women work as independent contractors. Women who freelance cite control over their work and flexibility as the primary reason why they prefer contracting over being a full-time employee.

According to [Upwork's 2021 report](#), of employees considering resigning, 20% are considering freelancing and of those, 73% cite the ability to work remotely or flexibly as a reason why. Freelancers feel they have greater job security as their own boss: [Two out of three](#) full-time independent workers reported believing they are more secure than traditional workers.

This doesn't mean freelancing is for everyone. Some women prefer full-time jobs and want benefits, and that should be their choice. But measures to try to limit people's ability to work as independent contractors, such as the PRO Act, will backfire on women, forcing them back into facing a black-and-white choice of either accepting a 9-to-5 style job or leaving the workforce entirely. That will force many to leave the workforce, reducing their earning capacity permanently. This policy approach should be rejected. We should make it easier for women to enter the workforce by creating an environment in which women can find jobs that meet their unique situations.

#### **4) Let Workers Make Choices for Themselves**

Everyone wants people to be able to take time off when they need it to care for loved ones or when they are sick themselves. The good news is employers are increasingly providing these benefits on their own. Policymakers can seek ways to increase access to paid leave benefits, to help people save for time off from work or to make existing social safety net programs more flexible and accessible for workers who need to take leave.

The wrong approach would be to create a federal paid leave entitlement program or mandate. These one-size-fits-all entitlement systems leave workers worse off, with less income and less true flexibility. Government paid leave entitlement programs funded with a payroll tax take money from lower-income workers and families and transfer money to wealthier workers. Under such a system, women are likely to find reduced employment opportunities and less true flexibility for designing employment relationships that work for them.

Employers face tremendous headwinds today – inflation, shortages, rising labor costs and extraordinary uncertainty – these are mostly driven by bad policy choices and overspending that occurred in response to COVID-19. It's time for policymakers to embrace the concept of doing no harm, and to stop overspending and intervening in the economy in ways that leave workers poorer and with less opportunity to find work relationships that allow them to pursue their own visions of happiness.

## Supporting Information

### A Growing Number of Employers are Providing Paid Leave Voluntarily

- Over 90% of employers offer paid leave of some kind. Source: [SHRM's 2019 Employee Benefits Survey](#)
- As of 2019, 76% of all civilian workers (and 86% of all full-time workers) had access to paid sick leave benefits. Source: [Bureau of Labor Statistics](#)
- [In a poll of 113 large employers](#), 30% said they added new paid leave programs in 2019. Additionally, 24% said they plan to add programs in 2020. Source: [Business Group on Health](#)
- As of 2019, 43% of civilian part-time workers had access to paid sick benefits. Source: [Bureau of Labor Statistics](#). In 2009, just 28% had access to paid sick leave. Source: [Bureau of Labor Statistics](#)
- Since the passage of the Tax Cuts and Jobs Act of 2017, numerous companies have expanded their benefit packages, including for hourly and lower-wage workers. This includes major employers such as [Walmart](#), [Lowes](#), [Starbucks](#), and [Target](#).

### Government Paid Leave Mandates and Programs Would Leave Many Workers Worse Off

- Many workers—including union workers, public-sector workers, and millions of private sector workers—have paid leave benefits that are more generous than proposed government paid leave programs. Government programs tend to “crowd out” private programs: Employers that must comply with or pay into government programs eliminate their own programs, which makes many workers worse off.
  - At a [Congressional hearing on paid leave](#), a Deloitte representative testified that the company reduces the amount of paid leave it offers employees in states that have adopted paid leave programs.

- Research shows that, with health insurance, the expansions of public benefits have a crowd-out rate of approximately 60%. That means for every dollar of new government spending on health insurance, companies reduce their own spending by 60 cents. The crowd-out rate with respect to paid leave benefits will likely be higher, as paid leave is viewed as a less significant benefit and lacks the same preferential tax treatment.

### **Government Paid Leave Programs Transfer Wealth from the Poor to the Rich — a Robin Hood in Reverse**

- Rhode Island’s state paid leave program replaces only about 60% of an individual’s wages. The result? Low-income workers are less-inclined to take paid leave (yet are still forced to fund it through a payroll tax). In 2017, 42% of the workers paying into the program made less than \$20,000, but only 19% of beneficiaries were from this income group. Sources: IWE; National Partnership for Women and Families; Rhode Island Department of Labor and Training
- One study of California’s paid family and medical leave program concluded that “[a]lthough a large majority of the California workforce is eligible for [paid family leave], only a quarter of new mothers use the benefit,” and “[t]he median [leave] taker makes about \$10,000 more per year than the median of working California women.” Another found that “fewer than 4 percent of claimants had incomes in the lowest [income] bracket,” whereas “more than 20 percent of claimants had incomes in the highest bracket.” A survey of employed women in San Francisco found that while 79 percent of new moms with household incomes above \$97,000 received paid leave benefits from the government, only 36 percent of moms with household incomes under \$32,000 received such support. Sources: Center for Policy Research; California Senate Office of Research; University of California at Berkeley
- In Canada, two recent studies found that about 75 to 85 percent of mothers with household incomes above \$60,000 receive parental leave benefits from the government, whereas only about 45 percent of mothers with household incomes under \$30,000 receive such benefits. As one of the studies’ authors put it, “[w]hile all Canadian workers and employers . . . are contributing to parental

leave benefits, some groups—notably low-income households—are consistently not receiving these benefits, thus indicating class discrimination in leave benefit policy as a systemic and structural inequality.” Similarly, economists studying Norway’s expansion of its paid parental leave entitlement program concluded that it amounted to a “pure leisure transfer to middle and upper income families . . . at the expense of some of the least well off in society.” They reiterated that their analysis “make[s] clear that paid parental leave has negative redistribution properties.” Sources: [Journal of Industrial Relations](#); [University of California](#)

### **Government Paid Leave Mandates Will Make It Harder for People to Find Jobs**

- Government paid leave mandates, whether new payroll taxes or requirements that employers provide paid leave, make it more expensive and difficult for employers to hire workers. People may want and need paid leave benefits, but those who are out-of-work need jobs more.
- By imposing a one-size-fits-all policy, paid leave mandates also destroy flexibility for employers to adapt paid leave policies to the unique needs of their employees and their business.
  - Such policies tend to rule out, for example, various work-from-home arrangements or part-time solutions that are so important, especially for small businesses, in trying to find win-win paid leave solutions for employers and employees.
  - Women particularly do not want to be pushed back into a 9-to-5, all or nothing environment, in which they either have full-time traditional employment or no work at all. We need flexibility and paid leave mandates erode these options.

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