



WHAT YOU SHOULD KNOW: An Entitlement-Based Paid Family Leave Program Would Hurt, Not Help, Low-Income Families

Proponents of the FAMILY Act and other similar entitlement-based programs argue that a government-run parental leave program would help low-income workers who don't receive paid time off through their employers obtain paid parental leave.

However, despite the best of intentions, an entitlement-based program would likely *hurt*—not help—low-income families. Scholars and even paid-leave advocates^{1,2} are coming to the realization that low-income families are less likely to benefit from parental leave programs.

Evidence from other countries and U.S. states confirms this trend and shows that generally, programs only result in a wealth transfer from low-income to middle- and high-income people.

¹ PL+US. 2018. "[Left Behind: How California's Paid Family Leave Program is Failing People in Low-Wage Jobs and the Gig Economy.](#)"

² Urban Institute. 2018. "[Paying for Parental Leave with Future Social Security Benefits.](#)"

AN ENTITLEMENT-BASED PAID FAMILY LEAVE PROGRAM WOULD HURT, NOT HELP, LOW-INCOME FAMILIES



CALIFORNIA

- The median income of eligible mothers who take paid leave is about **\$10,000 higher** than the median income of the general population.
- **3.7%** of applicants had incomes in the *lowest* income brackets; **20.8%** had incomes in the *highest* income bracket.

NEW JERSEY

- In proportion to their incomes, workers with lower earnings are **paying more** into the program than those with higher earnings.
- For example, someone making \$20,000/year is paying **four times more** than a person earning \$200,000/year as a share of income.

RHODE ISLAND

- In **2017**, 19% of workers who used the benefit made less than \$20,000 yet this income group accounted for 42% of the workers paying into the program.

CANADA

- **Studies show** that Canada's paid parental leave program still unevenly supports higher earners despite offering paid parental leave **since 1971**.
- Families making under \$40,000/year are **less likely** to take leave than higher-income families.

NORWAY

- According to **economists at the University of California**, Norway's program led to a "pure leisure transfer to middle and upper income families ... at the expense of some of the least well off in society."

Studies show similar results in [the United Kingdom](#), [Sweden](#), [Iceland](#), and [Belgium](#).

THE BOTTOM LINE:

The FAMILY Act or any similar entitlement-based program would force low-income people to bear the burden of a program that disproportionately benefits high-income families. Is that really fair?