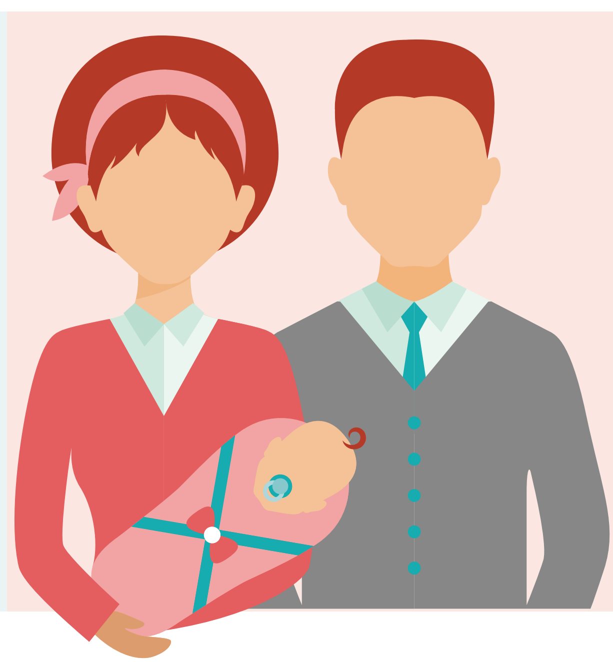
WORKING *for* WOMEN

A Modern Agenda for Improving Women's Lives

A Report by The Independent Women's Forum



Preface

We all want women to succeed in living out their dreams—whether those dreams are to become the CEO of a major corporation, the President of the United States, a home-based entrepreneur, or a stay-at-home mother raising strong children and building a healthy community.

We need policies that help women achieve those dreams by creating the conditions for a growing economy that offers a wide variety of jobs with different benefit packages and work arrangements. We need families to be able to get ahead and craft the lives they want with a system that rewards work, allows them to keep more of what they earn, and gives them greater control over resources.

The Independent Women's Forum presents *Working for Women: A Modern Agenda for Improving Women's Lives.* This report includes policy reforms that advance this cause and will give women greater opportunity to flourish by removing government regulations that hold them back and encouraging the creation of a more dynamic, innovative, and flexible working world.

We thank the members of our Advisory Committee for contributing to this report by researching these issues and identifying policy solutions. Not everyone who has signed on in support of this agenda agrees with every detail of each policy prescription, but rather endorses the direction and broad platform of *Working for Women*. We thank them for their guidance and their shared commitment to improving the lives of American women.

We welcome additional ideas and feedback on other ways we can create a society that supports women and helps all individuals and families thrive.

With great appreciation,

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WE ENCOURAGE REFORMS THAT RETURN RESOURCES AND CONTROL TO INDIVIDUALS SO THAT WOMEN CAN MAKE CHOICES THAT MAKE SENSE FOR THEMSELVES AND THEIR FAMILIES.

Executive Summary

On many measures, American women's progress in recent decades has been remarkable: Women are increasingly assuming positions of power in business, government, academia, and the non-profit sector. More women than ever before are going to college and earning degrees, including master's and doctorates, making women an increasingly educated segment of the workforce.

Today, women hold a majority of professional, managerial and related positions in American businesses.[1] Women are also increasingly starting businesses of their own. As of 2014, there were an estimated 9.1 million women-owned businesses in the United States, which employed 7.9 million workers and generated $1.4 trillion in revenues. Women are starting businesses at a faster rate than the general population. According to a report on women-owned businesses commissioned by American Express: "Between 1997 and 2014, when the number of businesses in the United States increased by 47%, the number of women-owned firms increased by 68%—a rate 1½ times the national average."[2]

Yet talk with any group of American women and you will hear a more complicated picture. Millions of women cannot find jobs or are working part time when they would prefer full time. Others are working full time, but wish they could afford to stay home with their young children, scale back, or at least have more flexibility than their current job provides.

Women worry about their husbands, sons, and daughters who are also struggling to find jobs that will put them on a path to a meaningful, fulfilling career. Many women struggle to make ends meet. Housing costs and prices for groceries and everyday products seem to be steadily increasing, which means they have to stretch their budgets further. People want to save for college and retirement, but that is difficult when they are already barely scraping by.

While women in America have more opportunities than ever before, their challenges are real. Too often, politicians in Washington suggest that bad bosses are to blame for women's obstacles. They suggest that the workplace is overwhelmingly hostile to women, as a way to make the case that top-down government policies are necessary to protect women.

Yet there is not a one-size-fits-all solution to the challenges women face, and these well-intentioned government efforts may help some, but they will backfire on many more by making our workplaces less flexible and discouraging job creation.

Instead of creating top-down reforms or expanding government programs, policymakers need to understand where the law has worked to help women advance economically, and where it is impeding women's programs. Policymakers need to think more creatively about how to help women foremost by creating a stronger economic environment that gives people more choice, opportunities, and resources so they can build the lives and work situations that meet their unique preferences and situations.

Working for Women details specific policy proposals that will help advance women's prospects by facilitating job creation and removing red tape that makes it harder for women to find work they want. We encourage reforms that return resources and control to individuals so that women can make choices that make sense for themselves and their families. We recommend that government focus financial assistance on those truly in need (particularly those with lower incomes) while removing regulations and government obstacles to make it easier for all Americans to climb the economic ladder and live the American Dream.

Below is a list of recommended reforms that will be described in greater detail in the report that follows.

Reform the Tax Code to Reduce Burdens on Families and Businesses | Americans need comprehensive tax reform that reduces the overall tax burden and dramatically simplifies taxes so that families and businesses are not spending their time and resources complying with the code. By eliminating many deductions and broadening the tax base, policymakers can reduce marginal tax rates for millions of American families and ease the burden our tax system places on our economy and society. Lower tax rates will reward those who work, while also making it easier for more families to make ends meet.

Fix Tax Brackets to Make Work Pay for More Women | Marriage provides a financial safety net and creates security, yet too often Washington effectively penalizes married couples through tax law. Under current law, an unmarried couple with two earners often pays less in taxes than they would if they were married. The high marginal tax rate on the second earner can discourage married women from entering the labor force, leaving them more financially vulnerable in the event of divorce or the death of their spouse. To address this marriage penalty and reduce the marginal tax rate for married women, lawmakers should adjust the tax brackets so that married couples are allowed twice the income before crossing into a higher tax bracket. This would help eliminate the disincentive to marriage and reduce tax rates for many married women.

Create More Employment Opportunities for New Workers | The minimum wage is backfiring on too many workers by cutting out those first rungs on the economic ladder and making it harder for those with fewer skills and less education to find jobs. Congress, states, and localities should forego additional increases to the minimum wage and instead expand the current "sub-minimum wage." This would offer workers under the age of 25 and those who have not had employment in the preceding 90 days a greater chance of getting a foot in the door so that they can begin building skills that will enable them to move up the economic ladder and command a higher wage.

Reform Licensing Regimes | States should evaluate existing licensing and fee practices that prevent people from entering professions and starting businesses on their own. They should eliminate all barriers to entry that fail to advance legitimate public safety or quality concerns.

Create "Personal Care Accounts" to Encourage Saving for Leave Time | Americans are encouraged to save pre-tax dollars for critical needs, such as health care costs and education. Recognizing that personal leave is also crucial for American workers, policymakers should allow people to place pre-tax dollars into a Personal Care Account (PCA), which could then be drawn upon to replace or supplement income during periods of leave that are eligible under the Family and Medical Leave Act. Workers could be allowed to save tax-free up to the equivalent of 12 weeks of pay, capped at a maximum of $5,000, each year. These savings would then be available for periods of leave. If unused before reaching retirement age (as defined under the Social Security Act) the PCA would then be treated as an IRA. Employers should also be able to contribute to these accounts as a mechanism for providing paid leave benefits. Additionally, non-profits could be set up so that generous individuals and corporations can help fund PCAs for lower-income workers.

Offer Tax Credits for Small Businesses Providing Leave | Another approach—that some states such as Virginia are exploring—is to make it easier for small businesses to provide paid leave time. Smaller businesses are, understandably, less likely to currently provide leave time, since they have fewer resources and face a greater challenge in shifting work to other employees during an absence. Lawmakers could help defray these costs and challenges by creating tax credits for these businesses (which could phase out at different employment levels) to help offset the financial burden these benefits create.

Reform the Fair Labor Standards Act | The antiquated, Depression-era Fair Labor Standards Act needs to be updated. Rather than going along with more stringent regulations proposed by the Department of Labor and leave workers with fewer options, lawmakers should take a fresh look at this law and roll back these unnecessary rules and classifications that hardly apply to our modern world.

Pause the Overtime Regulations Pending More Study | The Department of Labor's proposed changes to the "white collar" overtime exemption regulations are more likely to harm women in the workplace than to help. The Department seeks to substantially expand the number of workers eligible for overtime. As employees are reclassified to "overtime-eligible," they lose flexibility, may find their work hours and thus earnings reduced, and lose opportunities for career advancement. The Department of Labor should conduct a more in-depth economic analysis before they revise the regulations to ensure that women are not negatively affected by the regulations.

Pass Compensatory Time for the Private Sector | Public sector employees have the option of taking compensatory time off—1.5 hours of paid time off for every hour of overtime worked—in lieu of cash overtime pay. However, the Fair Labor Standards Act prohibits comp time for overtime-eligible workers in the private sector, which means that some women are denied the opportunity to choose paid time off over cash for working overtime. This provision should be changed to allow private sector employees the same choices and flexibility as government workers have enjoyed for 30 years.

Allow Employees to Agree to an 80/14 Schedule | The Fair Labor Standard Act's requirement that overtime-eligible employees receive overtime pay for all hours worked in a work week is a barrier to flexible schedules. Rather than just considering the hours worked in a single week, the FLSA should be amended to allow employees to voluntarily choose a flexible schedule in exchange for being paid overtime after 80 hours of work over 14 days, rather than the traditional overtime after 40 hours in 7 days.

Change Direction on Independent Contracting | The Department of Labor's conclusion that "most workers are employees under the FLSA's broad definitions," and its enforcement initiative against independent contracting, threaten to deprive women of a variety of flexible working arrangements in the "gig" or "on demand" economy that allow them to work when, where, and how they want. Laws, regulations, and policies designed to undermine these new opportunities for flexible work should be rejected.

Remove Other Barriers to Flexible Scheduling | Lawmakers understandably wish to ameliorate challenges created for workers by just-in-time scheduling practices. However, these solutions and regulations do not solve workers' problems, but create new ones by making it more likely that employers will reduce hours overall, decrease wages, and further move to automate and consolidate their workforce to address higher employment costs. Lawmakers can do more for workers by rejecting proposed legislation to micromanage scheduling practices, and redoubling efforts to facilitate job creation so workers who want more regular work schedules can find jobs that provide greater certainty.

Consolidate and Reform Tax Credits for Children | Policymakers ought to consolidate existing child-centered tax credits and spending, and use those savings to provide added tax relief for parents, particularly to the parents of the youngest children. This would accomplish numerous important policy goals by reducing disincentives for childbearing, ending the current government bias against stay-at-home parents, and simplifying the tax code. Parents would be better positioned to afford whatever care arrangement they believe is preferable, whether that is paid childcare or keeping a parent at home.

Eliminate Regulations That Make Day Care Needlessly Expensive | Analysts have found that day-care regulations, particularly related to child-to-staff ratios, are costly and fail to improve the quality of care received by the children. Moreover, they may be counterproductive since they require day-care providers to focus on quantity of caregivers, rather than the quality of those professionals. State policymakers should relax staff size regulations so that day-care centers can reallocate funds to other priorities, such as attracting and retaining more highly-skilled workers, and reducing prices for parents.

Encourage Saving for Early (and Lifetime) Education | Currently, Americans are encouraged to save for their children's college education through states' tax-advantaged savings plans, called 529 accounts. Policymakers should seek to do more to encourage families to also save for early education and childcare by expanding 529s so that the funds in those accounts can be applied to early education expenses, tutoring, and costly school supplies like computers, as well as for college.

Expand Catch-up Contributions to Retirement Savings Vehicles | Women, on average, take more time out of the workforce to care for family members. As a result, they tend to earn lower wages while working and often miss savings opportunities for multiple years. Current law permits those over 50 to make larger contributions to savings vehicles in anticipation of retirement. Policymakers should also allow catch-up contributions to IRA and 401(k) accounts for workers who miss the opportunity to save in one year (whether due to unemployment or time taken off to care for children or other family members). This would move away from a system that penalizes caregivers and help people save more so they have their own safety net ready for retirement.

Reduce Capital Gains Taxes | Capital gains taxes penalize those who forgo consumption in order to save for the future. Policymakers should reduce, or even eliminate, these taxes in order to change the current bias in favor of consumption and encourage more Americans to save.

Reform Social Security to Protect the Safety Net; Encourage Savings | Social Security faces significant financial challenges. Already, payroll taxes collected are not enough to cover benefit payments, and that imbalance will become worse with each passing year. Policymakers should make timely changes to make Social Security financially sound and sustainable, and ensure it serves as a safety net for those who need it most. Changes include gradually raising the retirement age for those still working, reforming the treatment of spousal benefits to reward work, using a more accurate cost of living measure, and adjusting benefit payments to augment the safety net for those with the lowest incomes. Given that paying Social Security payroll taxes is the primary way that most workers—especially low-income workers—prepare for retirement, policymakers should move toward a system that allows people to save and invest a share of their payroll taxes, to give them the chance to earn better returns on their contributions.

Strengthen Protections in the Equal Pay Act | Equal pay for equal work has long been the law of the land. Most employers and managers treat their workers fairly, and employees who feel they have been discriminated against can and do sue under current law. However, policymakers can help eliminate current ambiguities in the Equal Pay Act to better protect workers and build a better understanding among businesses of their duties under the law. Under current law, employers can justify pay differentials between men and women if they are attributable to "any factor other than sex." To clarify the limits of employers' defense, the Equal Pay Act should be amended so that differences must be related to any "business-related factor other than sex."

Clarify Pregnancy Discrimination Act | The Pregnancy Discrimination Act of 1978 was intended to help women continue working while pregnant. However, ambiguities in the law fail to make clear the expectations for how employers must accommodate pregnant workers. A simple change to the existing Pregnancy Discrimination Act can clarify that a pregnant worker must receive the same accommodations as other workers with similar abilities and limitations. Such an amendment has already been offered as legislation by Rep. Tim Walberg (R-MI) and Sen. Lisa Murkowki (R-AK)—*the Pregnancy Discrimination Amendment Act*—in the 114th Congress.

Economic Opportunity

THE WAY IT CAN BE

Americans want to live in a country where there are ample job opportunities. Women have different preferences for work based on their particular life circumstances. Many women with children, for example, may prefer flexible hours or the ability to work part-time or from home. But others want full-time positions with the potential to grow in earnings and responsibility. We want an economy that provides a variety of work arrangements so that people can make choices based on their goals and life circumstances. We also want workers to have the ability to earn more as they gain experience. People should not feel constricted to one job or one profession, but be able to enter industries and start businesses of their own when they have the ambition, skills, and a good idea. We need to modernize policy to bring this vision to life.

THE CHALLENGE WE FACE TODAY

Too many women who want to work today cannot find jobs. Too many others are underemployed or feel trapped in jobs that fail to put them on the career path they want or to offer the opportunity to move up and live out the American Dream. Many women do not aspire to launch the next Amazon, but they do want to build their own business or enter a new field. Sadly, too often, government red tape makes it effectively impossible for them to do so.

Economic statistics confirm these limitations. The official unemployment rate has declined significantly since the height of the recession: As of February 2016, the unemployment rate for women over age 16 was 4.9 percent.[3] Sadly, however, the decline in the unemployment rate is not primarily a result of women finding jobs. Quite the opposite. This decline is largely the result of women giving up looking for work entirely and leaving the labor force.

In 2015, there were 56.2 million women outside the labor force, which is 6.6 million more than in 2009.[4] The number of employed women increased by 3.5 million during that period, which means that for every woman who became employed during this time period, nearly two did not participate in the labor force at all. As a result, women's labor force participation rate is at the lowest level since 1988. The decline in the unemployment rate reflects these low labor force participation rates because if women are not in the labor force, they are not counted as looking for work and unemployed. Many women who left the labor force would not have withdrawn if jobs were available. Yet the slow growth of GDP (around 2 percent since the Great Recession ended) has simply not produced enough jobs.

These employment numbers are particularly disappointing when considered against the backdrop of women's educational success over the past several decades. Women today outpace men when it comes to education, earning more bachelor's, master's, and now PhDs. Women are better positioned to compete in the workforce—and demand higher salaries—than ever before, but still many face diminished job opportunities.

The lack of job opportunities today will affect women's future prospects. Young women who cannot break into the job market not only lose the chance to earn a paycheck now, but also to accumulate skills and an earnings history that would boost their future earnings and career potential.

Women's declining workforce participation would be less troubling if it was the result of women feeling more secure in their decision to stay home to raise children and forgo paid work. For example, in a booming economy in which earnings are steadily rising and a family can live comfortably on one paycheck, some women (particularly married women) may choose not to work outside of the home. If this were the case, we would likely see a decline in poverty and dependence on related social services at the same time as a decline in workforce participation.

This is not the case today. Real (inflation adjusted) household income has fallen for the average American family. In fact, the Census Bureau reports: "In 2014, real median household income was 6.5 percent lower than in 2007, the year before the most recent recession."[5] This means that today the average American family has to get by on less income than before. As people stretch their budgets further, they have less of an opportunity to save or invest in important endeavors such as additional education or starting a business.

Part of the reason that household income has declined is because the labor market has shrunk, causing earnings to stagnate. For example, according to the Bureau of Labor Statistics, the median weekly earnings for women were $726 in 2009 and $726 in 2015 (adjusted for inflation), suggesting that Americans have been treading water during the Obama Administration.[6]

While the media often suggest that businesses are to blame for wage stagnation and that Washington should do more to push up wages, the opposite is the case. Too often government policy is making it more difficult and expensive for businesses to create jobs or pay employees more. Laws such as the Affordable Care Act raise costs for businesses by forcing employers to spend more on benefits rather than increasing take-home pay, and make it more difficult to offer full-time jobs. Minimum wage laws similarly make hiring workers more expensive, and prevent businesses from being able to offer a variety of benefits or compensation options that some may prefer.

Take-home pay has stagnated in part because businesses are having to spend more on benefits. In 2009, 30.3 percent of businesses' total average employee compensation costs, or about $8.90 per hour, went to benefits; in 2015, about 31.5 percent of compensation costs, or $10.50 per hour, went to benefits, rather than take-home pay.[7] The price businesses paid for an hour of labor increased by about 10 percent during this time period, even as workers' take-home pay remained essentially flat. Had this extra $1.60 per hour gone into workers' pockets, instead of to benefits that some may not want, people might have felt much better about their financial situation.[8] Workers may prefer benefits over additional take-home pay (or vice versa), which is why policymakers should avoid regulating the structure of compensation packages so that employees can choose positions with the mix of take-home pay and benefits that appeal to them.

In addition to the direct costs to employers of providing non-cash benefits, businesses must also reallocate resources from productive activities to administrative and legal work to comply with government mandates. The cost of government intervention is less research, development and innovation, as well as less money in workers' paychecks.

America must do more to encourage job creation and to make it possible for employers to pay workers more so that we move toward this goal for America's workforce: Every person who wants to work should be able to find a job and earn a salary that supports them.

POLICY SOLUTIONS

Reform the Tax Code to Reduce Burdens on Families and Businesses: Americans need comprehensive tax reform that reduces the overall tax burden and dramatically simplifies taxes so that families and businesses are not spending their time and resources complying with the code, rather than working and enjoying their lives. By eliminating many deductions and broadening the tax base in both the individual and corporate tax code, policymakers can reduce the marginal rates for millions of American families and ease the burden our tax system places on our economy and society. Lower tax rates will reward those who work, while also making it easier for more families to make ends meet on one salary.

Fix Tax Brackets to Make Work Pay for More Women: Currently, married women often face among the highest marginal tax rates when they enter the workforce because the first dollar they earn is taxed at the rate of their spouses' last dollar earned. In other words, this means that even though the wife may not be the primary breadwinner, she is taxed at her husband's much higher tax rate. This discourages some women from entering the workforce, leaving them more vulnerable financially in the event of death or divorce. To address this marriage penalty and reduce the marginal tax rate for married women, lawmakers should adjust the tax brackets so that married couples are allowed twice the income before crossing into a higher tax bracket. This would help eliminate the disincentive to marriage and reduce tax rates for many married women.

Create More Employment Opportunities for New Workers: The minimum wage is intended to boost the earnings of those at the bottom of our economic ladder but, unfortunately, the minimum wage can backfire by cutting out those first rungs, making it harder for those with fewer skills and education to find jobs and start developing the experience necessary for economic advancement. This is particularly true for young people who need first jobs to gain experience. Importantly, most minimum wage workers receive an increase in their wages within the first year, which means these first jobs really are serving their purpose as a stepping stone toward better paying jobs. Those at all income levels understand the need for such opportunities. Some young people take unpaid internships to prepare them for highly-compensated careers; sadly, our policies prevent less-privileged youths from having similar opportunities by setting the minimum wage above what many businesses can afford to pay them.

Congress, states, and localities should forego additional increases to the federal minimum wage and adopt policies that make it easier for businesses to hire employees, particularly those with fewer skills or limited education, who need the opportunity to get job experience. Currently, the Department of Labor has established a federal "sub-minimum wage" of $4.25 an hour for employees under age 20, during the first 90 days of employment with an employer.[9] Congress should expand this provision to allow more workers to get a foot in the door. Congress should increase the age threshold to 25 or for anyone who has not had employment in the preceding 90 days. This would help those who are just starting out and prevent the problems associated with long-term unemployment.

Reform Licensing Regimes: Someone who wants to start a business or enter a profession too often finds that first they must obtain a license from the government, which can require completing schooling, taking tests, and paying fees. These can be prohibitive roadblocks, particularly for many women who are trying to balance jobs and family responsibilities and those from lower-income backgrounds with fewer resources.

Occupational licenses tend to be justified as necessary to protect consumers' health and safety. Occupational licenses used to be required in only a few select industries, but today the number of jobs requiring government licenses to operate has ballooned from 10 percent of the workforce in 1970 to nearly 30 percent in 2008. Governments now commonly require licenses for jobs without legitimate health and safety concerns, such as blow-drying and braiding hair and interior design.

While these licenses are purportedly to keep people safe, often the real purpose—or at least the end result—of licensing regimes is to protect existing businesses from competition. Such barriers artificially raise the cost of products and services in license-protected industries. This benefits existing suppliers, but also harms both customers and those would-be providers who are kept out of the marketplace.

States should evaluate existing licensing and fee practices and eliminate all that fail to advance legitimate public safety or quality concerns. Absent these expensive and often arbitrary licensing regimes, the market will develop other mechanisms for helping consumers identify those hairdressers, painters, designers, and other professionals who have the requisite skills. Independent trade associations can act on their own to develop criteria and provide certificates of approval to qualified businesses and entrepreneurs. In this technological age, consumers also have myriad other ways for garnering information about potential providers. Websites such as Angie's List, Yelp, and AirBNB allow consumers to read others' reviews and rate their own experiences with providers. Public ratings encourage providers to treat customers with greater respect, and create a more open and effective way for consumers to evaluate their options. New feedback mechanisms are rendering government's costly and onerous certification processes even more outdated and unnecessary.

GOVERNMENT MANDATES NOT ONLY DISRUPT EXISTING EMPLOYMENT ARRANGEMENTS AND IMPEDE WOMEN'S PROFESSIONAL ADVANCEMENT GENERALLY, BUT THEY ESPECIALLY HARM THE ECONOMIC PROSPECTS OF WOMEN WHO ARE MOST VULNERABLE: THOSE WITH LOWER INCOMES AND WHO ARE NOT CURRENTLY WORKING.

Family Leave Policies

THE WAY IT CAN BE

We want women to have work opportunities that provide compensation packages that meet their individual needs. We want people to be able to take time off when they need to—for their own health concerns or to care for family members. We want people to be able to save for their own needs, while also providing a safety net for those who simply do not have the resources to plan ahead and save for themselves. We need to modernize policy to bring this vision to life.

THE CHALLENGE WE FACE TODAY

Americans want workers to have the leave time that they need when they are sick, have a family member who needs care, or are welcoming a child into the family. When they hear about people who lose their jobs because of an illness, or a new mother having to return to work just weeks after giving birth, they are justifiably concerned.

Yet before crafting one-size-fits-all policy solutions, it is important to define the actual problem to be addressed. Alarming headlines often suggest that our country is akin to Zimbabwe in its failure to support female workers. Unsurprisingly, these alarmist claims paint an inaccurate picture of the American workplace. Most fundamentally, just because the United States does not statutorily mandate that companies must provide paid sick leave or maternity leave does not mean that most companies fail to offer such benefits, or that most workers lack paid leave time.

In fact, reality is far more encouraging. The Bureau of Labor Statistics (BLS) National Compensation Survey shows that 75 percent of civilian full-time workers have paid sick leave, 74 percent have paid personal leave, 65 percent have paid vacation, 13 percent have paid family leave, and 88 percent have unpaid family leave. Not surprisingly, full-time workers are more likely to have more paid benefits than those working part-time, and those with higher incomes are also more likely to have paid benefits. Still, the BLS finds that roughly one-third of part-time workers also have access to paid leave.[10]

Those working for larger companies are also more likely to have benefits than those working for smaller establishments. For example, the 2014 National Study of Employers (a survey of 1,051 employers, all with 50 employees or more) found that most employers offer parental leave, and a majority offer at least some paid leave. Larger employers surveyed (those with more than 1,000 employees) were most likely to offer some paid parental leave, with 70 percent of such companies providing this benefit. Even among the smallest companies in the survey (those with between 50-99 employees), a majority (56 percent) provided paid leave following the birth of a child.[11]

Focusing on one category of leave, such as maternity or family leave, overlooks how companies attempt to provide employees with flexibility for using paid leave benefits. Even when businesses do not offer a specific family leave benefit, they often allow workers to use sick leave, personal leave, or vacation time to attend to family matters, such as following the birth of a child.

For instance, the Census Bureau studied the experience of women having their first child and found that roughly 70 percent of these women worked during pregnancy (a percentage which fell to slightly under 60 percent in the month preceding the birth), and that three months after the birth, 59 percent of the women who worked during pregnancy had returned to work, and 79 percent were working by their child's first birthday.[12]

These working mothers reported using a variety of leave options: 56 percent of full-time working mothers used paid leave, 42 percent used unpaid leave, 10 percent used disability leave, 19 percent quit their job, while nearly 5 percent reported being let go (the number totals more than 100 percent because women often used more than one type of leave). Part-time workers were more likely to quit (37 percent reported quitting their jobs) and had fewer benefits: 20 percent used paid leave, 46 percent used unpaid leave, and just 2 percent had disability leave.[13]

Policymakers should not conclude from these data that all American women enjoy sufficient leave time or have adequate pay-replacement following the birth of a child. Certainly some women face real pressures and could use additional support. However, policymakers should recognize that most employers value their employees and want to retain them (rather than face the cost of replacing them), so provide leave as part of their compensation package, especially for full-time workers.

Policymakers should also consider how a government mandate or government-administered paid leave program would disrupt current employment contracts and benefit packages and would result in lower cash wages, potentially leaving many workers worse off than before. For example, one legislative proposal, the "Family and Medical Insurance Leave Act," or FAMILY Act, would, in effect, do to benefit packages what the Affordable Care Act (or ObamaCare) did to health insurance. The FAMILY Act, sponsored by Senator Kristin Gillibrand (D-NY), would create a new federal entitlement program under which qualified workers would be guaranteed 60 days of family and medical leave per year. When on leave, workers would receive two-thirds of their average pay from the federal government. This new entitlement would be funded with a dedicated payroll tax and administered through the Social Security Administration.

Proponents claim this program would solve the problem of those who lack sufficient paid leave. Some women with less-generous leave packages may benefit from this arrangement; however, it would also disrupt the employment contracts of the majority of working Americans who already have leave benefits. As was the case with ObamaCare, this proposed federal entitlement would encourage businesses currently providing paid leave programs—including more generous leave packages—to cease doing so. Companies and employees would also be less likely to seek mutually beneficial arrangements, such as part-time and work-from-home options, during periods of leave.

The costs of this proposal would go far beyond the new payroll tax. Women would also face lower wages and fewer employment opportunities as businesses seek to comply with the new mandate. Knowing that any worker could take up to three months of paid leave creates a significant new risk for employers. While the federal government (i.e., taxpayers) would pick up the direct costs of workers' wages during their absence, businesses would still have to identify and train replacement workers, or shift work to other existing employees, which can be particularly difficult for small businesses.

Women would shoulder most of the unintended consequences of the new leave regime. Women, particularly of childbearing age, are more likely to take extended medical leave. As a result, employers may be reluctant to hire these women. This is particularly unfair to women who do not want or are unable to have children: The expectation that they may use this leave benefit may unfairly hamper their career prospects.

These are not just theoretical risks. European countries offer women extensive paid-leave time, but European women pay a considerable price in terms of workplace opportunities. Professors at Cornell University, Francine D. Blau and Lawrence M. Kahn, writing for the National Bureau of Economic Research (NBER), found that European countries have been able to boost their female labor force participation rate by enacting family leave mandates and other benefits, but that women were mostly working in part-time and lower paid positions.[14] Data show that European women are far less likely than their American counterparts to be in managerial positions. In fact, 14 percent of American women workers are managers (compared to 15 percent of American men), while just 5.9 percent of European women workers are (compared to 12.2 percent of European men).[15]

NBER also published a study by María F. Prada and Graciana Rucci of the Inter-American Development Bank, and Sergio S. Urzúa of Cornell Univeristy, on the effect of a law in Chile that required employers with twenty or more female workers to provide childcare. They concluded that the starting wages of women hired by affected employers was between 9 and 20 percent less than female workers hired before the mandate went into effect.[16]

Spain's provision requiring that companies must provide all workers with children under age 7 the option of reduced hours was meant to help women balance work and family, yet a study published by IZA, an international research institute, and written by Daniel Fernández Kranz of IE Business School and Núria Rodríguez-Planas of IZA, IAE-CSIC, found that it harmed women's economic prospects. Women were more likely than their male colleagues to lose their jobs, less likely to be promoted, and had reduced wages. Women with lower incomes and in less skilled positions were most likely to suffer from these unintended consequences.[17]

These examples illustrate an important, though often overlooked, point. Government mandates not only disrupt existing employment arrangements and impede women's professional advancement generally, but they especially harm the economic prospects of women who are most vulnerable: those with lower incomes and who are not currently working. This concept applies to mandates for paid leave, childcare, hours and other arrangements.

Advocates of paid leave mandates often suggest that benefit mandates will help alleviate poverty. However this overlooks that most people living in poverty are there not because of low wages or a lack of paid benefits, but (in part due to harmful regulations and poor educational systems) because they do not have jobs—particularly full-time, year round positions. In fact, in 2012, 74 percent of households with children under the poverty line were home to no full-time worker.[18] Government benefit mandates would not only fail to help this population, but by raising the cost of employment, would make it more difficult for them to find the jobs that are the key to real economic progress.

Americans understand and are concerned about how a paid leave entitlement program or mandate could unintentionally harm vulnerable Americans. In fact, according to research by the Independent Women's Forum, when women learn that the poor may be hurt the most, their support for proposed government mandates drops precipitously.[19]

A one-size-fits-all paid leave program may seem like a boon for parents, but it would backfire on many by failing to recognize the divergent circumstances of different families and by reducing economic opportunity. Policymakers can find better ways to make it easier for businesses to offer paid leave benefits and to help people prepare financially for periods of leave.

POLICY SOLUTIONS

Create Savings for Leave Time in Personal Care Accounts: Americans are encouraged to save pre-tax dollars in a variety of different accounts, for purposes that policymakers recognize are critical needs, such as healthcare costs (health savings accounts), education (such as 529 education savings accounts) and flexible spending accounts (to defray certain healthcare and childcare costs). Personal leave from work is also a critical need, and people ought to be able to save tax-free so that they can accrue resources that will sustain them during such absences from work.

Policymakers should allow people to place pre-tax dollars into a Personal Care Account (PCA), which could then be drawn upon to replace or supplement income during periods of leave eligible under the Family and Medical Leave Act. Workers could be allowed to save tax-free up to the equivalent of 12 weeks of pay, capped at a maximum of $5,000 each year, which would then be available for periods of leave. If unused before reaching retirement age (as defined under the Social Security Act), the PCA would then be treated as an IRA. Policymakers also ought to allow individuals to make up contributions for years that they were unable to set money aside, in order to help workers who have inconsistent earnings or face unemployment. To avoid this savings mechanism becoming a "tax shelter" for the more affluent, policymakers can cap the total amount that a worker can accumulate in their savings account to no more than $30,000.

Washington ought to allow employers also to contribute to employees' PCAs the way they can contribute to 401K plans or Health Savings Accounts. This would help smaller companies that are unable to afford and administer fully paid family leave benefits to have a way to help their employees. Additionally, non-profits could be established by generous individuals as well as larger corporations as part of their social corporate responsibility efforts to help set up and fund PCAs for lower-income workers, in order to help provide leave benefits for those facing the biggest financial challenges. Many generous individuals and foundations are interested in helping people during times of childbirth or illness and would support such a cause.

Unlike other top-down paid leave proposals, the existence of such savings options would be less of a financial strain on businesses and less likely to affect employers' expectations for their employees and therefore to reduce women's economic opportunities. It also would not discourage employers from offering paid leave, since workers could still fully enjoy any paid leave benefit offered, and can preserve the money in their accounts for their retirement.

Provide Tax Credits for Businesses Offering Leave: Another approach—that some states like Virginia are exploring—is to make it easier for small businesses to provide paid leave time through tax law. Smaller businesses are, understandably, less likely to currently provide leave time, since they have fewer resources and face a greater challenge in shifting work to other employees during a period of absence. Lawmakers could help defray these costs and challenges by creating tax credits for these businesses (which could phase out at different employment levels) to help offset the financial burden these benefits create.

THE BEST WAY TO HELP WOMEN ACHIEVE THEIR OWN, UNIQUE DESIRED MIX OF WORK AND FAMILY LIFE IS FOR POLICYMAKERS TO MAKE IT EASIER FOR BUSINESSES TO OFFER, AND EMPLOYEES TO FIND, MUTUALLY BENEFICIAL RELATIONS WITH A VARIETY OF WORK AND COMPENSATION STRUCTURES.

Workplace Flexibility

THE WAY IT CAN BE

We want an economy that offers a multitude of job arrangements so that workers have a greater chance of finding the mix that meets their preferences at that stage of life. This means that women should have the choice of hourly jobs, part-time and contract work possibilities, as well as salaried positions.

The best way to ensure that workers are protected and treated well by their employers is for the economy to generate an abundance of jobs so that employers have to compete to attract and retain valued workers. We need to modernize policy to bring this vision to life.

THE CHALLENGE WE FACE TODAY

American women have very different preferences when it comes to work. Some dream of high-powered careers and high earnings, some want to start their own businesses, and others would prefer positions in jobs they find personally meaningful but that offer flexibility so they can prioritize other aspects of life, such as children and family.

Unfortunately, today, many women are not able to act on these preferences. Some are working more than they would prefer, since they cannot find flexible work arrangements that meet their needs, while others are stuck in part-time positions but dream of finding full-time jobs that will be the start of a highly-rewarding career.

For example, while a majority of mothers work for full-time pay, research suggests that more would prefer to work part-time. In March 2013, Pew Research released a report that assessed parents' attitudes toward work and family life. It found that nearly half (47 percent) of mothers view part-time work as ideal, compared to one-third of mothers (32 percent) who prefer full-time work. Reality differed from the ideal: Only 19 percent actually worked part-time, while 51 percent held full-time positions and 29 percent were unemployed.[20]

Unsurprisingly, the desire for work was heavily correlated with economic need: Women struggling to make ends meet had a much stronger preference for full-time employment than women who were already living comfortably. Forty-seven percent of women who said they did not have enough for basic expenses want full-time work, compared to 31 percent of those who "live comfortably." This relationship also carried into marital status, with nearly half of single mothers (49 percent) preferring full-time work, compared to only 23 percent of married mothers.

The best way to help women achieve their own, unique desired mix of work and family life is for policymakers to make it easier for businesses to offer, and employees to find, mutually beneficial relations with a variety of work and compensation structures.

Women are not alone in their desire for more flexibility and a greater variety of work arrangements. By 2020, according to Forbes, 40 percent of the work force will be Millennials, and 72 percent of Millennials want to work when, where and how they like in jobs that offer freedom and flexibility.[21] A 2015 study of Millennials indicated that they are more willing than other generations to pass up a promotion, change jobs, take a pay cut, or even change careers in order to achieve more flexibility.[22]

Unfortunately, the government's current one-size-fits-all rules limit businesses' ability to create jobs and workers' ability to negotiate mutually agreeable flexible work arrangements. For example, the federal law governing how businesses must compensate employees, the Fair Labor Standards Act (FLSA), was first enacted during the Great Depression and is woefully out of step with the modern era. Back in the 1930s, most jobs could be easily categorized as management or production, and work typically was performed for certain hours during the day, at a specific place of employment. Today, our work world has transformed so that lines between management and labor are blurred, more employees do not work a fixed schedule and many employees want the flexibility to work from home at different times during the day and week. This makes it a challenge for businesses to apply many of the FLSA's outdated concepts while meeting the needs of their employees.

Proposed FLSA regulations and sub-regulatory guidance issued in 2015 by the U.S. Department of Labor (DOL) will further limit employers in providing workers the flexibility they need to balance work, family, and other interests—seemingly intending to keep people working from 9 a.m. to 5 p.m. in an office cubicle or doing shift work on a factory floor.

The FLSA generally requires employers to pay employees the federal minimum wage (currently $7.25 per hour) and time-and-a-half for hours worked in excess of 40 hours per week, unless the employee is "exempt" from the overtime pay. The largest overtime exemption, which has been in the FLSA since it was originally passed in 1938, is for "white collar" employees. Overtime pay is no doubt important to many workers. However, the status has some disadvantages. An employee who is eligible for overtime must clock in and out every day and is only paid for hours actually worked. Non-exempt workers need not be paid if they leave work to spend time with family, and have very few opportunities to work from home. "Exempt" employees, in contrast, must be paid their full salary in any week in which they perform any work—whether they work 5 hours, 35 hours or 45 hours. Exempt employees, then, do not earn more for working more than 40 hours, but also do not earn less if they work fewer than 40 hours. Because exempt employees receive a guaranteed salary which cannot be reduced because of the quality or quantity of work performed, they cannot lose pay by going home early on a Friday night to attend a child's sporting event. This is a tradeoff that many people value.

However, DOL's 2015 proposal to narrow the FLSA "white collar" overtime exemptions will deprive women of this option—forcing them to become eligible for overtime pay rather than receive the guaranteed salary of an exempt employee. Currently, someone who makes a salary of $23,660 or more can be exempt from the requirement that they receive overtime pay, if they also meet the criteria of having job duties that meet the DOL's definition of being primarily administrative, executive, professional, computer or outside sales employees. Under the proposed new rules, the salary threshold for being exempt from overtime would more than double to $50,440—the estimated 2016 40th percentile of earnings for all non-hourly paid workers. DOL has also proposed to keep the salary at the 40th percentile level permanently through annual increases.[23]

The DOL estimates the new rules would affect between 5 and 10 million workers. Presumably the regulators believe that this will be a boon to those workers, who would have to begin tracking hours and might become eligible for overtime pay.[24] However, these new regulations would also do significant harm, especially to those in lower-income areas and with more modest incomes.

Employers reacting to the rule have uniformly raised concerns about its high cost. Overall, the National Retail Federation estimates the new regulations will cost employers more than $9 billion per year. Businesses would not only have to allocate more for overtime pay as a result of the new rules, but, just as significantly, they would also face new compliance costs in tracking more workers' hours and monitoring overtime. Those costs have to come from somewhere. Many employers will not be able to afford raising salaries or paying overtime. Employers are not required to allow employees to work over 40 hours in a week and thus earn overtime. Thus, most obviously, workers may find their hours are reduced and earnings lowered as businesses shift resources in response to the new costs associated with these rules. Other employees may see their positions refashioned or eliminated. Consumers may also see prices increase and quality decline.

Not all workers and businesses will be affected equally. The new threshold applies nationwide, which means that areas with lower costs of living will bear the highest costs. A $50,000 salary is lower than the median household income in cities such as New York City and Washington, D.C., and in states like Connecticut, New Jersey, and Maryland. In these locales the median household income is around $70,000. But in Mississippi, West Virginia, and Arkansas, the median household income is well below $40,000.[25] As a result, employers in these areas will face the biggest compliance challenges, and workers there will find the biggest changes to their compensation, and, possibly, their economic opportunities constricting.

Even those employees who receive more income may not welcome this new regulatory regime and their reclassification as hourly workers eligible for overtime. While some employees may not mind tracking their time, others want to be on salary and to feel that they are being compensated for their contributions to the business or organization, not just time logged on the job. Many workers do not want to have to tell their managers every time they work late and every time they leave early.

DOL's 2015 Administrator's Interpretation on independent contracting is also a blow to flexibility in the work place. The "on demand" or "gig" economy, a subset of independent contracting, is one of our fastest growing economic sectors. The number of independent contractors grew by 2.1 million workers from 2010 to 2014, representing 28.8 percent of all jobs added during that time. Between 2002 to 2014, this sector grew at a rate twice as fast as traditional employment, according to the American Action Forum.[26] Independent contracting gives workers the right to decide when, where and how much to work—the ultimate in flexible work arrangements. Yet DOL's Administrator's Interpretation concludes that "most workers are employees under the FLSA's broad definitions."

DOL's current trajectory to block flexible work arrangements will particularly disadvantage women. As the Independent Women's Forum and Evolving Strategies found in research on women's workplace preferences, many women place a high value on a flexible work environment that allows them to better balance work and family responsibilities. Women are often willing to trade higher pay in order to have more flexibility.[27]

This loss of autonomy and the potential costs for workers helps explain why many Americans appear skeptical about the new overtime regulations. One survey by WomanTrend found that 58 percent of respondents believe that the new rules may not result in higher pay for workers, and 43 percent will not support the rules knowing that workers will be moved from salaried to hourly employees. Likewise, a survey by the National Restaurant Association found that 85 percent of restaurant and retail managers believe changing employees from salaried to hourly workers will have a negative effect. Nearly half (45 percent) of those managers believe that the change would hurt morale, making people feel they were in a job rather than a career, and 86 percent think their perceptions of their own positions would deteriorate if they were moved to an hourly status.[28]

Lawmakers are also creating new rules governing how employers must schedule their employees' work time. Many businesses that use shift workers have moved to require some employees to call in before a potential shift so the manager can assess whether demand is sufficient to require that worker. These scheduling arrangements certainly can create problems for workers: Working parents face the challenge of arranging care for their children, which they may or may not end up actually using, and, in periods of low demand, workers may find they have fewer working hours, and therefore less income, than they need.[29]

However, while these scheduling practices create real challenges, they also have benefits for businesses and their workers. More efficient staffing practices help businesses lower employment costs, making it less likely that they will have to cut workers, move toward automation, or shut down. Regulations that impede these scheduling efficiencies could result in real harm for many workers who may see their hours cut, pay reduced, and job options curtailed as businesses embrace other ways to compensate for higher employment costs.

Americans ought to reject the very premise of these intrusive regulations. Why should the Department of Labor and other bureaucracies create one-size-fits-all compensation regimes and scheduling practices for American workers? They should allow Americans to negotiate work arrangements that make the most sense for them and meet their needs and aspirations—not the arbitrary definitions created by government.

POLICY SOLUTIONS

Reform the Fair Labor Standards Act: The antiquated, Depression-era Fair Labor Standards Act needs to be updated. Rather than more stringent regulations proposed by the Department of Labor that will create new costs and administrative red tape for American businesses, and leave workers with fewer options, Congress should take a fresh look at this law and roll back these unnecessary rules and classifications that hardly apply to our modern world.

Pause the Overtime Regulations Pending More Study: DOL's proposed changes to the "white collar" overtime exemption regulations are more likely to harm women in the workplace than to help. As employees are reclassified to non-exempt, they lose flexibility, may find their work hours and thus earnings reduced, and lose opportunities for career advancement. It also could be devastating to small women-owned business who cannot afford to pay higher salaries or overtime pay. The recently introduced "Protecting Workplace Advancement and Opportunity Act," sponsored by Rep. Tim Walberg (R-MI), which would require DOL to conduct a more in-depth economic analysis before they revise the regulations, could ensure that women are not negatively affected by the regulations.[30]

Pass Compensatory Time for the Private Sector: Since 1986, under section 7(o) of the FLSA, employees in the public sector have the option of taking compensatory time off—1.5 hours of paid time off for every hour of overtime worked—in lieu of cash overtime pay. This provides government employees with choice and flexibility to determine for themselves what they need more, cash or paid time off. However, the FLSA prohibits comp time for overtime-eligible workers in the private sector, where women are denied the opportunity to choose paid time off over cash for working overtime. The House passed a bill to allow comp time in the private sector in 2013, but the "Working Families Flexibility Act" (introduced by Rep. Martha Roby (R-AL)) went no further.[31] It is past time to allow private sector employees the same choices and flexibility as government workers have enjoyed for 30 years.

Allow Employees to Agree to an 80/14 Schedule: The FLSA's requirement that non-exempt employees receive overtime pay for all hours worked in a work week is a barrier to flexible schedules. Employers can and do allow employees to shift work hours within a day—to come in and leave early, for example. But the overtime requirement limits flexibility by increasing the cost of any flexible schedule that seeks to shift work hours from one week to the next. For example, an employee who worked six, eight-hour days (48 hours) in the first week of a pay period but only four, eight-hour days in the second week of a pay period (32 hours) is owed for eight hours of overtime pay, although she worked the same total number of hours (80) over the two weeks as an employee with a traditional schedule. The FLSA should be amended to allow employees to voluntarily choose a flexible schedule in exchange for being paid overtime after 80 hours of work over 14 days, rather than the traditional overtime after 40 hours in 7 days.

Change Direction on Independent Contracting: The DOL's conclusion that "most workers are employees under the FLSA's broad definitions" and its enforcement initiative against independent contracting threaten to deprive women of a variety of flexible working arrangements in the "gig" or "on demand" economy that allow them to work when, where, and how they want.[32] The gig economy has grown substantially due to the Internet, which did not exist when the FLSA was signed into law. The new economy offers women opportunities to earn additional income running businesses that perform a variety of services for a few or many hours each week—financial planning, driving, interior decorating, designing, and programming, to name a few. All are wonderful opportunities for women who prefer not to work outside of the home, but want to supplement the family income without being tied to a specific work schedule or shift. Laws, regulations and policies designed to undermine these new opportunities for flexible work should be rejected.

Remove Other Barriers to Flexible Scheduling: Lawmakers understandably wish to ameliorate challenges created for workers by just-in-time scheduling practices. However, these solutions and regulations do not solve workers' problems, but create new ones by making it more likely that employers will reduce hours overall, decrease wages, and further move to automate and consolidate their workforce to address higher employment costs. Lawmakers can do more for workers by rejecting proposed legislation to micromanage scheduling practices, and redoubling efforts to facilitate job creation so workers who want more regular work schedules can find jobs that provide greater certainty.

Caring for Children

THE WAY IT CAN BE

We want parents to be able to choose how to care for their young children. We want the marketplace to offer a wide variety of high-quality, affordable childcare and preschool arrangements. We also want to make it easier for those parents who want to be home with their children to be able to afford to do so. We need to modernize policy to bring this vision to life.

THE CHALLENGE WE FACE TODAY

Parents all want the best care possible for their children. Today, many families are struggling to make ends meet and feel like they cannot afford to give their kids the care they really want.

Today, due to the growing prevalence of working mothers and single parent households, less than one-third of children are cared for by a full-time, stay-at-home parent. That is down from more than half of children in 1975. Still, only one quarter of children under age 5 are in an organized day-care facility. Most children are cared for by a relative, or in their home or that of a friend or other family.[33]

However, for the minority of families that use organized care facilities, childcare represents a major expense. Childcare Aware released a detailed analysis of the average costs of childcare, which vary considerably by state:

> Our 2014 Cost of Care report indicated that the average annual cost of full-time care for an infant in center-based care ranges from $5,496 in Mississippi to $16,549 in Massachusetts. …For a 4-year-old, center-based care ranges from $4,515 in Tennessee to $12,320 in Massachusetts….[34]

These are big numbers: In fact, in 31 states, the average cost of full-time day care for an infant is more expensive than the tuition at the state's average public college.[35] For many families, childcare is their biggest monthly expense, exceeding even housing.

Not only is day care expensive, it can also be difficult to find a good provider and in many areas there is a shortage. While there are some government programs that help working parents afford childcare, an estimated 60 percent of these costs are paid directly by the parents, and represent a major expense for working families. Preschools are similarly expensive, and often consist of a few hours of instruction for children, which means they do not provide sufficient hours to allow parents to work full-time.[36]

Regulations are one reason why day-care centers are so expensive. Of course, everyone wants day-care centers to be safe, stimulating environments with well-trained childcare professionals. However, studies suggest that some regulations are not enhancing the quality of care that children receive while pushing costs up.

For example, economists Diana W. Thomas of Creighton University and Devon Gorry of Utah State evaluated common childcare regulations to see how they affect cost and the quality of care that children receive. Their report, "Regulation and the Cost of Childcare," was published by the Mercatus Center at George Mason University and has important public policy implications. As the authors write:

> …intended to improve the quality of childcare often focus on easily observable measures, such as group sizes or child-staff ratios, that do not necessarily affect the quality of care but do increase the cost of care. These regulations can have unintended consequences, including increasing the cost of childcare while decreasing the wages of childcare workers. Eliminating regulatory standards that do not affect the quality of care while focusing on those that do, such as teacher training, will improve the quality of childcare while making it more affordable to low-income families.[37]

The economists found that relaxing the regulations governing the maximum child-to-staff ratio can significantly reduce costs: Allowing one more infant per caregiver reduces costs by an estimated 9 to 20 percent or between $850 and $1,890 annually. That savings could make a big difference for a family on a tight budget.

These cost savings are particularly attractive given that research suggests that the child-to-staff or group size ratios has little effect on the quality of care that children receive. The only requirements that they found that were associated with improved quality related to the education and training of the caregivers. The economists explain the important implications of their findings:

> Overall, these results suggest that relaxing regulatory requirements for group size and child-staff ratios, while maintaining quality through training requirements for teachers, might lower the cost of providing childcare without significantly affecting quality. If one provider is allowed to care for a larger number of children, that provider can earn a higher wage. Higher wages would attract better-educated providers and reduce staff turnover rates overall.[38]

In other words, relaxing staff size regulations would not only reduce the price of day care, but would also allow day-care centers to reallocate some funds to those endeavors which are more likely to improve their services and care quality, for example, by having fewer, more highly-skilled and better compensated workers.

Of course, many families would prefer to keep one parent at home while the children are young, but feel like they need two salaries. When the research firm Public Agenda asked parents of children under age 5 about the best childcare arrangement during a child's earliest years, 70 percent thought it was best for one parent to be at home, while just 6 percent thought a quality day-care center was optimal.[39]

Progressive proposals to address this challenge focus on subsidizing paid childcare so that parents shoulder less of their childcare expenses. While childcare subsidies can sound appealing, it is important to consider how such subsidies can make it harder for parents to pursue their preferred option of family-based care. As the price of institutional childcare goes down for the user, the value of the service provided by the stay-at-home parent or grandparent also goes down. For example, imagine if day care was free for the user (all costs were borne by taxpayers). A working couple would be more reluctant to ask a grandparent to watch their baby. Even if all parties believe that family care is preferable, it is harder to justify asking for such help when they can enroll the baby in a childcare center at no cost.

Some argue that taxpayers ought to subsidize childcare because it is an investment in improving the educational and life outcomes of children, which will affect everyone. However, the research on the effects of childcare on individual children and society are mixed. In fact, most of the studies that are cited as evidence that government-supported childcare creates lasting gains for program participants rely on very small studies that served very under-privileged populations and cannot be extrapolated to the public more broadly. Studies of existing taxpayer-supported childcare and preschool programs such as Head Start have been much more discouraging. In fact, the official government evaluations of Head Start have found no lasting gains for program participants compared to their peers, in spite of billions of dollars invested in the programs.[40]

The public certainly has an interest in ensuring that children who are in day care centers receive quality care, but there is little evidence to suggest that children are generally better off in day-care centers than home-based care arrangements. Therefore, the government should not seek to encourage parents to choose day care over other arrangements, but rather should make it easier for them to afford whatever situation they believe is best for their family, whether a day-care facility or care by a family member.

POLICY SOLUTIONS

Increase Tax Credits for Children: Policymakers should increase the child tax credit to alleviate the financial burden on parents. Economists such as Robert Stein, a former deputy assistant secretary at the U.S. Treasury, persuasively argue that parents are over-taxed compared to their investment in and contribution to society.[41] For example, The Urban Institute reports that: "tax expenditures on children were just 8 percent of the approximately $1.2 trillion in individual and corporate tax expenditures identified by the Office of Management and Budget (OMB) in 2012."[42] This suggests that other investments that taxpayers make—whether that is in their homes or in savings vehicles—receive better tax treatment than raising children.

The Government Accountability Office estimates that in 2012 the federal government administered 45 programs related to early learning and childcare, which together cost taxpayers roughly $14.2 billion per year. In addition, there are five tax provisions to support individual spending on childcare services, which reduce tax receipts by approximately $3.1 billion annually.[43] These resources solely benefit families using paid childcare arrangements, and primarily center-based care.

Of course, childcare is just a small slice of what the federal government spends on children. The Urban Institute details $348 billion in federal outlays, and $99 billion in tax reductions that were targeted toward children in 2012.[44] Together, those amount to nearly $6,000 per child. There may be reasons for some of this money to be allocated by the government to directly support certain populations of children (such as those with disabilities) and for programs that provide services (rather than financial support) to children and families. Policymakers should nonetheless consider how to consolidate and eliminate inefficient, duplicative programs, and return those resources to parents to use as they see fit.

Lawmakers ought to consolidate existing child-centered tax credits and spending, and use those savings to provide added refundable tax relief for parents, particularly to the parents of the youngest children. This would accomplish numerous important policy goals by alleviating disincentives for childbearing, ending the current government bias against stay-at-home parents, and simplifying the tax code. Since many of the current programs, like Head Start, are geared to assist low-income women, a new mechanism for support should be allocated on a means-based scale to help those with lower incomes most.

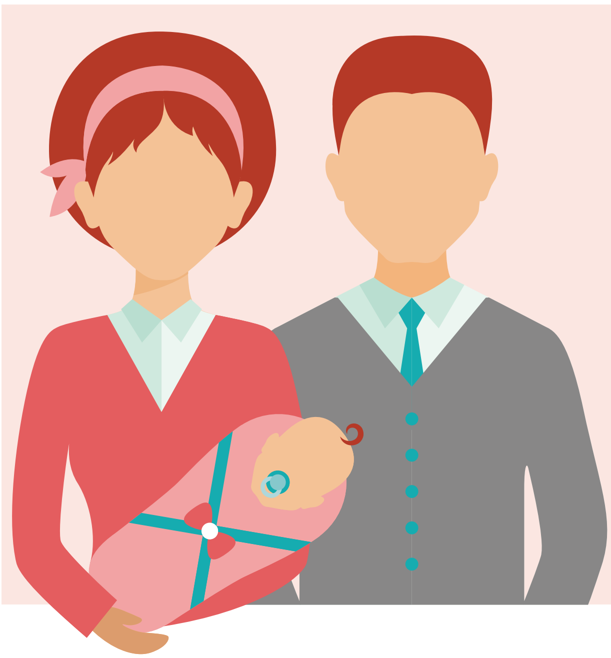
Parents would therefore have more money in their budgets to spend as they see fit, whether on paid childcare or on other necessities. Parents would be better positioned to afford whatever care arrangement they believe is preferable, whether that is paid childcare or keeping a parent at home.

Eliminate Regulations That Make Day Care Needlessly Expensive: As described previously, analysts have found that day-care regulations, particularly related to student-staff ratios and group sizes, are costly and fail to improve the quality of care received by the children. Moreover, they may be counterproductive since they require day-care providers to focus on quantity of caregivers, rather than the quality of those professionals. Policymakers should relax staff size regulations so that day-care centers can reallocate funds to other priorities, such as attracting and retaining more highly-skilled workers.

Additionally, fewer regulations, such as those that govern the setup of day-care facilities and other business practices, might also encourage more entrepreneurs to enter the childcare business. This could reduce the shortage of childcare spaces that exist in many parts of the country today and would also apply downward pressure on price and encourage higher quality by increasing competition among providers for potential customers.

Encourage Saving for Early (and Lifetime) Education: Currently, Americans are encouraged to start saving for their children's college education immediately after their children are born. States offer parents specific tax-advantaged savings accounts, called 529s, that allow them to save for their children's future college expenses. In 2014, President Obama signed into law the Achieving a Better Life Experience Act (or ABLE Act), which was sponsored by Senators Robert Casey, Jr., (D-PA) and Richard Burr (R-NC), and Representatives Ander Crenshaw (R-FL), Chris Van Hollen (D-MD), Cathy McMorris Rodgers (R-WA), and Pete Sessions (R-TX). This law amended Section 529 of the tax code to allow savings for disability-related expenses.[45] Currently, an estimated 11 million Americans have 529 accounts with investments worth $224 billion in assets. Americans are also allowed to use Flexible Spending Accounts for tax-advantaged savings for qualified expenses, including some care arrangements.

Policymakers should seek to do more to encourage families to save for early education and childcare. For example, a paper published by the Conservative Reform Network detailed how policymakers could expand 529s so that the funds in the accounts can go to pay for early education expenses, as well as for college: "This would effectively transform 529s into lifelong-learning ESAs that families could use as a vehicle to save for and purchase education throughout their lives."[46] Recognizing that early education is just as important to a child's future, policymakers should give parents more options to use their education savings for early education and childcare.



GROWING THE ECONOMY TO CREATE MORE JOBS WITH HIGHER WAGES REMAINS THE REAL KEY TO ENABLING MORE AMERICANS TO SAVE.

Retirement

THE WAY IT CAN BE

We want all Americans to have the ability to save during their working lives so that they can live comfortably during retirement and even have the ability to leave a nest egg for the next generation. We want a financially stable Social Security system that provides a sufficient benefit so that all retirees who have paid into the system during their working lives are free from poverty. There ought to be a relationship between what one contributes to Social Security and what one receives back in benefits, but most importantly, Social Security must serve as a safety net and backstop against poverty in old age.

To have a financially secure retirement, Americans must also have ample opportunities to work throughout their lives and earn incomes that allow them to save. That's another reason why we cannot have a retirement system that burdens today's workers with high taxes, making it impossible for them to save on their own. Therefore, we must balance the needs of current retirees and current workers and develop reforms that encourage savings, investment, and work, while always helping those who need it most. We need to modernize policy to bring this vision to life.

THE CHALLENGE WE FACE TODAY

Americans, particularly American women, are living longer and healthier lives. This is a wonderful blessing and achievement. Yet it also creates a new challenge of having financial resources to provide economic security and dignity during those final decades of life.

Consider that a woman who turned 65 in 2015 can expect, on average, to live 21.6 more years; that's 2.6 years more than the average man.[47] Women are fortunate to enjoy this extra time, but for many women these "golden years" are shadowed by financial strains.

Not only do women live longer than men do, which means they will need more resources to support them in old age, but they also tend to have less income at retirement. Research shows that female workers are more likely than male workers to take advantage of the opportunity to save for retirement. However, women still accumulate significantly less retirement savings, because of lower earnings and more time taken out of the workforce to care for family members.[48]

Surveys suggest that most Americans live paycheck to paycheck, meaning that they use all of the money they earn each month for current expenses and save nothing for future needs.[49] While financial planners typically advise that people should have enough savings on hand to cover at least six months of expenses in the event of an emergency, a 2015 survey by Bankrate.com found that just 22 percent of Americans have amassed that cushion. Twenty-one percent had less than three months' worth of expenses, and 29 percent had no savings at all.[50]

With Americans saving little overall, including for retirement, Social Security is crucial to sustain the elderly. Because women earn less during their work lives, their Social Security retirement benefits are also, on average, lower than men's. The average retirement benefit for a male worker in 2010 was $1,323, while the female worker's average retirement benefit was $1,023. For two-thirds of seniors, Social Security accounts for more than half of monthly income, and for more than one-third (35 percent), Social Security accounts for more than 90 percent of monthly income.[51]

Unfortunately, Social Security itself faces significant financial problems because it relies on what is known as a pay-as-you-go system. That means that taxes collected today are used immediately to fund benefits to current retirees. Nothing is saved for the future.

The stability of such a payment scheme depends on having many more people paying into the system than people taking benefits out of the system. That was the case when Social Security was designed. In 1940, there were more than 150 workers paying taxes to Social Security for each Social Security beneficiary. By 1960, there were five workers per beneficiary. Today, there are less than three workers paying in for each person taking retirement benefits out.[52]

That ratio is going to continue to get worse because of underlying demographic trends, such as our low birth rate, people living longer, and growth in the retiree population. This means that right now, when Social Security owes a retiree a monthly check for $1,200, the Social Security Administration (SSA) needs to collect about $400 each from three workers. That's a significant cost for the average American worker today. As the number of workers per retiree falls, each worker's share increases, and he or she will have to pay significantly more to support those benefits. By 2020, the SSA estimates there will be just 2.1 workers per retiree, so that $1,200 monthly benefit would essentially have to be split between two workers—a very significant burden for the shrinking pool of working Americans.

Social Security payroll taxes are already failing to generate enough money to cover annual benefits. This is a problem that will continue to get worse in years ahead, and taxes will have to rise considerably if the government is to make good on current promises.

Social Security's financial problems are just one of the system's flaws. Social Security also does not provide a very good deal for many Americans—and the outcomes from Social Security are often simply unfair. How much one receives from Social Security largely depends on how long one lives. Some people pay into Social Security through their working lives, die at age 65 before retiring, and receive nothing back from Social Security in spite of years of contributions. Since those with lower incomes also have lower life expectancies, this can particularly harm the poor.

Social Security also rewards some family structures over others. A married woman with a working husband can work for years and pay into Social Security, but end up no better off than if she had not worked at all.

As policymakers consider how to reform Social Security, they should try to do more than just get Social Security's books to balance. They need to try to create a system that is equitable and helps Americans become a nation of savers. We also need to find more ways to help Americans save during their working lives. Of course, the biggest barrier to savings today is that too many Americans are struggling to make ends meet and do not have enough money left over to be able to save for future needs, such as retirement. Growing the economy to create more jobs with higher wages remains the real key to enabling more Americans to save.

POLICY SOLUTIONS

Expand Catch-up Contributions to Retirement Savings Vehicles: Women tend to take more time out of the workforce to care for family members. As a result, they tend to earn lower wages while working and often miss savings opportunities for multiple years. Therefore, lawmakers should do more to facilitate savings, recognizing that many Americans—particularly women—do not have consistent work histories and may have much more capacity to earn and save in some years than in others. Rather than just having those over 50 allowed to make larger contributions to savings vehicles, policymakers should allow "catch up" contributions to IRAs and 401ks to anyone who misses the opportunity to save in one year (whether due to unemployment or to care for family members). This will help people save more so they have their own safety net ready for retirement.

Reduce Capital Gains Taxes: Policymakers can also attempt to encourage more savings by changing tax laws that discourage savings. Under current law, when Americans purchase a stock or earn interest on an investment, they are taxed on the return generated. By comparison, when someone purchases something else—whether it is a new dress or a television—they are not expected to pay a tax every time they use or receive enjoyment from that purchase. Savings alone is singled out for additional taxes, even when those investments are made with after-tax dollars. This double-taxation of savings encourages consumption today and discourages prudent investment in the future. Policymakers should be seeking to reduce, or even eliminate, these taxes in order to change this dynamic and encourage more Americans to save.

Reform Social Security to Protect the Safety Net: Policymakers should consider reforms that would make Social Security more financially sound and ensure that Social Security serves as a safety net for those who need it most. To help balance Social Security's expected costs, policymakers should slowly increase the retirement age for future retirees, in recognition of changing life expectancies. Policymakers should also review how cost of living increases are calculated. Under current law, people are receiving *more* generous Social Security benefits, in real dollar terms, than beneficiaries were a generation ago, and the value of Social Security benefits are expected to increase for future retirees. Given that Social Security's finances are already out of balance and the per-worker cost of providing Social Security benefits is climbing rapidly, Congress ought to consider changes to how benefits are calculated. Rather than promising more generous retirement benefits to future workers (which the federal government will be unable to fully pay for under current law), future retirees' benefits should be comparable to those received today.[53]

Congress should also consider explicit reductions in benefits that are paid out to high-income retirees, while augmenting benefits for lower-income beneficiaries. Social Security is not meant to be a welfare program, and the benefits that are received are supposed to bear a relationship to taxes paid in during one's working life. However, given Social Security's bleak prospects, changes have to be made, and those seniors with the highest incomes will be better able to withstand reduced benefit payments. It may not be fair, but it may be necessary.

Make Social Security More Fair by Rewarding Work: Policymakers should also begin to phase out how benefits are calculated for married couples to better recognize and reward the contributions of working spouses. Under current law, a spouse who never works is eligible to receive one-half of her spouse's Social Security retirement benefit, even though she has never directly paid into the system. This can result in some great inequities as a family with one higher earner and a stay-at-home parent can be eligible for higher benefits than a two-earner couple that pays more taxes into the system. Policymakers should phase out the subsidy for the stay-at-home parent to create a fairer system that reflects modern families and rewards workers for their contributions to the system.

Encourage Savings as a Part of Social Security: Policymakers should consider how to move toward a system that allows people to save and invest on their own. A defined contribution system, which consists of personally-owned retirement accounts, for example, would allow people to put money away for their own retirement, and those assets would grow during their working lives. That account would be someone's personal property and could be passed on at death.

Such a system would be much fairer in terms of the treatment of individuals: Those who work longer would contribute more and would have more assets at the end; those who die before reaching retirement would at least be able to pass a nest egg on to their loved ones, rather than forfeiting a lifetime of savings.

There are many ways to incorporate a system of personal accounts into Social Security while maintaining a basic safety net (to make sure that, regardless of the performance of the financial markets, everyone eligible for Social Security receives income support that keeps them out of poverty). Many of these proposals are more progressive, guaranteeing greater benefits for those with lower incomes while reducing promised payouts for wealthier cohorts. While policymakers address Social Security's immediate financial challenges, they should also consider how to turn this often-arbitrary pay-as-you-go system into a system that gives the American people ownership of their retirement assets.[54]

THE BEST PROTECTION FOR WOMEN FROM DISCRIMINATION AND POOR WORKING CONDITIONS IS A ROBUST ECONOMY, WHICH PUTS PRESSURE ON EMPLOYERS TO TREAT EMPLOYEES WELL OR RISK LOSING THEM.

Pay Equity and Combatting Discrimination

THE WAY IT CAN BE

We need workplaces where women and men are both treated fairly and receive fair compensation based on performance and merit, irrespective of their sex. Our legal system must enable workers who are discriminated against by their employers to sue and receive remuneration, thereby encouraging employers to treat their employees honorably in the first place. However, we also need a legal system that discourages expensive lawsuits and allows employers to offer employees a variety of compensation packages and reward productive and meritorious performance.

The best protection for women from discrimination and poor working conditions is a robust economy, which puts pressure on employers to treat employees well or risk losing them. That is why encouraging greater economic growth and job creation (as described previously in this report) is the *real* key to generating a healthier and fairer work environment.

THE CHALLENGE WE FACE TODAY

Americans often hear that women are consistently paid less than men for equal work. This widespread presumption is based on a misunderstanding of a statistic that compares the earnings of all full-time male workers and all full-time female workers, generally showing that women earn about 80 percent of what men do. People refer to this as the "wage gap" and extrapolate that women make 80 cents for every dollar a man earns for doing the *same* work, which is simply not the case.

This statistic does not actually compare two identically situated workers, one male and one female. The "wage gap" narrative ignores the many different choices that men and women tend to make when it comes to education, work, and family. Many factors—such as college major, industry, number of hours worked, time spent in the office, occupational hazards (i.e., dangerous work), and years of experience—affect earnings. When these variables are taken into account, the wage gap shrinks to just a few percentage points, some of which may be explained by discrimination. They could also be explained by women's lower propensity to negotiate their salaries or choices to prioritize job attributes other than pay.[55]

The focus on this one statistic and this one aspect of someone's job (how much money they earn) overlooks how people actually evaluate work opportunities. Salary or take-home pay is just one factor that people consider when deciding whether or not to take a job. Money is balanced against other job attributes such as the nature of the work, the hours required, the workplace environment, the potential for advancement, and the ease with which one can get to and from work. The Independent Women's Forum commissioned an in-depth study to get a better sense of how women value different job attributes and found that women have very different preferences and priorities depending on their circumstances. For example, working mothers tend to place a high value on flexibility: Overall, IWF's research found that offering a combination of flexible schedules, telecommuting, and reduced hours was about equivalent to offering 10 paid vacation and sick days or between $5,000 to $10,000 in extra salary.[56] This means that women are often willing to trade significant extra pay for other forms of compensation that they value, but which are not easily captured in pay statistics and are ignored by the "wage gap."

The fixation on eliminating the wage gap also pits men and women against each other, overlooking that Americans want both sexes to have ample job opportunities and to flourish. A decline in men's average earnings might reduce the wage gap, but it will not help women earn more or improve their lives. Women want their husbands, sons, brothers, fathers, and friends to succeed. What traditional feminists often fail to recognize is that women also suffer when the men in their lives are struggling.

Of course, just because women are not actually earning 80 cents for every dollar a man earns does not mean there is never discrimination. Many women still face unfair treatment in the workplace and need legal help. According to IWF's research, the vast majority of women (74%) believe discrimination is at least somewhat of a problem in the workplace. Many are not aware that laws such as the Equal Pay Act of 1963 and Title VII of the Civil Rights Act of 1964 protect against baseless gender discrimination and give employees the opportunity to seek redress when they face mistreatment.

Pregnant women face unique challenges in the job market and working world. Pregnant women are officially protected from discrimination and retaliation from their employers based on their condition under the Pregnancy Discrimination Act of 1978. However, even after the 2015 Supreme Court ruling in *Young v. United Parcel Service*, which considered this issue, existing law still leaves ambiguities for how employers must make accommodations for pregnant women, which can lead to confusion and real harm for women.

Employees do use these discrimination laws to challenge employers who they believe are treating them unfairly. For example, in its 2015 data, the Equal Employment Opportunity Commission (EEOC) reported it received nearly 27,000 charges from workers alleging some form of sex discrimination under Title VII.[57] Many, but by no means all, of these charges had merit. Of the more than 27,000 Title VII sex-based charges the EEOC resolved in 2015, the agency determined that a violation occurred in fewer than 4 percent of the charges, and another approximately 16 percent resulted in some other outcome favorable to the charging parties.[58] Of course, these laws not only provide employees with avenues for recourse, but they also discourage employers from behavior that could encourage litigation.

Some efforts made in the name of protecting women and discouraging discrimination, however, can backfire on employees, particularly women. For example, the Department of Labor just announced a new proposed rule that would require businesses to provide additional data about their compensation practices—including the demographics, such as sex and race of their workers—to the Equal Employment Opportunity Commission. Proponents claim that this will help the EEOC identify companies that systematically pay women less or otherwise discriminate against workers. However, this new reporting requirement will be costly to administer and also encourage businesses to move toward a one-size-fits-all compensation system that could reduce flexibility for workers.

A human resource manager may know that one worker is paid less than another for a legitimate reason: For example, a working parent may choose reduced hours or less travel responsibilities in return for less pay. She may see this new compensation package as a significant benefit for her, allowing her to dedicate more time to children when they are young, but also enabling her to continue to work and earn money, and therefore to be better positioned to advance her career when her family circumstances change.

Such nuances will not be easily reflected on the forms submitted to the EEOC. Risk-averse human resource managers will have an incentive to limit such negotiations to make clear to potential regulators that they are following the law and not discriminating against select workers. Businesses will find ways to make clear why differences in pay exist, such as by officially demoting workers who seek additional flexibility with a lower job title or requiring them to accept a standard part-time position. This will leave workers—particularly working mothers who often place a high value on flexibility—with fewer and worse options.

Similarly, proposals like the Paycheck Fairness Act, which is promoted under the banner of helping women, could also backfire on women. By increasing the likelihood of class action lawsuits and burdening businesses with increased litigation costs, employers would have a reason to hire fewer workers, particularly women, who create greater risks of litigation. Sadly, increasing the number of class action lawsuits, which often take 7 to 10 years for litigation to unfold, would do little to correct situations where women may not be receiving equal pay for equal work.

Our challenge is to create laws that discourage workplace discrimination and allow for recourse for employees who are mistreated, while maximizing economic opportunity and flexibility so that American women and men have the freedom to work and earn more in jobs that meet their unique needs and preferences.

Strengthen Protections in the Equal Pay Act: Lawmakers can help eliminate current ambiguities in the Equal Pay Act to better protect workers and build a better understanding among businesses of their duties under the law. Under current law, employers can justify pay differentials between men and women if they are attributable to "any factor other than sex." To clarify the limits of employers' defense, the Equal Pay Act should be amended so that differences must be related to "any business-related factor other than sex."

Clarify Pregnancy Discrimination Act: The Pregnancy Discrimination Act of 1978 was intended to help women continue working while pregnant. However, ambiguities in the law fail to make clear the expectations for how employers must accommodate pregnant workers. A simple change to the existing Pregnancy Discrimination Act can clarify that a pregnant worker must receive the same accommodations as other workers with similar abilities and limitations. This amendment has been offered as legislation by Rep. Tim Walberg (R-MI) and Sen. Lisa Murkowki (R-AK)—the Pregnancy Discrimination Amendment Act—in the 114th Congress.[59]

Conclusion

In many ways, American women are working harder and doing more than ever before. They are achieving more professionally, and a growing number are balancing these professional successes with vibrant personal lives as wives, mothers, and community leaders. The freedom to pursue so much is wonderful, but it means we need modern public policies that work just as hard to give women more resources and opportunities to succeed and build the lives that they want for themselves and their families today and in the future.

In addition to these important reforms to help women at work, policymakers ought to consider how to make life more affordable. After all, one reason women feel so much pressure in the workplace is because the cost of living is steadily creeping higher. The Pew Research Center found that less than a third of working moms (32 percent) would *choose* to work full time if they had the option, but the cost of goods, services, homes, energy, and education makes it seem as though this is an option they cannot afford.

Economic growth and job creation will help women earn more and find jobs and careers that they want and that better meet their unique needs and situations. Yet helping women and families also requires a concerted effort to roll back the policies of the progressive state that are driving up the cost of living—from unnecessary, burdensome regulations to insider deals that reward some politically-connected businesses while harming smaller upstarts.

A particular burden on families, especially those with low-incomes, is the rising cost of food. Many lower-income families spend up to a third of their budgets of food, and counterproductive government policies contribute to this trajectory. Labeling requirements, ingredient restrictions and specific taxes are ineffective at encouraging healthier eating habits, but are making producing and selling food more costly, which is driving up food costs for consumers. Import tariffs and rules governing agriculture practices that reduce production lead to less supply and higher prices. Rolling back these government policies would help drive down prices and make it easier for families to make ends meet.

Similarly, the cost of college is a pressing concern for families who value higher education, but struggle to save for the enormous financial burden now associated with college. Over the last thirty years, the cost of attending private and public colleges has more than doubled after adjusting for inflation.[60] One reason for this rapid growth is government intervention into the education market. Efforts to subsidize colleges through direct government aid, special loan programs, or scholarships seem like they should bring down costs for students and families; yet too often school administrators see these subsidies as an opportunity to spend more and increase what they charge.[61] The result is that the government takeover of the student loan business and other efforts to provide greater tuition support are actually driving up the cost to students and the amount of debt they must assume to pay for their schooling.

Policymakers should work to make higher education more affordable and encourage colleges and universities to provide better value to students. They should explore important reforms such as requiring that public universities make educational materials available online, expanding options for students to earn college credit for public universities through competency-based learning and testing, and creating new lending paradigms that help students avoid taking on substantial debt.

Housing is also unnecessarily expensive, in part because of ill-conceived public policies. Ironically marketed as policies to make homes more affordable and city life more attractive, so-called "smart growth" or "urban containment" policies are helping drive prices up. These policies reduce housing supply through zoning that limits construction, excessive taxes on development referred to as impact fees, arbitrary height restrictions, and parking space minimums among other things. Federal programs advance many of these restrictive land-use trends in the name of "smart growth," but these problems will best be resolved at the state and local levels where public officials need to reverse course. Accordingly, action at the federal level should focus on doing no harm, while at the state and local level, policymakers should seek policies that allow housing supply to meet market demand, which will lead to lower prices and more innovation in the housing sector.

Energy costs also have a significant effect on the cost of living for American families. Americans have been fortunate that gasoline prices have recently fallen, but the average American still spends more than $3,000 a year on energy.[62] Energy costs affect the price of food and other basic merchandise, as well. Unfortunately, the Obama Administration has been moving in the wrong direction by establishing aggressive new regulations in the name of combatting climate change. These policies would do little to change overall emissions, but would dramatically increase energy prices for American businesses and families. Policymakers should reject new regulations like the Clean Power Plan, recently subject to a stay by the Supreme Court, and reverse other existing, counterproductive policies, such as ethanol mandates and subsidies for renewables, which also increase costs.

Hard-working Americans should feel secure that they can earn enough money to provide for their family's core expenses and save for future needs. We want dynamic, competitive markets so that businesses are competing to provide customers with the best value at the best price. We need to roll back government policies that impede this market process and unnecessarily inflate prices. Americans who work hard should not be left worrying about their ability to afford these goods and services that are a critical foundation to a healthy, prosperous life and to living out the American Dream.

For more information about these and other important policy topics, please visit the Independent Women's Forum at www.iwf.org.

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We all want women to succeed in living out their dreams – whether those dreams are to become the CEO of a major corporation, the President of the United States, a home-based entrepreneur, or a stay-at-home mother raising strong children and building a healthy community.

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