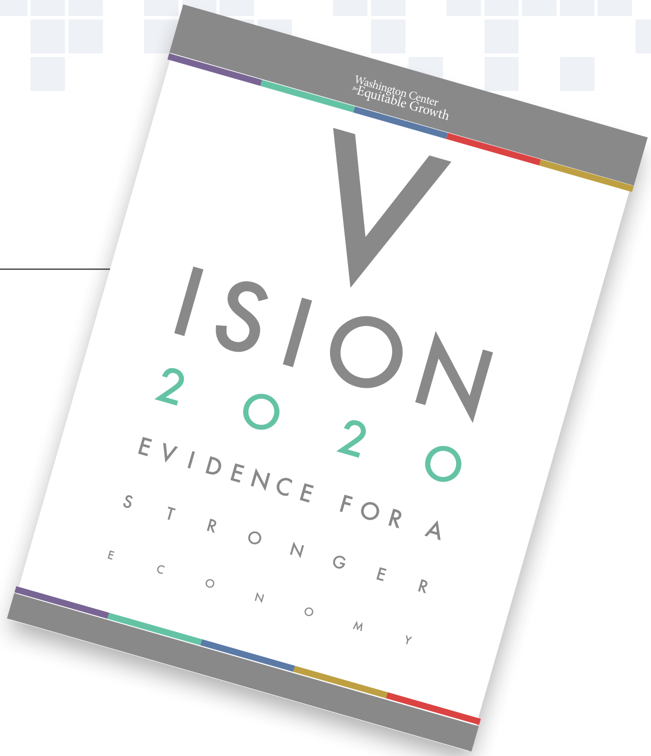
Washington Center for Equitable Growth
Evidence for a stronger economy



Family economic security

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Economic growth that is truly broadly shared is experienced by families across the income distribution. Family economic security is fundamentally intertwined with growth: Families are the structures that support workers who provide the labor that fuels growth, and they are the economic units through which the fruits of economic growth are shared.

Four key policy areas that structure the economic lives of families are paid family and medical leave, childcare and early education, work schedules, and the social safety net. Each of these supports families as they engage in the labor market, making it possible for families to both care for each other and raise the next generation while also contributing to the economy through paid employment.

Innovative ideas that will raise living standards for families in this country must be a high priority for the upcoming debate and in the coming years. The following essays offer those ideas, along with research evidence on these hotly debated ideas. Each of the essays in this section of the Washington Center for Equitable Growth's latest book *Vision 2020: Evidence for a stronger economy* is designed to help policymakers leverage the evidence we have to enact smart policy that improves the well-being of people and families across the income distribution.

https://equitablegrowth.org/vision-2020/

The economic imperative of enacting paid family leave across the United States

Maya Rossin-Slater, **Stanford University and** Jenna Stearns, **University of California, Davis**

Many U.S. workers have caregiving responsibilities for infants and small children, as well as parents and other older relatives. But only some workers have paid family leave. The lack of paid family leave at most low- and moderate-income jobs exacerbates inequality. Paid leave can help employees balance the competing needs of work and family by allowing for partial wage replacement to care for newborn or newly adopted children or ill family members while improving job continuity for caretakers. Research shows that paid parental leave at the state and local level improves child health and development and maternal well-being while causing minimal negative impacts on employers.

Solution

- Establish a federal paid family leave program that allows employees to take time off from work with partial wage replacement to care for newborn or newly adopted children or ill family members.

- Paid leave at the federal level could help children from all backgrounds, curb the growth in inequality, and boost long-term U.S. economic growth and stability.

Addressing the need for affordable, high-quality early childhood care and education for all in the United States

Taryn Morrissey, **American University**

High-quality early care and education promotes children's development and learning, and narrows socioeconomic, racial, and ethnic inequalities. At the same time, it promotes parental employment and family self-sufficiency. Unfortunately, most existing programs in the United States are expensive and difficult for parents to juggle alongside their jobs. Existing state and local paid family leave programs help parents in places with those programs to manage their own health and their newborns' needs while maintaining their jobs and a basic income. But the transition to early care and education is often tumultuous for both parents and children, given the dearth of high-quality, affordable options.

Solutions

Affordable, high-quality, and stable early care and education, for the years following periods of paid leave and preceding preschool, is a necessary component of the U.S. economic infrastructure. Expanding early care and education options can narrow pervasive social and economic inequalities and lead to greater U.S. economic growth. Lawmakers should:

- Establish national policies that ensure high-quality, affordable, reliable early care and education that provide care while parents work and promote children's readiness to enter kindergarten by supporting cognitive, social-emotional, and behavioral development.
- The costs for families of such a plan should be based on a sliding income scale, and the plan should offer mixed-income classrooms, be flexible enough to meet families' diverse needs, address the overall supply of early care and education, and cope with current gaps such as care during nonstandard hours and for children with special needs.
- Examples of universal policy solutions that would improve affordability, quality, and supply are the Child Care for Working Families Act and the Universal Child Care and Early Learning Act.

Fair work schedules for the U.S. economy and society: What's reasonable, feasible, and effective

Susan Lambert, **University of Chicago**

Scheduling practices in low-wage U.S. jobs are problematic for hourly U.S. workers, because too many workers must contend with fluctuating hours, short notice of work schedules, and having little input into when and how much they work. Erratic, unpredictable work schedules make it difficult for these workers to care for loved ones, do well in school, and achieve economic security.

Solutions

Improving work schedules for hourly U.S. workers requires policies aimed at changing the behaviors of frontline managers because they are the ones who schedule employees, and these managers can improve the predictability and stability of employees' schedules while also meeting business imperatives. Useful policies include:

- Enact a comprehensive federal scheduling law based on state and local laws that, generally, provide workers with:
  - two weeks' notice of their schedules
  - a good-faith estimate of their hours

- greater say over their shifts, and
- protection from arbitrary last-minute schedule changes.

- Rather than prohibit employers from making changes to schedules once they are posted, such laws can require employers to provide a premium—"predictability pay"—to workers when a manager requests a change.

- The federal government could help businesses by subsidizing research and development of technology to ease compliance and documentation, which would also facilitate enforcement.

Earnings instability and mobility over our working lives: Improving short- and long-term economic well-being for U.S. workers

Emily E. Wiemers, **Syracuse University** and Michael D. Carr, **University of Massachusetts Boston**

Rising inequality in earnings is a fact of the U.S. economic landscape. The rise in earnings inequality has occurred because, on one hand, earnings have become more unstable in the short term, and, on the other hand, the more stable, or permanent, part of earnings has become more unequal in the long term. As permanent earnings have become more unequal, workers find it harder to move up the earnings distribution over their careers. This trend is exacerbated by the growing precariousness of work, especially for less educated and low-income workers.

Solutions

U.S. workers need more accessible and robust public safety net programs and incentives to increase private savings to buffer short-term declines in earnings and spells of unemployment, alongside investments in education and pathways to high-quality employment to reduce long-term earnings inequality and improve upward earnings mobility. Policy changes need to address a number of issues.

- To address short-term earnings volatility:
  - Increase access to paid leave for workers' own healthcare needs and for family caregiving.
  - Improve access to flexible, low-cost childcare.

- To help families cope with downward earnings shocks:
  - Eliminate work requirements for the Supplemental Nutrition Assistance Program, or establish a national unemployment trigger in which SNAP work requirements would be automatically suspended when unemployment is high, and increase the value of benefits—for example, by accounting for the time required for food preparation and the geographic variation in food prices.
  - Help low-income households build savings by improving access to banking services and encouraging such vehicles as no-overdraft accounts to prevent such households from incurring substantial banking fees.
  - Further promote savings by (1) providing incentives to save regularly from each paycheck or from lump sum amounts from government transfer programs such as the Earned Income Tax Credit or the Child Tax Credit, (2) encouraging employers to offer nonretirement savings plans to workers though payroll deductions, and (3) having households receive tax refunds through direct deposit to a bank account.

- To address long-term inequality and stagnant mobility over working lives:
  - Expand access to high-quality preschool.
  - Promote college completion among children from low-income families by expanding Pell Grants for

low-income college students and increasing state funding for community colleges to provide more clear pathways to both associates degrees and four-year colleges.

- Assist four-year and community colleges to develop programs to teach students how to conduct a job search to find a high-quality first job or to establish explicit pathways to apprenticeships for high-demand careers.

Policies to strengthen our nation's Supplemental Nutrition Assistance Program

Hilary Hoynes, **University of California, Berkeley** and Diane Whitmore Schanzenbach, **Northwestern University**

The Supplemental Nutrition Assistance Program is effective and efficient, providing food benefits to a wide range of needy individuals and families, who purchase the foods they desire from local food retailers. The program reaches a broad range of low-income individuals, helping about 1 out of every 8 Americans afford the food they need. But recent policies have damaged the program.

Solutions

Congress should repair the damage done to the program and strengthen it for the future by reversing recent rule changes for eligibility and the public charge determinations for legal immigrants, improving the program's ability to protect young children by increasing SNAP benefits to their families, enhancing the program's recession-fighting power, and supporting efforts to increase the number of eligible families who sign up for benefits. Specifically:

- Preserve supports for working families built into the Supplemental Nutrition Assistance Program that have been targeted by the Trump Administration. Specifically: preserve the program's broad-based category eligibility, which allows families with total incomes above 130 percent of poverty to participate if they have certain characteristics, such as high expenses for housing or childcare, or if the earned-income deduction in the SNAP formula gives them eligibility; and preserve the public charge rule, a long-standing administrative rule that determines whether to confer citizenship to an immigrant, changes to which would provide strong incentives for documented immigrants who are eligible for the program to not participate in the program and other safety net benefit programs.

- Implement two automatic stabilizer reforms that would kick in when an economic downturn occurs to help mitigate its length and severity: (a) automatically increase maximum SNAP benefits by 15 percent, and (b) automatically waive existing SNAP work requirements.

- To reduce poverty for families with young children and improve the children's life trajectories, introduce a "young child multiplier" that would increase maximum SNAP benefits by 20 percent for households with children between ages 0 and 5. For any family with a qualifying child in the household, the maximum benefit would be multiplied by 1.2, and the family's benefits would be calculated according to the standard benefit formula for deductions and net income calculations.

- Further increase take-up rates for SNAP benefits by more aggressively providing information on eligibility or information plus application assistance, by addressing regular recertification periods that contribute to incomplete take-up, and by experimenting with other tools for raising take-up rates.