

THE BROOKINGS INSTITUTION

WEBINAR

RETHINKING THE ECONOMICS OF CHILD CARE AND PAID LEAVE: POLICIES TO PROTECT
WORKERS AND FAMILIES

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PARTICIPANTS:

Welcome and Introduction:

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Former U.S. Treasury Secretary
Co-Chair Emeritus
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Framing Remarks:

GINA RAIMONDO
Secretary
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Roundtable Discussion:

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P R O C E E D I N G S

MS. EDELBERG: Hello, I'm Wendy Edelberg, director of the Hamilton Project. The pandemic has laid bare two essential truths about the social insurance system. For millions of families it stands between them and catastrophe. At the same time, the pandemic has revealed that the social insurance system in the United States has serious inadequacies. Among all the issues that deserve attention, child care for and paid leave are certainly top of mind. As we watch parents of young children pulled back from participating in the labor force facing extraordinarily challenges with childcare and financial instability.

In a moment, former treasury secretary Bob Rubin will be introducing Commerce Secretary Gina Raimondo who will offer some framing remarks for today's session. Then, I will be back to offer some questions for the secretary. And then, introduced and moderate a panel that highlights to policy proposals the Hamilton Project has published today. One on unpaid family and sick leave, and another on early childhood education and care.

Thank you to everyone who has already submitted questions for today's event. We will continue to accept your questions at our email address info@hamiltonproject.org, and to our Twitter account [@HamiltonProj](https://twitter.com/HamiltonProj). We will also be live tweeting today's event with [#SocialSafetyNet](https://twitter.com/hashtag/SocialSafetyNet). With that, let me turn things over to Bob Rubin.

MR. RUBIN: Thank you Wendy. On behalf of my colleagues at the Hamilton Project, Gina, we appreciate you being with us enormously. Let me welcome all of you to this session, and this webcast.

As Wendy said, today's program will focus on policies around paid family leave and sick leave, early childhood education and child care. These are issues that remain -- oops, my phone just went off. That's my son who Wendy knows quite well, but I'm going to put him on hold. Okay, or that Gina knows well, rather.

In any event, these are issues that I've been involved with for a long time and they are social issues but I think they are also imperative economic issues. And they are really centrally important

now to getting our people back to work, and especially getting women back into the workforce. Women in the workforce has been an important positive of the American economy for a long time, but we slipped in recent years, and I think centrally focused on getting back to where we used to be will be these kinds of policies.

We are delighted to have Gina Raimondo with us, the secretary of commerce, these are complex issues and she's going to frame them for us and then lead us through a discussion, or at least the beginnings of a discussion of them. I'm not going to recite from her distinguished resume, but I will note that she is particularly well-suited for her current job. She did an enormously effective job in promoting Rhode Island's economy when she was the governor, and also in enabling people to participate – better participate in balancing their lifestyle and their activity in the workforce. As governor, she was keenly aware of the role that paid leave and childcare play in supporting economic development and opportunity, and again, especially for women in the workforce.

President Biden has tapped Gina for a principal role in explaining his programs to the American people. And as you know, there are billions of dollars proposed for access to quality care, affordable childcare, and care for the elderly and disabled. And all of that, as I said a moment ago, is centrally important for getting people back into the workforce. And especially, for reestablishing ourselves as an economy with ready access to the workforce for women.

Let me conclude by recognizing Wendy Edelberg who you have already met who is the director of the Hamilton Project, and the rest of the capable team at the Hamilton Project without which none of what we do would happen. With that, I enormously look forward to the discussion and I welcome to the podium Secretary Raimondo. Gina, the platform is yours.

SECRETARY RAIMONDO:.. Thank you Bob. And when you call Jamie back you have to promise to say hello for me. And thank you Wendy, and congratulations Elizabeth and Tonya on the release of your papers. I'm so pleased that you will be discussing them today.

This is an incredibly important topic. It is a topic that relates to not only to women but it's about unleashing the full potential and productivity of our entire workforce and making sure that every

business has access to the skills and talent that they need in order to flourish. And frankly, for too long it's been put on the back burner, so I give you a lot of credit for focusing on it today. And of course, it is my honor to work for a president who appreciates how important investing in the care economy is.

As Bob mentioned, child care and paid leave are topics that I devoted a great deal of time to as governor and would be happy to dig into that in questioning if anyone is interested. But I was able to work with my legislature to bring about all day public kindergarten, to triple the number of public pre-K classrooms, put significant investment in building pre-K and childcare facilities. We also unionized home-based childcare workers, and I was able to twice give them raises related to their skills. So really professionalizing the industry which I think is so vital. And again, I'm happy to go into those details.

Today, I wanted to focus for a few minutes on the role of the federal government in providing for paid leave and childcare and supporting our families, our economic development, and frankly, I think our global competitiveness. I have been, as Bob mentioned, the president has asked me, and a couple of my colleagues to take the lead on selling the jobs package on Capitol Hill, and in the community. And I have been talking quite a bit about the care economy.

Some have said, you know, what's the commerce person doing the talking about the care economy? Should that be HHS? But the truth of it is this is at the core of competitiveness, productivity and growth. And I, as a result, find myself talking about it a lot, intentionally and trying to draw that link between childcare, paid leave, and the economy.

As all of you now know, is a familiar statistic, about two and a half million women left the workforce during the pandemic. Some have called the "shcession," and just last week's jobs report showed there are still 8 million fewer jobs today in the economy than existed before the pandemic. Most of which correspond to women's employment. And industries that have been the slowest to recover are, not surprisingly, female dominated, leisure, restaurants, hospitality, education. And much of that is because women still bear the burden primarily of caretaking, and too many schools and childcare centers are still closed.

The vice president has said that the exodus of women from the workforce is a national

emergency. And I agree with her. I don't think that the and exaggeration. Now, as Bob said, the truth is even before the pandemic of our country was in the midst of a caregiving crisis, and we had seen women pulling out of the workforce in great numbers because of it. But the pandemic, as with other issues of equity has shown a great light on that. And for that reason, this is our moment to really lean into this, to give caregivers, who are by the way, disproportionately women, and women of color, and immigrants, decent wages, decent jobs, and restore dignity to that -- in these jobs.

And that what the president's economic agenda is all about. It is a bold agenda, and I'm proud of the president for including care economy investments in the jobs the package and family package. It invests \$400 billion towards expanding access to quality, affordable home care for our aging relatives and people with disabilities. I suspect many of you can relate to that. My mother, who will be 90 next month has a fantastic care team of all women caring for her in her home. I think they are heroes and angels, and we're lucky to have them.

The American Families Plan includes \$1.8 trillion in investments in American families and children, by the way, the largest investment of its kind since World War II. That includes universal access to pre-K, as well as 12 weeks of paid medical and family leave. As we all know, the United States is the only industrialized country that doesn't have a paid leave program. Combined with other programs, these are intended to tackle what I referred to earlier as the shecession.

Some of the other initiatives include investing in training to ensure women can fill jobs that are open today, providing mentorship and apprenticeships, insuring every American has high-speed internet. The package calls for a \$100 billion investment into making sure everyone has access to broadband, and other supports for women and entrepreneurs.

So I think I will end it by saying, I hope we can all agree that this economy cannot fully recover unless women can fully participate. And women cannot fully participate until we have adequate public pre-K for every 3 and 4-year-old, paid family leave, and a sustainable care economy infrastructure that provides for home-based care for our elderly and disabled loved ones.

And this package, provides for the first time ever in American history investments in that

care economy which will enable that; which I believe is a -- it reflects; the world has changed, our economy has changed, who is participating in the workforce has changed, the way we learn and work has changed, and so we need to update and modernize our systems in order to reflect the reality of who we are and the workforce of today which is the moral and right thing to do, as we build back better and more equitably. But quite frankly, it's necessary in order to compete globally, and to unleash our full productivity and growth in our economy as we go forward.

So it will pay dividends for future economic productivity for years to come, and I'm again, so delighted that you invited me; delighted that you're having this discussion, and if you have a couple of minutes, I'm happy to take any questions.

MS. EDELBERG: No, that's super. Thank you so much Secretary Raimondo for kicking us off with such an important statement. Your remarks highlight the significance of the issues we are about to discuss and give a sense of the enormous magnitude of the effort that will be required to put childcare and paid leave policies on a better path. And indeed, I do have some questions.

So you are in a unique position to be able to talk about the intersection between state and local policies, and federal policies with regards to both childcare and paid leave. How do you think about -- so think of your time in Rhode Island. How can we best leverage the efforts of that -- the excellent effort so that some of the states are doing? How can we best leverage those when we think about federal policies we want to put in place?

SECRETARY RAIMONDO: So there's one thing we have to recognize as it relates to long-term care for elderly and disabled folks, is that we have a healthcare system which disproportionately prioritizes institutional settings, you know nursing homes and assisted living which are extremely expensive. And so what we need to do -- and by the way, nobody would argue that a nursing home or assisted living is infrastructure, it's brick-and-mortar. It's expensive and not necessarily the right place to be for everyone.

So what we need to do is build up the "infrastructure" for home-based care, which will deliver better care for people at home, and reduce our overall healthcare expenses which we need to do.

In order to do that, what we did in Rhode Island was we made it easier to funnel folks into home-based system. We trained workers to provide healthcare at home. We unionized those workers and allowed them to collectively bargain, increase to their wages, allow them to earn higher wages as they improve their skills. And Rhode Island still has an awful lot of work to do, but it's one of only two states in the country who set up that sort of a system.

The president's \$400 billion investment in Medicaid enables that work to happen at scale all across the country. So Medicaid pays for the homebased workers and starts to build in some of the job training and wage increases and just frankly, systems and structures to enable that homebased work at scale, which again, I think is humane and dignified and long-term actually will bring down the cost of providing long-term care.

MS. EDELBERG: And then at the same time, how -- what system's in place -- what systems do you put in place to ensure quality? I know that's something that our authors have thought a lot about in putting together their proposals.

SECRETARY RAIMONDO: I think quality is essential. It's essential in childcare. There is numerous studies show that children benefit tremendously from high-quality early childhood education. By the way, any parent on this call can tell you that. I saw my own children flourish in high-quality pre-K. There are quality metrics and I think we need to follow them, enforce them, credential against them.

And quite frankly, pay payment to quality. You know, reimbursement rates and payment rates in childcare or home care and elder care ought to tie to quality so we incentive higher quality. So we incentive higher quality. And the same for wages. You want wages to rise as people's skill level rises.

So I think what we're talking about here really is a lifting up of the economy in ways that benefit the children. You know, we haven't talked about that productivity. You know, children who are given excellent high-quality care early on will go on to be more productive and happy members of society and our workforce. So I think quality is very relevant.

MS. EDELBERG: So I'm looking at the time. Perhaps we only have time for one more question. So maybe with your commerce secretary hat on; tell me about the conversations that you're

having with businesses and particularly small and medium sized businesses. What assurances do you give them that this new structure can work for them and tell me about their concerns.

SECRETARY RAIMONDO: Last week I was able to host the vice president in my hometown of Providence and we had a round table which was so impactful, with a handful of women that owned small businesses; a salon, an engineering firm, a bakery, and the stories that poured out of their mouths were pretty heartbreaking. Who had to max out their credit cards in order to pay for child care. Who had to leave the workforce because they just couldn't get childcare and their business may or may not be able to reopen.

I mean, story after story and you know, really I felt that they were saying thank god we finally have a president and an administration who see the, who hears us, who recognizes our struggle and isn't making us choose between being a good mom and being a good worker. And so at least from their vantage point it was a sense of, like, why is it taking so long, and thank you for moving forward on this.

MS. EDELBERG: And medium-sized business who might share some of the financial burden with making sure that there is, not just quality childcare but also paid leave. What concerns do you hear from them?

SECRETARY RAIMONDO: Well, none so far because in the president's proposal that won't see that. The plan calls for federal funding of paid leave. We'll get to the full 12 weeks over a 10-year period. And the only tax increases are on bigger companies and on the wealthiest Americans. So far anyway we haven't seen or heard pushback on that.

MS. EDELBERG: Well, that's great. Thank you so much, Secretary Raimondo this has been super. Once again, thank you for putting in context the enormity of the problem, and the scale of the efforts that we will need to put these policies on a better path. So thank you talking to us.

SECRETARY RAIMONDO: Thank you for letting me; have a great session.

MS. EDELBERG: Thank you. All right. So before we turn to our panel, allow me to offer one minute of context for today's event; which is part of a series that has offered ambitious ideas to

rethink critical aspects of the social insurance system.

Over the last few months, the Hamilton Project has published proposals to rethink workforce training, unemployment insurance, and the social insurance system that offers support for renters and homeowners. Continuing that effort today we have released two proposals so first, authors Liz Davis and Aaron Sojourner of the University of Minnesota propose an ambitious vision to ensure every American family and child has access to high-quality affordable childcare. And I am delighted to welcome Liz Davis to the panel today.

Second, authors Tanya Byker of Middlebury College and Elena Patel of the University of Utah proposed the creation of a federal paid parental and medical leave program. And Elena is joining us today for the panel as well.

To round out our panel, we also have Nicole Mason. She is president and CEO of the Institute for Women's Policy Research. For years they have been laser focused on analyzing these issues and collecting survey data. We also have Michael Strain who is president – director of the Economic Policy Studies, the American Enterprise Institute, whose recent writings on the current challenges facing parents today have greatly influenced my thinking of what's holding the economy back right now. The conversation among these four will be terrific.

While there is a lot of agreement that we have significant problems and need a solution, you will hear differing views on how we should target those solutions, and how we should be thinking about unintended consequences. So with that, I'd like to start with you, Liz. Tell us about your proposal, and how it will achieve access to affordable and high quality care for families.

MS. DAVIS: Thank you, Wendy. And thank you all for being here. I really appreciated Secretary Raimondo's introduction and focus on investing and raising up the care economy because it really puts – it provides a great background for the proposal that Aaron Sojourner and I have put forth. And we focused our proposal as an attempt to try to tackle two related problems.

First is the problem of inequitable opportunities for children in the U.S., and the disparities by income that start early and grow during the first five years of life. Second, and related, is the heavy

reliance in this country on families to provide the resources their children need in those first five years of life. Again, young children's early care experiences depend on families ability to pay. To quote my colleague Aaron Sojourner, we ask the most of families when they have the least.

Families with young children have lower earnings, less savings, and less ability to borrow via lower credit scores than families with older children. And our public policy exacerbates this problem as we spend much more on older children and older adults and then on younger children. We spend over eight times more on older children than young children. Public spending is about \$1,500 annually per child under age 5, compared to nearly \$13,000 per child on education children in K-12 grades.

And yet, age 5 is not just – it's not a magic number at which point public investment in children's education starts to have an impact, and has a positive return. In fact, the returns to high quality in early care and education are high, especially for children from disadvantaged families. High-quality early care and education can't reduce or prevent those income related disparities in children's outcomes leading to more equitable opportunities and better outcomes in both the short and the long run.

So the lack of public investment we've seen in early care and education has resulted in this heavy financial burden for families, both through having to pay for care or by giving up income in order to care for children themselves. It's resulted in limited access to high quality early care and education services both because of insufficient funding for the programs we do have, like Head Start, and childcare subsidies that serve only a fraction of the children who are eligible. And lack of affordability for families who can't afford childcare but aren't eligible for those programs.

And further, the limited resources in the early care and education sector have led to chronically low compensation and high turnover for the workforce, also impacting quality. So to address these interrelated problems and tackle the disparities we propose an expansion and coordination of federal spending on early care and education to establish automatic funding to guarantee every child access to high-quality, early care and education before kindergarten.

In our proposal, no family would be pushed into deeper poverty because of the cost of childcare. And that there would be – we would implement an income based cap on the amount any

family pays. We propose that services -- early child care and education services be open to all children regardless of parental time use, that is without a work requirement to ensure access for all.

In our proposal, families would have multiple options to choose from -- multiple high-quality options to choose from and resources would be sufficient so that providers could attract, develop, and retain high-quality workers in the sector. Quality standards and measures need to be consistent across funding streams and also need to account for differences across types of providers and account for parents cultural and linguistic preferences.

We need care workers compensation to rise substantially and to be indexed to local market wages to better reflect the social value they create, the essential and skilled work that they do, thereby reducing turnover and stress and improving quality. So the specific mechanisms we propose to do this include creating two stable funding streams. The first one would expand and fully fund Head Start and early head start so that all eligible families can choose it, and that it would provide full day, full year services. This expansion would establish Head Start as a real, meaningful option for all low income families.

The second funding stream would be a federal/state partnership combining the childcare development fund, and preschool development grants funding streams to provide funding two ways. First, through provider competitions for direct multiyear contracts similar to those currently used at Head Start. And in addition, it would fund individual, portable scholarships for children to attend any qualified participating provider.

So the competition for contracts and scholarships would be open to any qualified provider. These could be private childcare centers, home-based providers, schools and Head Start programs. This mixed delivery system would be funded through the two streams while all providers can meet a unified set of standards, and funding levels would be sufficient to cover the total cost of high-quality care and services.

The contracting and bidding process would provide information on the cost of providing high-quality care and would be constructed to ensure that there were sufficient resources to adequately

compensate the workforce. So the proposed system envisions a combination of contracted providers and scholarships to support a mixed delivery early care and education system to meet the varied needs of families, to ensure access to high-quality care, to increase competition to those providing early care and education, to contain costs, and to improve compensation and skills of the workforce.

I'll stop there, and I will be happy to provide more details during our discussion.

MS. EDELBERG: Thank you, Liz. All right. I have lots of questions for you, for sure.

But for now let's turn to Elena.

So you and your co-author put together a really ambitious proposal to offer paid the family and medical leave to workers in America. So can you describe your proposal to us?

MS. SPATOULAS: Yes, I'd love to. Thanks Wendy for inviting us to put this proposal together. I want to start by outlining what we mean by a paid leave program, and what that provides.

Paid leave can be thought of as short term employment disruption insurance for short leaves of absence from work that are driven by only medical needs, family care needs and parental needs. The truth is that in the United States employees do not uniformly have access to this insurance. Up until now, the provision of these benefits has been left completely at the discretion of states and employers.

As a result, in the United States we have a decentralized system that has led to a patchwork landscape of policy providing unequal and inequitable access to the financial protection afforded by paid leave. As an example of this, 72% of white non-Hispanic workers receive some form of paid leave whereas in just 55% of Black, non-Hispanic workers have access to the same benefits.

In addition, we note that single parents and low-wage workers are less likely to have access to these benefits. And the most cited reason for not taking necessary leave is the inability to afford lost wages. Finally, according to survey data an overwhelming majority of Americans believe that workers should have access to paid leave while attending to family and medical care. And I think with a really good reason. We know that taking leave to care for a new child, or because of illness, provides physical and mental health benefits for workers and for their families.

For example, evidence shows that paid parental leave improves mental health for new mothers, reduces infant mortality, and improves behavioral and mental health outcomes for young children. Moreover, there is some early evidence that shows that access to emergency paid sick leave such as that which was provided temporarily by the Families First Coronavirus Response Act allowed workers to remain home while sick and slowed the spread of COVID-19.

So in light of this overwhelming evidence, we propose that the federal government expand access to paid leave through a federal paid family and medical leave program. This program would provide benefits to all wage workers who worked at least 39 weeks in the last year and who were attached to the labor force for five weeks immediately preceding the start of the claim. These criteria, as outlined in our proposal, provide an inclusive set of benefits to workers by excluding requirements based on hours worked, based on earnings, based on firm size, or based on the length of attachment to a particular employer.

Our proposal suggests 16 weeks of partially paid parental leave be provided for each birth or adoption. This leave is designed to be gender-neutral and inclusive regardless of household structure. In addition, we propose annual leave in two categories; 12 weeks of partially paid leave for medical needs and six weeks of partially paid leave to care for a family member with a serious illness.

Benefits under this program are determined based on a progressive wage replacement schedule providing the highest benefits to the lowest wage workers. We suggest in this proposal that the program could be funded by a payroll tax shared by employers and employees in a revenue neutral way such that payroll taxes fully fund expected benefits paid in each year.

If this proposal were in place, we estimate that 75% of part-time workers, 83% of workers making less than \$15 per hour, and 87% of single working parents would have access to benefits. Together, the components of this proposal lay out a path towards establishing comprehensive paid leave coverage commensurate with that demand by American workers.

We want to thank you again Wendy and the Hamilton Project for giving myself and my collaborator, Tanya Byker, the opportunity to weigh in on this important policy issue. And I'm really

looking forward to the discussion that we are about to have.

MS. EDELBERG: Super. Thank you, Elena. So, Elena, Liz, and Secretary Raimondo all talked about how we know that there is enormous public support for solving these problems, that the public recognizes that they are problems, and that the public wants solutions to these problems. And I think one of the reasons we know that is because of the work being done by the Institute for Women's Policy Research, because Nicole, your organization has collected a lot of really critical survey information about this. Can you describe the data you found and what you see people saying that the problems are?

MS. MASON: So really excited to be here. And IWPR along with many organizations that are here and across the country have been thinking about the cost of paid sick and family leave and the benefits of a child care system that enables women to participate fully in the workforce. Since the start of the pandemic, we've been also working hard to understand the impact of the pandemic on women and families.

Particularly, when we understood in the early months of the pandemic that women were losing jobs at a rate faster than their male counterparts – so women lost in the first couple of months of the pandemic, 11.5 million jobs, nearly 4 times the rate of men. We were also really interested in understanding in real time what were women experiencing, what were their issues, how we might use what we know in the research to help guide policy solutions and strategies. And so this is just a little bit of what we found.

So we found that more than a quarter of women believe that their families were worse off financially than they were a year ago. And it was highest among, again, those workers who were employed in the hardest hit sectors, service, leisure, hospitality, education. And Black and Latino women were disproportionately impacted and were more likely to report financial strain and stress.

And about half of women reported that they were very worried or somewhat worried about their family's total – their family income being enough to cover expenses. And about 25% said that high quality affordable childcare was out of reach. And I believe that this was the case before the pandemic and the pandemic just exacerbated those feelings of urgency around being able to obtain high-

quality care, especially for women attempting to reenter the workforce.

This worry, coupled with enormous job loss, has shaped women's priorities over the last year. We asked them what do they want the administration to focus on in the first 100 days and beyond. And affordable high quality healthcare was at the top of the list. No surprise because we are in the middle of the pandemic. They were also worried about – or wanted the administration to get the recession under control and also tackle unemployment. And taxes was also at issue.

There was also a tremendous amount of support for paid sick leave among women. Nearly 70% said that paid sick leave or paid leave is very important. And one of the things again, I think it's been said here already, is that while Congress is not on the same page in terms of what we should be doing around paid and sick leave, paid sick leave as well as early care and education, these proposals, paid sick and family leave and childcare has received enormous bipartisan public support. So we have tremendous public support for these policies. And there's a lot of different iterations of policies in terms of who should pay for it, how it should be structured, when should it start.

But I just want to leave you with a couple of things that I want to say. That the U.S. spends less than 1% of its gross domestic product on family and childcare policies, only behind Ireland and Turkey. So we have a really long way to go. And if women participated in the labor force or the workforce in the same – at the same rate of Norway, the economy would benefit by \$1.6 trillion added to the economy. Conversely, if women continue to fall out of the workplace in numbers similar to the start of the pandemic, we would lose \$64 billion annually.

So again, I'm really excited to be in this conversation about how we move forward. This is really exciting time for us to be having these conversations. So I'm looking forward to the discussion.

MS. EDELBERG: Thanks, Nicole. I want to ask you Michael, about where Nicole ended. So she offered some – she offered the – some numbers around the connection between women's labor force participation and the economy. So broadening that, tell us how you think about how childcare and paid leave – what role they play in creating a robust economy.

MR. STRAIN: Well, thank you, Wendy for that question. Let me begin by thanking

everybody for tuning in and say it's really an honor and a pleasure to be here and take Liz and Elena for such thoughtful presentations and proposals. They were a joy to read and I hope that Liz and Elena, I hope that both of your proposals really become part of the debate in Washington about the path forward for these policies because I think they are very, very thoughtful and evidence-based. And Nicole, thank you for your comments as well.

I will begin by just expressing some concerns I have. I do not think that the federal government should enact a mandatory paid leave program. And I'm concerned about the federal government extending its role in two the provision of commercial childcare. And I will just quickly run through my concerns so that we can have a back and forth about this.

First off, let me say I have no doubt that the paid leave benefits mothers, new mothers and babies. I think the evidence for that is very, very clear. And as the Secretary said, those of us who have kids don't need any convincing. And I've certainly seen it with my own children being able to spend time with their mother after they were born.

So I want to draw a distinction between paid leave and the mandatory provision of paid leave, because I think these are separate issues that often get muddled in the public debate. I am all for paid leave. I wish more employers would offer paid leave. I wish there was a broader acceptance of the benefits of paid leave.

At the same time, I'm skeptical of the government mandating paid leave schemes. I'm skeptical of the need. According to a 2014 Sierra report around 40% of women have access to some paid time off when they welcome a new child. Elena can correct me if that number is outdated. My sense is that that is so roughly accurate. This isn't all from formal paid leave programs. Some of this is sick leave or vacation leave or other kinds of schemes. But the basic idea that women can take time off and get paid for it after they welcome a new child, roughly 40% of women have that access.

I think that some employers offer this and some don't. Some women work for companies offer this and some don't. And my first question is, why should we – we should be skeptical, I think about requiring those that don't to do so. Under the assumption that maybe that works better for them. Maybe

that works better for the women they employ. You know, this is all part of a compensation package and why should that be micromanaged from Washington, I think is an important question to ask.

The second source of skepticism is just the ability to have more middle-class entitlement programs. This would be very expensive. It would – previous proposals have been scored in the hundreds of millions of dollars range. And a whole bunch of this would go to the middle class. I think that we should be focusing our efforts on low-wage workers, low-income households. Many middle-class workers already have access to paid leave.

And I think that we should have an expectation that for households that have the financial means to do so, they should save in advance of welcoming a new child so they can finance time away from the workforce if their employer doesn't offer that to them. Now, not all households have the ability to do that. And I think we shouldn't expect that of lower-income households. But a lot of the paid leave schemes that are been discussed would go pretty high up in the income distribution. And I think it's natural to ask if you are a household with a comfortable six-figure income why you have nine months of leave time before a baby arrives. Why not save up some money so you can finance some time away from the workforce yourself?

Those are concerns that I have. They're not my biggest concern. My biggest concern is unintended consequences from a federal mandate. I am frankly concerned about employer discrimination against women of childbearing age. And I think that that is a very serious concern. Women taking time away from work is a disruption to business operations. Wendy, you asked the Secretary about small and midsize businesses specifically, I think it's harder for small and midsize businesses to cope with that disruption, for sure, than it is for larger businesses.

And a big concern I have is businesses, particularly small and midsize businesses, would just shy away from hiring women of childbearing age. And that the costs of this would be borne by – particularly by lower income of childbearing age. So you would have a policy that would benefit middle-class workers and the people who would bear the brunt of it would be lower income, younger women who would just have a harder time finding a job. That trade-off doesn't make sense to me. I don't think that's

the appropriate way to balance those competing concerns.

One way that's been proposed to address this is to have gender-neutral paid leave. And I think there's something to be said for this, but my strong suspicion is that when the rubber hits the road, men would just take much less leave than women. And so maybe this would help blunt the discriminatory impact a little bit, but I think it would – it certainly would not solve the problem by any stretch.

I'm also concerned about whether or not some of the goals that Nicole pointed to about increased labor force participation actually would come to pass. The kind of the best new research I've seen on the effects of paid leave on longer-term aspects of women's careers comes from California's 2004 Paid Family Leave Act. And what the economists who studied this act found was that first of all the act had a big impact on the use of paid leave. Paid leave increased by 18 percentage points among women who were made eligible because of the act relative to women who weren't.

But for new mothers, taking the paid leave actually reduced employment by 7% and lowered annual wages by 8% in the period of time, 6 to 10 years after giving birth. Now, why that happened I think is a subject of debate. But one plausible explanation is that employers responded by hiring fewer women of childbearing age. And so that, I think, highlights the concern that I have.

Is there a better way? I think there is a better way. I think the fundamental issue is financing time away from work after welcoming a new child. One way to do that is to put mandates on businesses. Another way to do that is to just give lower income women cash. Maybe you give a bigger child tax credit the year that a new child arrives in the home. Maybe you boost the earned income tax credit in the year that a new child arrives in the home. That would actually have a positive effect on labor supply. You know, help new moms finance time away from the workforce by increasing their income and not by putting a mandate on businesses.

I know I'm going on way too long. So I will make a couple of comments about child care.

I –

MS. EDELBERG: One minute.

MR. STRAIN: Well, I will even do 30 seconds. Many of those concerns apply to

childcare as well. I have additional concern about childcare, which is just the government subsidizing another sector of the private economy. We've seen what happened to the price of college tuition when government wanted to get into the business of subsidizing college. We've seen what's happened with the price of medical care when government got in the business of subsidizing healthcare.

I am concerned that subsidies to the commercial daycare center will just jack up the price of commercial daycare. And again, why not just give families with kids more money so they can do what they want with it, which may include childcare. So apologies to Wendy for talking way too long. I will not stop talking.

MS. EDELBURG: You have given us a lot to think about, and many questions I think are now in people's minds. So one place where I would like to start is turning it to Elena, which I think knows quite a bit about what we saw in California in response to the change in policy there. I'm also hoping that she can address how leave is currently being used. Because I know she has some research on or some statistics on how parental leave is being used relative to sick leave, because I think you are focused Michael, on parental leave.

So Elena, can I hand it over to you?

MS. SPATOULAS: Yes, I would be delighted. And thanks Nicole and Michael for the excellent comments. It's a lot of great food for thought as we think about these really challenging issues.

The first thing I just want to mention, and Wendy kind of teed me up for it, is just to draw everyone's attention to the fact that by and large, the largest source of claims for paid leave, whether it's unpaid leave through FMLA or paid leave through employers is due to illness. And so the medical leave component of the proposal that we've put forth and the medical leave component that the current administration and what you see sort of proposed by Congress, the medical leave component is a really big part of that policy. And I think at a minimum it's not hard to imagine that for medical leave there is not a gender difference and who takes those up. There really isn't much difference in how long those leaves tend to be.

And that is where you might worry, Michael, for example, in saving for these events, that

saving for sort of unexpected medical events is harder to plan. It is of course even harder for low-wage workers to anticipate and self-insure against those kinds of disruptions in wage earnings.

The other thing I want to talk about just briefly is the paper that you cite on the evidence with the California administrative paper. Lucky for us, I'm one of the co-authors on the paper. So I can speak a little bit to those findings. Michael, you are right to point out that what we find in that paper using tax data and looking sort of right at the women who just had access to paid leave, comparing them to those who just did not, sort of an econometric analysis, is a negative impact for new mothers on wages and that they are less likely to be employed sort of in the long run.

That's the advantage of using tax data. You can follow these mothers for a very long time. And I agree that those findings can be disturbing when you look at them because we hope that paid leave in the parental context can be this silver bullet perhaps for helping women stay attached to the labor force.

One thing I will note there is that additional analysis in that paper does not find evidence that that result is driven by discrimination from employers. I think it's really great to keep in mind unintended consequences. And as economists we always worry, especially about sort of statistical discrimination against women in the context of policies in which we think women are more than likely to take up the benefits.

In that paper we don't find evidence that that was driven by statistical discrimination. We actually find evidence that that seems to be driven by sort of the labor demand side of the market where women are choosing whether they like to work after they have a child. And what we find from other data sources is that the women earn a little bit less, but earnings of course mix up hours and whether or not you are attached to an employer. So they might be switching to part-time, flexible employment.

And we do see evidence of better bonding with children. So they are more likely to eat breakfast with their children, take them on outings. We have these better welfare outcomes. And so I think when you're thinking about paid family leave, it is really important to keep in mind welfare where labor supply is one piece of that, labor demand is one piece of that for a person.

But of course we think about the health and well-being of mothers and fathers, and children sort of on the whole. And we think that that negative result that is coming from the California Paid Leave is actually paired with a positive impact on welfare. So I just wanted to talk about both of those things.

MS. EDELBERG: Thank you.

So Liz, I had a question for you. So the way that that some of the concerns or the way Michael was thinking about the childcare industry and how parents interact with the childcare industry, it – I feel like some of the concerns he was raising make most sense if you think about that as a well-functioning market where people financially have – don't – there aren't disruptions and how people are accessing that and do they have the funds to invest or are they liquidity restrained. And also other externalities?

I know because I've read your proposal very carefully, that you all think hard about that and address that. So I was hoping you could speak to that little bit.

MS. DAVIS: Yes, thanks Wendy. And thank you, Michael for those very thought-provoking comments. I do appreciate Michael's focus on the importance of targeting our public investments where they will have the most benefits. So in the case of early care and education for children with disadvantaged families. And I appreciate his concern for unintended consequences.

But I think maybe he is too optimistic about the abilities of families with young children to do things like save, whether it's for paid leave or for financing their own childcare. They are early in their careers, early in their earnings trajectory and have not had a lot of time to build up savings.

So I think the part of the problem with the current – and I hesitate to call it a system because it's not a system of early care and education that we currently have. It's a landscape in which we have different programs, different funding streams, but we really leave it up the families to navigate and to figure out how to find the care they need for their children, both to support working, but also children's development. And because the system depends on -- so heavily on families ability to pay, what we had even pre-pandemic were shortages, low-quality care in many cases, and abysmal pay for thus providing

these essential and skilled services.

So one of the things we've really wanted to focus on in our proposal is that we really can't separate childcare and education when we are talking about young children. So a lot of the focus earlier in this conversation was about the importance of childcare for getting women – keeping women in the labor force or allowing them to work. But for young children, every – their experiences are in caregiving is also education. And so we are trying to shift the focus of our public investments to support child development and equitable opportunities. As a byproduct of that, it will also help support parents participating in the labor market, but that is not necessarily the primary focus.

I guess the other reaction I have is that we have tried a market-based system for the last 20 years and more in childcare and early education. And you see what we have gotten. We do have shortages. We have limited quality. We have lack of affordability for parents. And with the low wages and high turnover, putting a lot of the burden on the workforce themselves.

So yes, I do expect that increased federal or public investment in the early care and education market will raise the price. Like you said, with medical care and colleges, yes, if there is more money, whether you give the money to parents and have them choose where to spend it, if they spend it on childcare, increasing the demand and increasing the quality will raise – lead to higher prices. But the benefits of higher quality that will be provided or that we hope under our proposal would be provided, which is why the proposal we emphasized the need for monitoring and quality standards to accompany these -- the increased public investment.

So my concern about providing cash benefits to parents, although I think that has some advantages, it doesn't tie the benefits to the quality of the care being provided.

MS. EDELBERG: Nicole, I would love to ask you about targeting. So we've talked a lot about targeting, both – whether – which – where in the income distribution we should be targeting support, whether or not we should be thinking of this as targeting support for women, targeting support for workers, targeting support for families with young children. How do you think about where the support should be targeted?

MS. MASON: So before I answer that question, I just want to take a step back and sort of give a little context for this conversation right here. I think we are in a moment where there is some really very exciting proposals on the – at the federal level focused on early care and education and also paid sick – paid sick and family medical leave. Some of the points that Michael raised seem to be talking points that really are not backed up with any real data, but are more like talking points around smaller government and not really focused on what we know to be true in this moment, which is that the pandemic has shown us that we have a failing care system and we need to really imagine a system that works for the most horrible families in the country.

Most people, while people do have – a lot of people do have employer-sponsored paid sick leave, the truth of the matter is that when we look at wages and what people who are in the lower 25% quartile do not have paid sick and family leave. And those of the most vulnerable workers during the pandemic. And then when we look at paid sick and family medical leave and we talk about mothers, mothers who do not have access to paid sick leave are 30% more likely to detach from the labor market and also have a harder time reentering. So these are the facts on the ground.

And so this idea that government does not have a role to play in this is a little bit shortsighted because we understand that since the pandemic, we've poured trillions of dollars into a broken infrastructure when in fact if we would've had a working infrastructure of care and paid sick leave before the pandemic hit, we would have been better off. So I want to start there.

And I do not think that these are policies that only impact women. Paid family and medical leave is for all workers including low-wage workers and men. And so are the early care and childcare policies that we're talking about. They benefit families and they also benefit the economy.

MS. EDELBERG: Thanks, Nicole. So Michael, one of the points that you alluded to – I think you alluded to – that certainly resonates with me. And I thought a lot about it as our authors were putting together these proposals, is how these policies would crowd out private sector activity that's already going on. And we are – the pipe dream of creating policies that only help those on the margin who don't have access to paid leave or don't have access to childcare like – is a pipe dream.

So we're going – if any of these policies would in essence crowd out behavior that's already going on. And so I guess I'm just teasing you up. Do you agree?

MR. STRAIN: Well, I think – I mean, it's a good – it's a very good thing to be thinking about. This is part of the reason why I think that cash payments to low income families is a better solution in many of these cases, because that's where the meat is. I completely agree with Liz that if you are a lower income family who is welcoming a new child or needs to enroll your 4-year-old and childcare, it's going to be hard to have saved up for that.

And on the other hand, if you are a solidly middle-class family, it's going to be a lot easier to have saved up for that. And so I think targeting solutions on the lower income families where there is a real need, I think makes more sense than putting in place sweeping policies that would, I think, crowd out savings or substitute private-sector activity that is already taking place.

I think that Elena's observation that it's a whole lot easier for middle-class family to save for a new baby than it is to save for an unexpected medical event is absolutely right. But to my mind then, that suggests a narrower program that focuses on unexpected medical events, which is something that I think is worth debating because those are very difficult to foresee.

So I think we have -- what we have now is a patchwork for a whole lot of middle-class families and upper-middle-class families. They have great paid leave benefits. And they have access to very good childcare options. And replacing that system with a federally designed and managed system may lead to better outcomes, may lead to worse outcomes. But certainly is not obviously the right thing to do.

Where we have a problem that I think does require better public policy is with lower income families that don't have – that have a hard time saving, that don't have jobs that offer paid leave, that have a really hard time affording childcare. And so I think the best solution for them is going to be a solution that's designed for that problem and not a solution that would be designed to apply to maybe 90% of households or wherever the income base level would be.

MS. EDELBERG: So Liz and Elena, I think I want to ask you both a similar question,

because Michael is suggesting go narrow instead of go broad. And the way I read your proposal is that you both want broad instead of narrow. So I suppose if you agree, can you say why that was your choice? Liz.

MS. DAVIS: Well, I think two things. One, in our proposal, Aaron and I did want to target the most of the benefits of the public investment where it has the biggest payoff, which is low income families. And so in our proposal, we have a sliding scale of family contributions so that we are in fact not saying a universal system for everyone, that it would have a sliding scale. But we did also acknowledge that in the effort to increase the quality and the compensation for the workforce, that if prices go up, that services would be less affordable for more families so that it – you know, already some middle-class family struggle with the cost of childcare. And so we would want to not leave them out of this new system.

We also went broad in the sense that we envision a system that does include the private sector, that we are not proposing just government provided early care and education, but a system in which we harness competition and allow for multiple options for families to choose what works best for them and the providers can figure out sort of the best way to meet the quality standards most effectively and efficiently. And so the care and education could be provided in a privately run center, in a home-based provider, and the school, or in a Head Start program. So leaving -- keeping all of those options.

One thing about cash versus in-kind benefits like early care and education services or funding for early care and education services, is I don't think this is one of the other. I think they each have a role to play. But there is some research suggesting that the – Aaron and some of the co-authors have done that suggest that the effect on children's cognitive development is four times more effective when offering high-quality early care and education subsidies rather than the cash equivalent.

So the cash would allow families to choose how to spend that money and they might spend on things other than a high-quality early care and education, which we know has a high benefit for children from disadvantaged families. So if you want to ensure that the public investment has a high rate of return, that to me is an argument for targeting it and focusing it on the early care and education rather

than a cash equivalent.

MS. EDELBERG: Elena.

MS. PATEL: So thanks for the question. I think actually the broad provision of paid leave across medical family and parental care was a really important element of the design of our policy. Some of this again kind of links back to the first thing that I said that we see paid leave as a short-term employment disruption insurance program. And to the extent that we think it's insuring against short-term disruption and wages, the more that you spread that risk across lots of categories, the cheaper and more efficient is the provision of insurance.

So to the extent we combine all of the claims for medical against family and sick leave, the government can more efficiently and more cheaply provide that than a single employer. And so that's part of why I think of that as insurance. I think it's helpful and also highlights the benefit of the broader provision of leave across many categories.

It also, by the way, provides a benefit. Again, something that's another concern Michael raised that I think is a really important thing to keep an eye on, these unintended consequences. To the extent you bring together medical, family, and parental care, you should reduce the likelihood of discrimination on the part of employers. This is a benefit that is going to provide – or it's a program that will provide benefits and expectation to all workers at all stages of life cycle.

When you have older parents, maybe you're more likely to have to take family care leave. When you're younger and perhaps a woman and we think you're more likely to take the leave, maybe you are more likely to provide and draw on parental benefits needs. And then we should think that medical events happen more smoothly throughout the lifecycle. So by pooling these things together, you should reduce the likelihood of employer discrimination against particular employees.

The other thing is that we know the provision or access to medical and family leave, when you have access to these benefits, they are positive externalities. Which means that it's more than just the employee more than just the employer that benefits from the provision of paid leave. And so as a result, when you leave it to the market, you're going to end up with an under provision. There should be

sort of an expectation of less provision of these benefits than we would expect from somebody like the federal government providing us across all workers and all categories.

The last thing is to the targeting. So the targeting is really important. I agree that the lowest wage workers have the highest need for benefits. And that's why we suggested a progressive replacement schedule, which means that low-wage workers have higher wage replacement rates than middle and high income earners.

And so I guess to the point of crowd out, which brought up earlier Wendy, which again I think is a really important point, most high wage workers have access to nearly full wage replacement when they go unpaid leave. And that's not provided by the program that we suggested, nor is it provided in most states the offer paid leave. And what employers do is respond in the way that we think they will. They wrap their paid leave plan at the employer level around what is provided by the state.

So if employer A wants to provide 100% wage replacement, they top off the benefits provided by the state program. And the employer is paying for those partial wage replacement benefits through a payroll tax. And so employers can efficiently adjust to this to continue to offer sort of rich benefits plans to those employees that they need to for the extent that they have to compete on labor markets. We haven't taken that ability away. And we provide targeted higher wage replacement levels to low-wage workers who most need them.

MS. EDELBERG: So Nicole, we had a question from the audience for you, but I'm betting that before I ask that – do you want to jump in on anything you've heard until now?

MS. DAVIS: No.

MS. EDELBERG: All right. So here's my question. So the Institute for Women's Policy Research has thought a lot about the costs of these different proposals, which are not insignificant. If you were to think about what the – you know, since the money – given opportunity costs, if we spend a dollar on one thing, we're not spending a dollar on something else. Where do you see the highest priority of – what's your ranking of the highest priority of all of these policies?

MS. MASON: Well, I just want to make sure I'm not on mute. But when I think about this

moment and where we are right now, I think on both early care and education and building a solid care infrastructure and thinking about care in the same way as a public good. And so there are the proposals that – you know, Biden's proposal starts at 3. I do think a plan that starts at zero is what we need as a country in terms – to make sure that women have – are able to have full labor force participation if they want to be in the labor market.

Paid sick and family leave is also very critically important. I find it very interesting that we started talking about the cost of these things. And by the government or employers, but we are not talking enough about if we don't do this, what is the cost. So during the pandemic we saw extraordinary health costs to families and to states because people did not have adequate paid sick and family medical leave.

Childcare can absorb up to 30% of families income. And push women -- we saw 865,000 women exit the labor market due in part to the lack of high-quality care during the pandemic having to make some tough choices. So I think we have a moment to really think about whether we phase it in, or be very thoughtful about how we implement these policies but we do have an opportunity to invest and build a robust social infrastructure once and for all. And I'm hoping that we seize this opportunity.

MS. EDELBERG: So Michael, do you see -- I mean, again, I think this is something that you alluded to. But talk about how you see and lack of access to childcare holding back labor force participation. I know there are a lot of things affecting labor force participation right now, but just specifically, do you see it – can you talk about the connection that you see between childcare and labor force participation right now?

MR. STRAIN: Yes, I see a substantial connection. If you look at the work force participation rate of women with kids and compare that to the workforce participation rate of women without kids, you see one improving since September and one basically staying flat. And that I think is directly related to school being closed and daycare centers being closed and the majority of that – the majority of the brunt of that following on women.

Women have been closing the gap with men. Early, in the early months of the pandemic,

women's work force participation rate fell significantly further than men's, but women have also been recovering at a faster rate. But again, when you break – when you break women with kids out from women without kids, you see that the recovery rate is really being fueled by women who have kids at home. So I think there's no question that that's a significant factor.

And my read of the evidence from prior to the pandemic suggests that access to childcare boosts the labor supply of women. So I think – I don't think there is much debate about either of those propositions. I think we can debate the magnitude, certainly, both over the course of the past year and prior to that. But I think there is little doubt in my mind that women's work force participation rates would be noticeably higher if access to childcare were more widespread.

MS. EDELBERG: So Liz, let's talk a little bit more about this connection between labor force participation and access to childcare. In your proposal you don't include a work requirement or a time use requirement. And I – you and Aaron thought a lot about that. Can you talk about why you didn't include that?

MS. DAVIS: Yeah. Thanks for that question, Wendy. We did think a lot about it. And obviously, based on this conversation today, a lot of the focus has been on women's labor force participation and how that has enhanced or is supported by these policies like childcare and paid leave. But we approached this, our proposal Aaron and I did, thinking about it from the child development perspective.

And when people talk about Head Start or kindergarten through grade 12, we don't talk about what requirements for parents. The focus is on the education of the children. And with young children, as I said before, you really can't separate care and education. Actually, we've learned that you can do that for elementary school children or maybe even older children either. When the schools closed, parents had to provide both care and education even to older children.

A work requirement increases the burden on parents to apply to the program, and to remain eligibility. If they lose their job and then they lose their childcare in the current system, they lose their childcare subsidy. That disrupts the child's arrangement and impacts the relationship the child has

with the caregiver.

So most parents of young children are working now and more might work if they had access to affordable, high quality childcare. And so it didn't seem to us that the additional burden on parents and the additional administrative costs to the government of monitoring and checking on people's employment, that it made sense to do that, to have the work requirement. There is also some research that suggests that work requirements really don't impact parents decisions very much about whether or not to be in the workforce.

MS. EDELBERG: All right. And I have a question for all of you, because we've got this question from the audience in so many different ways. And it's basically the question is, UBI. Why are we having these conversations? We should just do UBI.

Now, we've touched on this a little bit in that we need policies in place to ensure quality. We need policies in place to ensure that there is transparency. Those policies could be entirely separate from the financing. So why not just have UBI?

MS. MASON: Well, UBI is not the same thing as childcare, is not the same thing as paid second family medical leave. These are very – three different policies and three different policy proposals. I support UBI. We've seen that it works in the test cases of states or localities that have implemented it. But that is not a – UBI and cash -- giving direct cash to families in small amounts is not a replacement for a robust care infrastructure or paid sick and family leave.

MS. EDELBERG: Anybody else want to weigh in?

MS. DAVIS: Yeah, I will. I think I spoke to this a little bit already, that the evidence suggests that funding high-quality early care and education can have bigger impacts on children's development. But I do think that the policies potentially are complementary.

And I do want to speak to Nicole's point about building up the care infrastructure. And I think doing that more directly is going to have higher payoffs to the public investments. But at the same time, ensuring that families have the resources they need, and universal basic income is one way to do that. So I think we need to think about combinations of policies as well. But it's very important if we're

going to ensure that high-quality care and education is high-quality, that we've got the quality standards in place and the adequate compensation for the workforce to produce the quality, support the skills, and so forth.

MS. EDELBERG: Michael?

MR. STRAIN: I don't really have much to add. I mean, I agree that these are very separate issues and that simply handing out cash doesn't do much in terms of the regulations that you put in place on commercial childcare provision.

I also don't really know what UBI means. There are so many different proposals and they are so broad. I mean, if by UBI we mean – we essentially mean a slightly larger subsidy the families, a slightly larger child tax credit or something like that, then maybe that's a reasonable component of the solution. If by UBI we mean \$2,000 per person per year, then I think that there are many answers to the question, why not UBI.

MS. EDELBERG: Elena?

MS. PATEL: Yeah. I guess the only thing I will add to that again, just echo everybody. UBI is a problem or a solution to a different problem I think. I think it's important to keep each of these in their own lane because they are all being proposed for different reasons. We know that there is an inefficient under provision of this employment disruption insurance in the form of paid leave. And UBI will not solve that.

We know there are positive externalities of parents being able to stay home with young children. Right now in the middle of a pandemic of sick people being able to stay home instead of going to work and potentially spreading an illness, whether it's an endemic COVID crisis or any other illness. And UBI will not solve that problem. So I think again, UBI is a solution to a different problem and it's important to kind of keep all these issues separate.

MS. EDELBERG: So one last question from the audience that I want to just throw out there and see who wants to take a stab at it; is how well these proposals or whether or not we see particular problems for people with nonstandard work hours. So it's all that much more challenging to

create, whether it's paid and sick leave proposals or childcare proposals, and turning my eyes from you to you, that probably wasn't clear in Zoom. To do that for people who have very nonstandard hours.

So how do you make sure that people have access to childcare if they work in the middle the night? How do you make sure that people have paid leave if they are gig workers?

MR. STRAIN: I can take a swing at it. I mean, this is another reason why I prefer cash to federal investments in the commercial childcare sector. That a lot of people do have arrangements like that. Or they work off and on. A lot of childcare centers require you to be continuously enrolled 12 months a year. That's not going to work well for a lot of people's work patterns.

Some people would prefer to rely on childcare that isn't provided through the commercial childcare sector, but where some funding could help. You know, if you have a niece, or nephew, or even a parent where you want grandma to watch her kids, but you don't want her to do it for free because there is an opportunity cost for her time. And so I think that again, another reason to give parents more flexibility by giving them cash rather than by investing in commercial providers.

MS. EDELBERG: Liz?

MS. DAVIS: Yeah. So we thought a lot about this. And I think there are certainly challenges for families who work nonstandard hours or irregular hours in the current childcare system. And that's one of the reasons why in our proposal, Aaron and I focused on a mixed delivery system. And so that on-base providers could be paid to do this proposal, through the scholarship. So if a family works evenings or weekends and wants to use their scholarship for a qualified provider during that time, there's nothing in our proposal this is they can't do that.

We did also think about whether relatives should be or could be paid through the system as some families do prefer friends and family type care rather than the, what Michael has been calling commercial, I would call licensed childcare sector. One of the things that's with care that's provided outside of the licensed sector is its quality is highly variable. Some of it is great and some of it is not so great.

And I think if we are putting public money to invest and we want to have some way to

ensure that the quality is there and that we're getting outcomes, improved outcomes for children. And so some of the preference for family and relative care may be constrained choices under the current system where if they don't have other options and if families have options for their children for high-quality care during the day, maybe they will then on their own pay for additional hours of care from a relative. But the focus of the public investment would be on the care that provides the highest benefit.

MS. EDELBERG: So Elena, before I turn it to you, probably to give you last word, I want to ask you Nicole, do you see this as a priority among the people that you are talked to in the data that you are looking at and the analysis you do? How focused should we be on people working nonstandard hours or needs that can't be met by what we think are the most – what's the word I'm looking for? The most typical way of providing either childcare or giving a worker paid leave?

MS. MASON: Well, this is definitely a consideration because many lower wage workers, many of the workers we've been talking about during the pandemic, work nontraditional hours, not 9:00 to 5:00. So I just think it's really important to make sure that all these proposals are sent to the most impacted, those who have the least amount of flexibility in their jobs, least amount of job security.

I think if we start there we can build a robust, equitable policy that is reflective of our current workforce.

MS. EDELBERG: Elena, I will give you last word.

MS. PATEL: Yeah, this is a really important question because it's one of these administrative details that tends to be a little bit messy and so people don't want to touch it. And so I think it's really great that you brought it up. Part of what we have designed in our proposal is to allow for flexibility in terms of work hours. So part-time workers are eligible for paid leave under our proposal, as are full-time workers.

In the case of paid leave, it makes a little bit less sense to think about which hours you work. I think that's not generally a concern in this venue. What we worry about and what we didn't directly address in the proposal is the idea of gig workers who are not typically wage employees, which for better or worse, the design of the tax system is such that it's administratively easy to give benefits to

wage employees because of the way that they are attached to their employers and it is less easy to get access to, to the tax system, gig workers or self-employed people.

That being said, the FFCRA handle this. There are administrative ways to provide paid leads of nonwage workers. So under the FFCRA an emergency paid second family leave, you did not have to be a wage employees have access to these benefits.

I think it's a little bit messier on the administrative tax side to do it, but it's not impossible. And so I think working out these administrative details are important, but at a high level and concept, all workers should be eligible for these benefits.

MS. EDELBERG: So thank you Elena. And you thanked me for the question. I'm now going to pass on my thanks to the audience because we got that question from you, everybody watching. So thank you very much for sending in your questions and for spending the last hour and a half with us.

I found this just incredibly informative and slightly daunting or completely daunted by the task that policymakers have ahead of them. But I think that they are now better armed with this information.

So thank you to all of our panelists. Thank you to Secretary Raimondo and former secretary Bob Rubin for participating. And look at the papers on our website. Look at the proposals. Thank you.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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(Signature and Seal on File)

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