

# The Cost of Doing Nothing, 2023 Update: The Price We STILL Pay without Policies to Support Working Families

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## THE COST OF DOING NOTHING: 2015 REPORT<sup>1</sup>

In 2015, the U.S. Department of Labor issued a report titled *The Cost of Doing Nothing* that flipped a common question on its head. Rather than focusing solely on the cost of implementing policies to support working families, the report estimated the economic costs of **not** having such policies in place.<sup>2</sup>

At the time of the report, the U.S. was a global outlier among comparable economies because it did not guarantee working parents the right to any paid days off from work to care for a new baby or a sick or injured family member. In 2015, less than two-thirds of private sector workers had access to paid sick days and just 12% had access to employer provided paid family leave.<sup>3</sup> Only four states and the District of Columbia (D.C.) had earned sick leave laws and only three states had enacted state paid family and medical leave programs.<sup>4</sup> Among member countries in the Organisation for Economic Co-operation and Development (OECD), the U.S. was in the bottom one-third for public spending on early childhood education and care.<sup>5</sup> Because women are more likely to provide care to children and other family members, these policies, or lack thereof, impact women's income and participation in the labor force. When the report was published in 2015, the annual labor force participation rate of women between the ages of 25 and 54 (defined as those in their prime working years) was at its lowest rate in a quarter-century.<sup>6</sup> This meant that relative to peer countries, the U.S. was at the bottom of the distribution—31<sup>st</sup> out of 38 OECD members.<sup>7</sup>

The costs associated with this policy deficit and the effects on women's earnings were broad ranging. Individual workers lost income and had difficulty making ends meet, families experienced more stress and worse health outcomes, and employers paid the price through increased turnover and more difficulty recruiting workers. In the original report, the Department of Labor's Chief Economist estimated that if women between the ages of 25 and 54 participated in the labor force at the same rate as they do in countries with paid leave and other policies aimed at supporting working families, like Canada or Germany, the labor force would grow and in turn increase gross domestic product (GDP)—translating into more than \$500 billion of additional economic activity per year.

## 2023 CURRENT CONTEXT

A lot has changed in the eight years since the report was published. As of 2023:

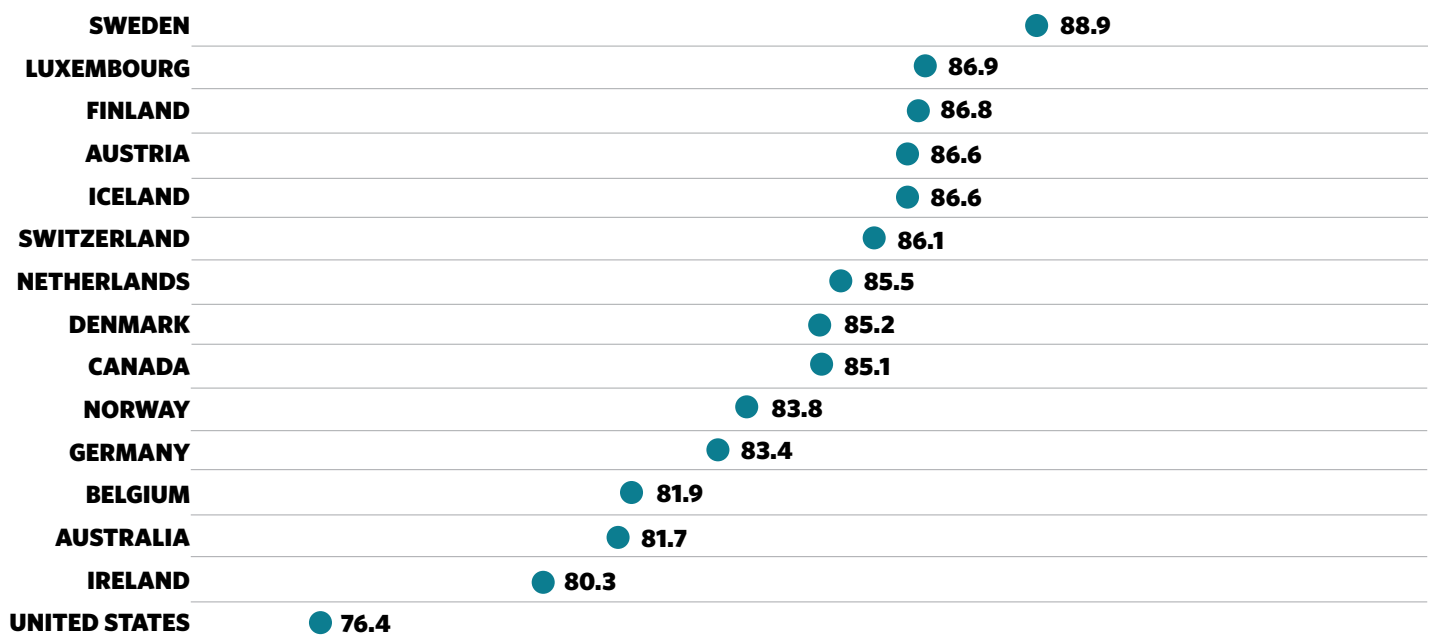
- The labor force participation rate of prime working age women has reached new highs and at the time of this publication has remained above previously documented rates for six months.<sup>8</sup>
- Workers in 15 states and D.C. have the right to paid sick days, and 13 states and D.C. have enacted paid family and medical leave programs.<sup>9</sup>
- Certain employees working on covered federal contracts have the right to paid sick leave.<sup>10</sup>
- The rate of private sector workers with access to paid sick days has increased to 78%, and the percentage of workers with employer-provided paid family leave has more than doubled to 27%.<sup>11</sup>

This represents a remarkable recovery after the employment upheavals of the pandemic and a meaningful level of progress in less than a decade.



But the U.S. remains far behind peer countries when it comes to policies to support working families. While the U.S. has enacted some paid leave protections for federal workers and contractors, there are still no national policies guaranteeing access to paid sick leave or paid family and medical leave to the vast majority of workers, including private sector workers. Internationally, the U.S. has fallen from 25<sup>th</sup> to 26<sup>th</sup> out of 36 OECD countries when comparing early childhood education and care expenditures.<sup>12</sup> While women's ability to participate in the labor force has rapidly rebounded after the upheavals of the pandemic, in 2022 the U.S.' global ranking remained unchanged at 31<sup>st</sup> out of 38 OECD countries.<sup>13</sup> And when comparing women's labor force participation rates in the 15 countries with the largest GDPs per capita, the U.S. came in last.<sup>14</sup>

## ANNUAL LABOR FORCE PARTICIPATION RATES, WOMEN AGES 25-54, 2022



Source: OECD.Stat, LFS by sex and age, available at [https://stats.oecd.org/index.aspx?datasetcode=lhs\\_d#](https://stats.oecd.org/index.aspx?datasetcode=lhs_d#)

On the one hand, the U.S. is doing exceptionally well. The economy has recovered readily since 2020, and women in America are faring better on some metrics compared to prior years. Additionally, by international standards the U.S. economic recovery—in terms of GDP, core inflation, and the labor market—has been stronger relative to other economies.<sup>15</sup> But, at the same time, there is still room for improvement and growth. The U.S. continues to lag peer nations when it comes to policies that support working families, public spending on care, and as a result, women's labor force participation.

## UPDATED ANALYSIS

Updated analysis based on the original *The Cost of Doing Nothing* report finds that women in the U.S. still participate in the labor force at lower rates than those in Germany and Canada—two countries which have national paid leave and other family policies and higher rates of public spending on policies for families and children.<sup>16</sup>

- If women's labor force participation were the same as in Germany and Canada, there would be roughly 5 million more women in the labor force.<sup>17</sup>
- This would then translate into more than \$775 billion in additional economic activity per year.<sup>18</sup>

## THE BIDEN-HARRIS ADMINISTRATION'S COMMITMENT TO EXPANDING FAMILY SUPPORTIVE WORKER POLICIES

Investing in care infrastructure is a vital component of investing in America's future because workers cannot fully participate in the economy if they and their loved ones aren't receiving the care that they need. That's why policies that reflect the realities of working families—like paid sick leave, paid family and medical leave, and investments in child care—benefit workers, employers, and the overall economy.

The Biden-Harris Administration has focused on ensuring that the Nation does not return to the pre-pandemic status quo, and aims higher to achieve an equitable recovery that exceeds the measures of the past. The Administration has announced myriad policy proposals to support workers with caregiving responsibilities, including making high-quality child care affordable and accessible; increasing funding for home—and community-based care; and supporting paid leave, workplace flexibility, overtime protections, and predictable scheduling.

Among other actions, the Biden-Harris Administration has:

- Issued an Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers, directing agencies across government to take concrete steps to make care more affordable, support family caregivers, improve job quality for care workers, and expand care options,<sup>19</sup>
- Coordinated efforts to increase access to care for the workforce involved in infrastructure investments, including through the Bipartisan Infrastructure Law, the Inflation Reduction Act, and the CHIPS and Science Act,<sup>20</sup>
- Signed into law the Pregnant Workers Fairness Act and the Providing Urgent Maternal Protections (PUMP) for Nursing Mothers Act, and continues to prioritize their implementation and enforcement,<sup>21</sup>
- Called for paid sick leave for all workers and the establishment of a national, comprehensive paid family and medical leave program,<sup>22</sup>
- Worked with states to expand access to paid leave benefits,<sup>23</sup>
- Invested American Rescue Plan funds to prevent the mass closure of child care providers, while continuing to take action to expand access to affordable child care and improve care jobs,<sup>24</sup> and
- Issued the 2022 National Strategy to Support Family Caregivers,<sup>25</sup> and strengthened the nation's long-term care system through investments in home and community-based services for older adults and people with disabilities.<sup>26</sup>

All of these efforts are designed to inform the national policy debate and inspire innovative approaches to support working families, including working women. Ultimately, these changes will benefit the entire U.S. economy by investing in the millions of women who make up a significant share of the modern workforce while also caring for their loved ones.

### Endnotes

<sup>1</sup> Any links to non-federal websites on this page provide additional information that is consistent with the intended purpose of this federal site, but linking to such sites does not constitute an endorsement by the U.S. Department of Labor of the information or organization providing such information. For more information, please visit <https://www.dol.gov/general/disclaim>.

<sup>2</sup> U.S. Department of Labor. "The Cost of Doing Nothing." 4 Sept. 2015. <https://www.dol.gov/sites/dolgov/files/oasp/cost-of-doing-nothing.pdf>.

<sup>3</sup> U.S. Bureau of Labor Statistics. National Compensation Survey. Series IDs: NBU2070000000000033087; NBU2870000000000033349. Accessed Oct. 13, 2023.

<sup>4</sup> As of 2015, Connecticut, California, Massachusetts and Oregon had enacted earned sick leave laws. National Partnership for Women & Families, "Paid Sick Days Statutes." Oct. 2023. <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-sick-days/paid-sick-days-statutes.pdf>. In 2015 California, New Jersey, and Rhode Island had enacted paid family leave in addition to their longstanding temporary disabilities insurance programs. New York had a temporary disability insurance program but did not enact paid family leave until 2016. Donovan, Sarah. "Paid Family and Medical Leave in the United States." U.S. Congressional Research Service, 25 Sept. 2023. <https://crsreports.congress.gov/product/pdf/R/R44835>.

<sup>5</sup> OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: Children Well Being, Indicator: Public expenditure on early childhood education and care, per child (0- to 5-year-olds), USD PPP. <https://stats.oecd.org/Index.aspx?ThemeTreeld=9>. Accessed Oct. 13, 2023.

<sup>6</sup> U.S. Bureau of Labor Statistics. Current Population Survey. Series ID: LNU01300062. Accessed Oct. 13, 2023.

<sup>7</sup> OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: LFS by sex and age - indicators, Series Labour force participation rate, Table C3 - Labour force participation rates by selected age groups - Women. <https://stats.oecd.org/Index.aspx>. Accessed Oct. 13, 2023.

<sup>8</sup> U.S. Bureau of Labor Statistics. Current Population Survey. Series ID: LNS11300062. Accessed Oct. 13, 2023. The enactment of the Pregnant Workers Fairness Act in 2022, which requires covered employers to provide reasonable accommodations to worker's known limitations related to pregnancy, childbirth, or related medical conditions, will likely contribute to continued increases in labor force participations rates for women.

<sup>9</sup> Kaiser Family Foundation. "State Policies on Paid Family and Sick Leave." 2023. <https://www.kff.org/other/state-indicator/paid-family-and-sick-leave/>; U.S. Department of Labor. "State Paid Family and Medical Leave Laws." <https://www.dol.gov/agencies/wb/paid-leave/State-Paid-Family-Medical-Leave-Laws>.

<sup>10</sup> U.S. Department of Labor. "Executive Order 13706, Establishing Paid Sick Leave for Federal Contractors." <https://www.dol.gov/agencies/whd/government-contracts/sick-leave>.

<sup>11</sup> U.S. Bureau of Labor Statistics. National Compensation Survey. Series IDs: NBU2070000000000033087; NBU2870000000000033349. Accessed Oct. 13, 2023.

<sup>12</sup> OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: Children Well Being, Indicator: Public expenditure on early childhood education and care, per child (0- to 5-year-olds), USD PPP. <https://stats.oecd.org/>. Accessed Oct. 13, 2023.

<sup>13</sup> OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: LFS by sex and age - indicators, Series Labour force participation rate. <https://stats.oecd.org/>. Accessed Oct. 13, 2023.

<sup>14</sup> OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: Gross domestic product (GDP), Measure: Per head, current prices, current PPPs (US dollar). <https://stats.oecd.org/>. Accessed Oct. 13, 2023; OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: LFS by sex and age - indicators, Series: Labor force participation rate. <https://stats.oecd.org/>. Accessed Oct. 13, 2023.

<sup>15</sup> Harris, Benjamin and Tara Sinclair. "The U.S. Economic Recovery in International Context." U.S. Department of the Treasury, 5 Jun. 2023. <https://home.treasury.gov/news/featured-stories/the-us-economic-recovery-in-international-context-2023>.

<sup>16</sup> OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: LFS by sex and age - indicators, Series: Labor force participation rate. <https://stats.oecd.org/>. Accessed Oct. 13, 2023; OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: Employment, Series: Total length of paid maternity, parental and home care leave. <https://stats.oecd.org/>. Accessed Oct. 13, 2023; OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: Children Well Being, Indicator: Public expenditure on early childhood education and care, per child (0- to 5-year-olds), USD PPP. <https://stats.oecd.org/>. Accessed Oct. 13, 2023.

<sup>17</sup> In 2022, the labor force participation rate of women ages 25-54 in the U.S. was 76.4%, compared with 83.4% in Germany and 85.1% in Canada. If the U.S. had the same rate as Germany, there would be roughly 4.5 million more women ages 25-54 in the labor force in the U.S. If the rate were the same as Canada, the result would be more than 5.5 million more women in the labor force. OECD.Stat. Organisation for Economic Co-operation and Development. Dataset: LFS by sex and age - indicators, Series: Labor force participation rate. <https://stats.oecd.org/>. Accessed Oct. 13, 2023; U.S. Bureau of Labor Statistics. Current Population Survey. Series ID: LNU01300062; LNU01000000; LNS11300062. Accessed Oct. 13, 2023.

<sup>18</sup> Those additional workers would increase the overall labor force in the U.S. by between 2.7% to 3.4% percent. GDP is equal to the size of the labor force times productivity times average hours worked per worker times one minus the unemployment rate. Applying a standard approximation implies that the percent change in the size of the labor force (in this scenario an average of 3.1 percent) plus the percent change in productivity (in this scenario zero) plus the percent change in average hours worked (zero) plus the percent change in one minus the unemployment rate (zero) is equal to the percent change in GDP. Thus, all else equal, a 3.1 percent increase in the labor force would translate into a 3.1 percent increase in GDP, or well over \$775 billion dollars. Of course, if 5 million more workers joined the workforce, it is likely that not all else would be equal; productivity, average hours worked, or the unemployment rate might also change. Nevertheless, this exercise provides a broad-brushstroke sense of the amount of national income being "left on the table" due to the fact that the U.S. has lower female labor force participation than other peer countries. U.S. Bureau of Economic Analysis, "Table 1.1.5. Gross Domestic Product" <https://apps.bea.gov/itable/?reqid=19&step=2&isuri=1&catgories=survey#eyJhcHBpZC16MTkslnNO2XBzljpbMSWYLdndLCJkYXRhIjpbWyJkYXRIZ29yaWVzIiwuU3VydmlV5lI0sWyJOSVBBX1RhYmxiX0xpc3QiLC1lIldfQ==>. Accessed Sept. 22, 2023.

<sup>19</sup> The White House. "Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers." 18 Apr. 2023. <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/04/18/executive-order-on-increasing-access-to-high-quality-care-and-supporting-caregivers/>.

<sup>20</sup> Shaw, Elyse. "Tools For Building An Equitable Infrastructure Workforce: Gender Equity Strategies as a Model." U.S. Department of Labor, September 2023. <https://www.dol.gov/sites/dolgov/files/WB/media/WB-issuebrief-Equity-Module.pdf>.

<sup>21</sup> The White House. "Readout of White House Celebration of the Pregnant Workers Fairness Act and the PUMP for Nursing Mothers Act." 27 June 2023. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/06/27/readout-of-white-house-celebration-of-the-pregnant-workers-fairness-act-and-the-pump-for-nursing-mothers-act/>.

<sup>22</sup> U.S. Office of Management and Budget. "Budget of the U.S. Government, Fiscal Year 2024." [https://www.whitehouse.gov/wp-content/uploads/2023/03/budget\\_fy2024.pdf](https://www.whitehouse.gov/wp-content/uploads/2023/03/budget_fy2024.pdf).

<sup>23</sup> The White House. "Readout of White House state legislative convening on paid leave." 1 Feb. 2023. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/02/01/readout-of-white-house-state-legislative-convening-on-paid-leave/>.

<sup>24</sup> The White House. "American Rescue Plan Funds Provided a Critical Lifeline to 200,000 Child Care Providers - Helping Millions of Families to Work." 21 Oct. 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/10/21/fact-sheet-american-rescue-plan-funds-provided-a-critical-lifeline-to-200000-child-care-providers-helping-millions-of-families-to-work/>; The White House. "Vice President Harris Announces Actions to Lower Child Care Costs and Support Child Care Providers." 11 Jul. 2023. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/07/11/fact-sheet-vice-president-harris-announces-actions-to-lower-child-care-costs-and-support-child-care-providers/>.

<sup>25</sup> The Recognize, Assist, Include, Support, and Engage (RAISE) Act. Family Caregiving Advisory Council & The Advisory Council to Support Grandparents Raising Grandchildren. "2022 National Strategy to Support Family Caregivers." 21 Sept. 2022. <https://acl.gov/CaregiverStrategy>.

<sup>26</sup> U.S. Department of Health and Human Services. "HHS Expands Home and Community-Based Services in Five New States and Territories for Older Adults and People with Disabilities." 22 Aug. 2022. <https://www.hhs.gov/about/news/2022/08/22/hhs-expands-home-and-community-based-services-in-five-new-states-and-territories-for-older-adults-and-people-with-disabilities.html>; Administration for Community Living. "ACL Launches National Center to Strengthen the Direct Care Workforce." 21 Oct. 2022. <https://acl.gov/news-and-events/announcements/acl-launches-national-center-strengthen-direct-care-workforce>.

