

Doing Better for Families United States

A predicament in US family policies: how to reduce poverty among working families?

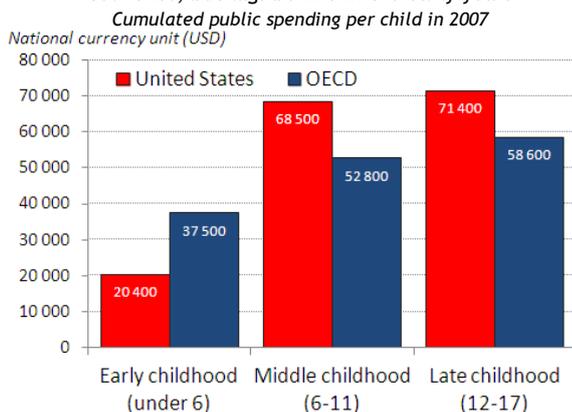
OECD analysis suggests that the US could help working families to reduce poverty rates by strengthening early year's services and benefits, including legislating for paid parental leave, and building on the successes of child education and care services, such as the Headstart programme.

Families in the US understand the value of a good head start. In the US, total public spending on child welfare and education is USD 160 000 up to the age of 18, above the OECD average of USD 149 000. But the US leaves it late, spending the most money on public compulsory education. This means early investment - including childcare and support for families around the time of birth - could be strengthened.

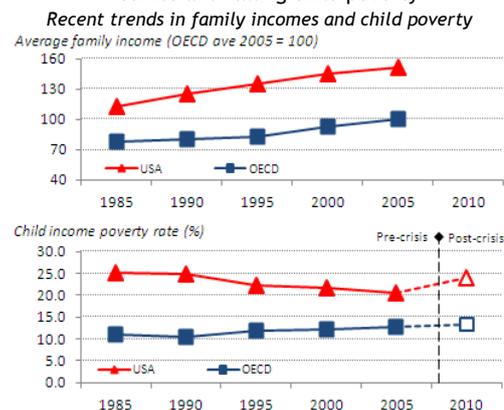
The US, for example, is the only OECD country without a national paid parental leave policy, although some states do provide leave payments. Available parental leave is short (12 weeks), covers only some employees (those in companies with 50+ workers). This will involve a cost to employers, but apart for child well-being gains there are also labour market gains as evidence suggests that when US mothers take their full leave entitlement, they are more likely to return to work than mothers who do not.

Leave is short for a reason: US family well-being is strongly linked to employment because a significant proportion of public family support is delivered via tax breaks and credits (45% of total compared to 10% on average in the OECD). Nevertheless female employment in the US has been falling for the last decade, albeit from high levels. This fall is despite US women having better career prospects compared to most other OECD countries (35% of management jobs occupied by women) and lower career costs associated with child-rearing (where mothers earn over 80% of non-mothers' earnings over a working life). Gender inequality is detrimental to society as a whole, and greater economic opportunities would bring more women in work, and reduce child poverty risks.

The US spends more in absolute terms per child than other OECD countries, but lags behind in the early years



Pre-crisis, working women in the US contributed to rising family incomes and falling child poverty



Child poverty remains a major concern: in 2005 over 20% of US children still lived in a poor home, and with the continuing financial crisis, child income poverty is forecast to return to levels seen before the tax reforms of 1993 (by around 3% to 23.5%).

However work can bring its problems too. Work time can crowd out parental care time - women in the US spend less than 13% of their time on care - and evidence for the US suggests that full-time maternal employment in the first 6 months of a child's life is shown to have a small negative association with the cognitive scores of children of highly educated parents, and might increase behavioural problems.