



# Paid Family Leave in the United States

## Time for a New National Policy

*Julia Isaacs, Olivia Healy, and H. Elizabeth Peters*

*May 2017*

**With both Republicans and Democrats talking about paid family leave, the time is ripe for a new national policy. The current patchwork of public and private policies does not meet the needs of mothers in the labor force. Positive outcomes from paid family leave are emerging from programs in California, New Jersey, and Rhode Island. Yet, policy choices must be made to refine and implement a national program of paid family leave. These choices include who should be covered, how high should benefit amounts be, how long should they be paid, how should benefits be funded and administered, and should job protections be expanded? We review evidence from current state programs to help policymakers as they consider plans for a national paid leave policy.**

## Higher Levels of Bipartisan Support than in the Past

Polls suggest that both Democrat (88 percent) and Republican (71 percent) voters are in favor of “requiring employers to offer paid leave to parents of new children and employees caring for sick family members.”<sup>1</sup> During the most recent presidential campaign, candidates from both parties proposed plans for paid family leave to allow workers to take time off to care for a new baby without losing their full paycheck. In September 2016, candidate Donald Trump announced his support for a paid family leave plan under which working mothers would qualify for six weeks of unemployment insurance benefits after childbirth. Other presidential candidates proposed plans ranging from a tax credit to encourage employers to offer at least four weeks of paid leave (Marco Rubio) to plans for a national program of 12 weeks of paid leave (Hillary Clinton and Bernie Sanders).

**Republican support for family leave marks a departure from the past.** President George H. W. Bush twice vetoed the Family and Medical Leave Act, which provided up to 12 weeks of unpaid family leave, before President Bill Clinton signed it in 1993. Even so five Republican congresswomen attended the campaign event where Donald Trump unveiled his proposal on paid family leave. Ivanka Trump, who accompanied her father when he announced his maternity leave plan, highlighted the need for supports for working mothers in her speech to the Republican National Convention and has met with members of Congress to further discuss paid leave. Senator Deb Fischer (R-NE) has introduced the Strong Families Act, which would provide a tax credit to encourage employers to provide 2 to 12 weeks of paid leave. The bill is cosponsored by Senators Marco Rubio (R-FL) and Angus King (I-ME).

**Many congressional Democrats support a more expansive program of paid family leave** than envisioned by Trump or other Republicans. Senator Kirsten Gillibrand (D-NY) and Representative Rosa De Lauro (D-CT) introduced the Family and Medical Insurance Leave or FAMILY Act (S. 337/H.R. 947) with 27 cosponsors in the Senate and 130 cosponsors in the House.<sup>2</sup> This bill would provide up to 12 weeks of paid family benefits and would offer benefits to mothers after childbirth (as in the Trump plan) and to fathers, adoptive parents, and people caring for ill family members. Benefits would equal two-thirds of previous wages, a higher wage-replacement rate than in Republican plans.

The differences between Republican and Democratic approaches to paid leave are significant. Yet with proposals under consideration in both the administration and Congress, the time may be ripe for developing and enacting the first national program of paid leave in the United States. Increasing frustration with the landscape of paid leave and the growth of state and local plans add further impetus for change.

## Inadequacy of Existing Patchwork of Leave Policies

**Many American women need family leave.** Two-thirds of first-time mothers worked during their pregnancy in 2002–08, compared with 44 percent in the early 1960s (Laughlin 2011). Even so, the United States is one of two countries that do not have a national paid leave policy to allow mothers to spend time caring for their newborn and regain their health after childbirth. Almost all other countries provide paid maternity leave, and many countries also provide paid paternity leave and the guarantee that the parent can return to the same (or comparable) job (Addati, Cassirer, and Gilchrist 2014).

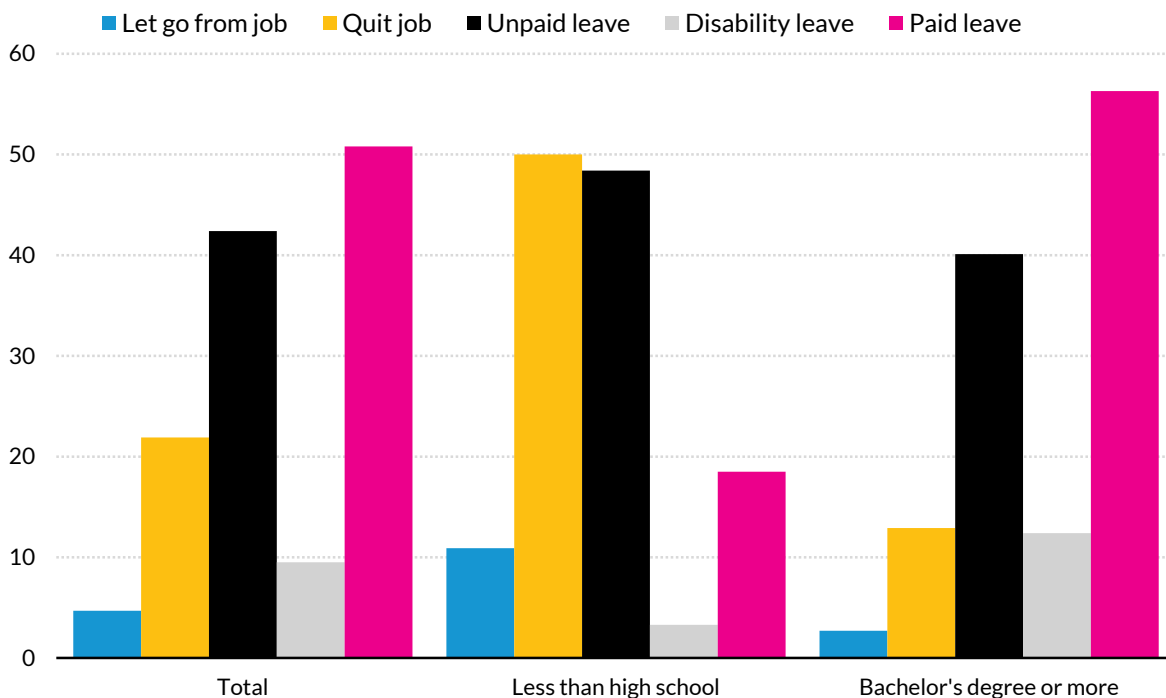
In the United States, **working parents struggle to patch together paid and unpaid leave** that varies depending on type of work, employer size, work history, state of residence, and other factors. In 2016, only one in seven US civilian workers (14 percent) had access to paid family leave as an employee benefit. About two-thirds of employees (68 percent) had access to paid sick leave, and 38 percent had access to short-term disability benefits (Bureau of Labor Statistics 2016).<sup>3</sup> Some parental leave is offered by private- or public-sector employers as part of their employee benefits package. In addition, five states and the District of Columbia have enacted or implemented statewide family leave programs, and six states and one territory offer partial wage-replacement benefits for pregnant women under temporary disability insurance programs established in the 1940s and 1960s.<sup>4</sup>

**Working mothers with few or no options for paid leave may have to return to work immediately after childbirth, quit employment, or take unpaid leave.** Such unpaid leave may result in job loss, because not all unpaid leave is job protected. Although the Family and Medical Leave Act of 1993 requires employers to guarantee job-protected, unpaid leave up to 12 weeks after the birth or adoption of a new child, an estimated 41 percent of employees in the United States were not covered by the Family and Medical Leave Act in 2012 (Klerman, Daley, and Pozniak 2012).<sup>5</sup> Five percent of first-time mothers who worked during their pregnancy in 2006–08 were let go from their job during pregnancy or within six months of childbirth, 22 percent quit their job, 42 percent took unpaid leave, 10 percent took disability leave, and 51 percent used paid maternity, sick, vacation, or other paid leave. These percentages add to more than 100 percent because many mothers use a combination of arrangements (Laughlin 2011).

**Workers with less education and lower wages tend to have the least access to paid leave.** Mothers without a college degree are less likely to take paid leave than mothers with a college degree or higher (19 versus 66 percent) (figure 1). They also are more likely to be let go from their job or quit their job during pregnancy or shortly after childbirth (11 and 50 percent, respectively) (Laughlin 2011). Comparisons of access to leave by wage levels or family income shows similar patterns.<sup>6</sup> Absent a national policy, access to paid leave is inadequate and inequitable.

FIGURE 1

**Leave Arrangements Used before or after Childbirth by Women Who Worked during Their Pregnancy preceding Their First Birth, by Education Level**



Source: Lynda Laughlin, “Maternity Leave and Employment Patterns of First-Time Mothers: 1961–2008” (Washington, DC: US Census Bureau, 2011), drawing on the Survey of Income and Program Participation, 2008 panel, wave 2.

Notes: The total exceeds 100 percent because mothers take multiple leave arrangements. Leave arrangements may have been used before or up to 12 weeks after the birth.

**Job loss and unpaid leave impose a financial hardship on many families right when they have additional expenses.** One study found that US households experienced a 10 percent decline in income after childbirth, and single mothers who live without other adults face a 42 percent drop (Stanczyk 2016a). Families who took unpaid leave after childbirth reported using multiple strategies to pay their bills, including cutting back on spending, using savings, taking on debt, cutting leave short, postponing bill payment, receiving gifts or loans from friends and family, and going on public assistance (21 percent of those taking unpaid leave and 48 percent of those with income less than \$30,000 a year reported going on public assistance) (Horowitz et al. 2017).

**Increase in States and Municipalities Providing Paid Family Leave**

**More states and municipalities have moved forward on paid family leave.** California enacted paid family leave legislation in 2002, New Jersey in 2008, Rhode Island in 2013, and New York in 2016 (the New York plan goes into effect in January 2018).<sup>7</sup> These state programs, described in the implementation section and in table 1, generally provide 55 to 67 percent of wages for 10 to 12 weeks

(generally composed of six weeks of temporary disability insurance and four to six weeks of additional paid family leave). In April 2016, San Francisco enacted a citywide paid parental leave program, funded by employee and employer contributions, to cover wages not replaced under California's state program. In December 2016, the District of Columbia passed legislation authorizing eight weeks of paid family leave, effective July 2020.<sup>8</sup> More than 50 municipalities provide paid leave for municipal workers, with at least two dozen cities and counties adopting such legislation in 2016 or early 2017 (National Partnership for Women and Families 2017). Proposals to develop a national plan of paid family leave can learn from the experience of existing programs, both in their empirical outcomes on employment, families, and businesses, and in the choices made about operational details.

## Emerging Outcomes of Paid Family Leave

Increasing evidence shows the effects of state-level, paid family leave programs on women, children, families, and employers. We summarize this evidence, focusing on outcomes related to mother's leave-taking and employment decisions, health and developmental outcomes, and effects on employers and labor markets.

### What Are the Effects on Mothers' Labor Market Outcomes?

**State programs have encouraged leave-taking among mothers and increased the likelihood that they return to work after having a child.** Recent studies using strong research methods show that paid maternity leave in California increases the duration of mothers' leave three to five weeks (Baum and Ruhm 2016; Rossin-Slater, Ruhm, and Waldfogel 2013) and increases the probability that a woman is employed in the 3 months before childbirth and 9 to 12 months after childbirth (Baum and Ruhm 2016). Another analysis finds that paid leave laws in New Jersey and California increase women's labor force attachment in the months surrounding a birth (Byker 2016). This analysis is consistent with earlier research showing that women with *private* paid leave were more likely to take maternity leave in the month after childbirth and return to the labor force within a year (Joesch 1997). As such, paid leave increases labor force attachment for women who would have otherwise exited work around childbirth.

Paid leave policies also affect a family's finances after childbirth, through the direct payment of leave and increased likelihood of mothers remaining in the labor force. Stanczyk (2016b) finds that California's paid leave program reduces mothers' risk of poverty following a birth, particularly among disadvantaged mothers. Research on the long-term employment consequences of state paid leave programs is not yet available, but an increase in short-term attachment is likely to translate into long-term employment gains.

**The positive effects of paid leave appear strongest for less-advantaged mothers.** Women without a bachelor's degree in California and New Jersey were likely to have an increase in the number of weeks "with a job" around childbirth and a decrease in time spent looking for a job 6 to 12 months after childbirth for this same group (Byker 2016). Similarly, evidence suggests the increase in leave-taking under California's policy was large for disadvantaged mothers (less-educated and minority women),

who may be less likely to take time off absent paid leave because of financial constraints (Rossin-Slater, Ruhm, and Waldfogel 2013).

## **What Are the Effects on Health and Developmental Outcomes?**

**Paid leave may improve health and developmental outcomes, though evidence is still emerging.** Paid time off after a birth might increase the likelihood of breast-feeding, reduce parental stress that may adversely affect children's health and well-being, and promote healthy parent-child relationships. Though the number of studies in this area is limited, the best evidence shows weakly positive or no effects of paid maternity leave on maternal physical and mental health (Aitken et al. 2015; Chatterji and Markowitz 2012).<sup>9</sup> Studies suggest breast-feeding rates are higher in states where paid leave is offered and among women receiving the benefit (Appelbaum and Milkman 2011; Huang and Yang 2015), and other research links breast-feeding with positive health outcomes for children and mothers (Ip et al. 2007; US Department of Health and Human Services 2011). Research also shows paid leave may improve birth outcomes and infant health (Bullinger 2015; Stearns 2015). Whether paid parental leave has long-term benefits on children's outcomes past infancy remains unanswered, in part because of the recent implementation of such laws in the United States.

## **What Is the Effect on Employers and Labor Markets?**

**Paid leave policies were less onerous on employers than they expected.** Some employers in California, New Jersey, and Rhode Island were initially resistant to implementing a paid family leave policy. But after implementation, surveys of employers showed they were more likely to have positive or neutral views than negative views (Bartel et al. 2016).<sup>10</sup> California employers found the new policy less onerous than expected, and 90 percent or more of employers reported no changes or positive effects on employee turnover, profitability, and productivity (Appelbaum and Milkman 2011).

**Employers also can benefit from family-friendly policies through greater employee satisfaction and reduced turnover.** That mothers with access to paid family leave are more likely to return to their employer suggests benefits to mothers (increased labor market attachment) and to employers (reduced costs from not having to replace that employee, which are estimated to be about 20 percent of a worker's salary) (Boushey and Glynn 2012). There is limited direct evidence about turnover for firms before and after implementation of paid family leave, but one study using California data finds no adverse effect on firm turnover or wage costs when leave-taking rates rise (Rossin-Slater 2017).

**Evidence is mixed on whether paid family leave improves or reduces overall employment rates of young women.** On one hand, family-friendly policies, including paid family leave, can increase the likelihood that women will enter the labor force. Blau and Kahn (2013) argue that the lack of family-friendly policies partially explains why female labor force participation rates are falling in the United States relative to rates in other advanced western economies. On the other hand, implementing paid parental leave could reduce women's employment if these benefits increase the cost of hiring women, who are most likely to take up benefits. The empirical evidence is mixed. Das and Polachek (2015) find that paid family leave was associated with an increase in labor force participation among young women

in California, but unemployment rates and unemployment duration for young women increased. Reed and Vandegrift (2016) estimate that implementing paid family leave in New Jersey reduced employment rates for 22- to 34-year-old women 8 to 9 percent, and Sarin (2016) finds that the cost (and reduced employment) is greater for those with job-protected leave.

Evidence is also mixed on how paid leave affects the nature of women's employment. Blau and Kahn (2013) suggest that family-friendly policies may unintentionally encourage women to work part-time and in low-skill occupations, but these results were found for countries outside the United States, where leaves are generally longer than what is proposed in the United States. Other studies have found that employers may use family-friendly policies such as paid family leave to attract high-skilled women (Bailey and DiPrete 2016; Wasserman 2015).<sup>11</sup>

In sum, emerging evidence about the positive effects of paid family leave, combined with concerns about the inequity and inadequacy of the current leave arrangements of working women facing childbirth, have contributed to national proposals for paid family leave.

## Implementation Choices for a National Paid Family Leave Policy

As the Trump administration refines the plan outlined during the campaign and as members of Congress develop and debate alternative plans, they must address key questions about implementation. Who can take leave, and for how long? What percentage of wages will be replaced, and what is the maximum benefit that will be paid? How will benefits be paid for and administered? Is there a guarantee to go back to the same or comparable job? Below, we outline these choices and how they have been addressed by existing US programs. Our goal is to clarify the choices and trade-offs in developing a national program of paid family leave.

### Who Should Be Covered?

Under the Trump plan, working mothers would qualify for six weeks of unemployment insurance benefits after childbirth if they do not have access to paid maternity leave through their employer. Under the more comprehensive FAMILY Act favored by Democrats, family leave could be taken by mothers or fathers after the birth, adoption, or fostering of a new child or to care for a seriously ill family member.

**The Trump proposal targets maternity leave, which has broader public support and a greater uptake than paternity leave.** More Americans support paid maternity leave following birth or adoption of a child than paid paternity leave (82 versus 69 percent) (Horowitz et al. 2017). Currently, paid leave offered through private employers is more often available to new mothers than to new fathers. When it is offered, men are less likely to take leave and take it for shorter periods (Gault et al. 2014).

**Many argue for paternity leave on equity grounds and because of evidence of benefits for families.** States that have enacted paid family leave provide paid paternity and maternity leave, and fathers are treated the same as mothers under the Family and Medical Leave Act. In addition, 42 percent of countries (70 of 167 countries with data available) provide paid paternity or shared parental leave (Addati, Cassirer, and Gilchrist 2014). Among younger Americans, support for paternity leave is strong: 82 percent of Americans ages 18 to 29 believe fathers should have paid leave after birth or adoption of a child, compared with 55 percent of Americans ages 65 and older.

Although most studies have focused on the consequences of maternal leave-taking, a few studies have documented the consequences of paternal leave-taking. Research has demonstrated that when fathers take leave, there are positive consequences for the mother, including fewer days of work lost because of illness, reductions in depression, and increased earnings (Harrington et al. 2014). Other studies find that when paternity leave is available, fathers are more likely to provide child care even after the leave is over (Boll, Leppin, and Reich 2014; Nepomnyaschy and Waldfogel 2007; Tanaka and Waldfogel 2007).

**Another key coverage decision is whether to cover family leave for employees caring for sick family members.** Existing state programs provide such family leave, and such coverage would be consistent with the unpaid leave provisions of the Family and Medical Leave Act. In California, roughly 88 percent of family leave claims filed between July 2015 and June 2016 were for the birth or adoption of a new child, and 12 percent were because of the illness of a spouse, parent, or child.<sup>12</sup> Extending paid leave to all employees taking leave to care for qualifying relatives would increase costs and potential benefits of paid family leave.

**Part-time and low-wage workers are less likely to be covered if the plan has high work requirements and restrictions on employer size.** A higher percentage of the workforce is covered in California than in New Jersey because of the difference in work requirements (\$300 in earnings in California versus \$8,300 or \$165 a week for a minimum of 20 weeks in New Jersey, as shown in table 1).

## How Long Should Leave Be?

Another notable difference between the Trump proposal and the FAMILY Act favored by many Democrats is the maximum amount of leave covered. The Trump plan would cover up to six weeks, and the FAMILY Act would cover 12 weeks. **Little empirical evidence shows the effects of 6 compared with 12 weeks of leave, because few programs offer less than 10 weeks of effective coverage.** The programs in California and New Jersey offer workers up to six weeks of partial paid leave after the birth or adoption of a child (table 1). For biological mothers, this is in addition to pregnancy- and childbirth-related temporary disability leave. In Rhode Island, benefits are provided up to four weeks (in addition to six to eight weeks of temporary disability leave), for up to 12 weeks.

Duration of leave is an aspect of family leave policy that affects workers and firms differently. Although workers may prefer longer leaves, firms must cover the employee's work for the duration of the leave, and longer leaves may be more costly for employers. Employers can benefit from a family



leave policy if it increases the likelihood that an employee will return to her job, eliminating the cost of hiring and training a new worker. But if the leave is too long, the employer may incur the costs of hiring and training a replacement while the employee is on leave.

Leave duration under consideration in the United States is shorter than leave allowed in other countries. A study of 185 countries found that 32 percent provide 12 to 13 weeks of paid maternity leave, 30 percent provide 14 to 17 weeks, 23 percent provide 18 weeks or more, and 15 provide fewer than 12 weeks (Addati, Cassirer, and Gilchrist 2014).

TABLE 1

## Key Parameters of Four State Family Leave Programs

	California	New Jersey	Rhode Island	New York
Date implemented	2004	2009	2014	2018
Reasons for leave	Birth, family, adoption, fostering, serious illness of family member	Birth, family, adoption, fostering, serious illness of family member	Birth, family, adoption, fostering, serious illness of family member	Birth, family, adoption, fostering, serious illness of family member
Work requirements	Earnings of \$300 in 12-month period	Earnings of \$8,300 in 12-month period or at least \$165 a week for 20 weeks	Earnings of \$10,800 in 12-month period or \$3,600 in 12-month period and ≥ \$1,800 in one quarter and total earnings ≥ 150 percent higher than highest quarter earnings	Part- or full-time employees who worked 26 or more consecutive weeks
Maximum length of paid leave	6 weeks <sup>a</sup>	6 weeks <sup>a</sup>	4 weeks <sup>a</sup>	8 weeks, rising to 12 weeks by 2021 <sup>a</sup>
Wage-replacement rate	55 percent, increasing to 60 and 70 percent in 2018 <sup>b</sup>	67 percent	55 percent	50 percent, rising to 67 percent by 2021
Maximum weekly benefit	\$1,104	\$605	\$795	Capped at 50 percent of <i>statewide</i> average weekly wage rising to 67 percent cap by 2021 <sup>c</sup>
Financing of benefits	Employee payroll tax of 0.9 percent	Employee payroll tax of 0.34 percent	Employee payroll tax of 1.2 percent	Employee payroll tax (percentage not yet issued)
Is paid leave job protected?	No (workers may be covered by FMLA and California Family Rights Act)	No (workers may be covered by FMLA and New Jersey FMLA)	Yes	Yes

**Source:** Sarah Jane Glynn, “Administering Paid Family and Medical Leave: Learning from International and Domestic Examples” (Washington, DC: Center for American Progress, 2015); “State and Family Medical Leave Laws,” National Conference of State Legislatures, July 19, 2016, <http://www.ncsl.org/research/labor-and-employment/state-family-and-medical-leave-laws.aspx>; National Partnership for Women and Families (NPWF), “State Paid Family Leave Insurance Laws” (Washington, DC: NPWF, 2017); “Paving the Way to the Nation’s Strongest Paid Family Leave Policy,” New York State, accessed April 20, 2017, <https://www.ny.gov/programs/new-york-state-paid-family-leave>.

**Note:** FMLA = Family and Medical Leave Act.

<sup>a</sup> Biological mothers also are typically eligible for six to eight weeks of leave after childbirth under temporary disability insurance programs in these four states.

<sup>b</sup> The wage-replacement rate in California will increase to 70 percent for low-income workers and 60 percent for other workers, effective 2018.

<sup>c</sup> The New York average weekly wage was \$1,306 in fiscal year 2010, suggesting a cap of \$653.

## What Should Benefit Amounts Be?

Benefit levels were not detailed in Trump's 2016 plan. But if benefits follow the model of current unemployment benefits, they would be roughly half a working mother's previous wages, up to state-established caps. The FAMILY Act provides benefits equal to two-thirds of average wages, with a monthly maximum of \$4,000. Current state plans have wage-replacement rates between 55 and 67 percent, with weekly benefit caps ranging from \$605 to \$1,104 (table 1).

Setting wage-replacement rates and maximum caps affects program costs. **Trade-offs between higher wage replacement rates and higher caps also shape who is likely to benefit from policies and who will take them up.** A higher wage-replacement rate but lower maximum benefit cap, as in New Jersey, is more favorable to low-wage workers because they are less likely than other workers to be affected by the cap. Another option for assisting low-wage workers while controlling costs is to provide them with higher replacement rates than other workers. Graduated wage-replacement rates—to go into effect in California in 2018 and included in DC's current legislation—could increase participation in paid leave programs by making leave-taking more affordable for low-wage employees.

## How Will Benefits Be Funded and Administered?

**Both the Trump plan and the FAMILY Act follow a social insurance model,** where workers contribute pooled resources through payroll taxes to a government-run social insurance fund, and replacement wages are paid to workers who take leave for a qualifying reason (Glynn 2015). This is in contrast to employer mandates (used for the Family and Medical Leave Act), tax credits to encourage employer plans (favored by Senators Rubio and Fischer), or financing benefits through general funding (proposed by Secretary Clinton<sup>13</sup>). Most countries use a social insurance model to administer paid family leave, as do the four existing state plans.<sup>14</sup>

**Employee payroll contributions fund state programs,** with the payroll tax ranging from 0.34 percent to 1.2 percent of earnings (table 1).<sup>15</sup> For a worker with median annual earnings, the tax amounts to between \$109 and \$384 a year (Montana Budget and Policy Center 2015). The proposed payroll tax for the FAMILY Act is 0.2 percent. The details of how benefits would be funded under Trump's paid leave proposal were not clear from materials released in September 2016, except for references to reducing unemployment fraud. If the proposed six-week maternity benefits were funded through an employee payroll tax, the rate would likely be lower than existing plans, given the more modest scope of coverage and benefits.

**Building on existing social insurance programs can ease the administration of family leave benefits.** Current state family leave programs are built on temporary disability programs, allowing states to take advantage of disability insurance infrastructure for collecting payroll contributions, processing claims, and administering benefits. Because most states do not have temporary disability insurance programs, national proposals suggest alternate platforms. The Trump proposal would have maternity benefits administered through unemployment insurance programs (administered by state

departments of labor), whereas the FAMILY Act proposed a national plan of parental benefits administered by a new office of the Social Security Administration.

There is precedent for considering unemployment insurance to provide paid family leave. From 2000 to 2003, 15 states considered legislation to enact “baby UI” programs authorizing the payment of unemployment insurance benefits to eligible parents after the birth or adoption of a child.<sup>16</sup> The US Department of Labor regulations authorizing such programs were controversial and were repealed in 2003 before any state enacted legislation (though California did enact its family leave program based on temporary disability insurance, another program administered by its state department of labor).

A key advantage of building on unemployment insurance programs is that state departments of labor have the quarterly earnings data to determine work history, and they are accustomed to reviewing applications and issuing benefit checks relatively quickly (Winston 2014; Zielewski and Waters Boots 2010). Yet many state unemployment compensation programs are on unstable financial footing, without sufficient reserves to weather a recession (Vroman and Woodbury 2014). Using the unemployment insurance system for family leave benefits may be further complicated by distinctions between state and federal unemployment trust funds.<sup>17</sup> Alternate programs within state departments of labor, such as workers compensation, have been proposed in bills before state legislatures (Montana Budget and Policy Center 2015).

Finally, a key decision is whether parental leave benefits should vary from state to state (like unemployment benefits) or whether there should be a national policy with uniform coverage rules and wage-replacement rates (like Social Security benefits). One middle-ground option is to have a national policy on coverage and benefit amounts, but have it administered by state agencies (as occurs in the Supplemental Nutrition Assistance Program).

## **What Should Job Protections Be?**

An important consideration is whether paid leave laws provide workers the promise of their old jobs upon return to the labor force. The Rhode Island law mandates job-protected leave, but such provisions exist in California and New Jersey only for workers covered under the Family Medical Leave Act. Coverage under the act is more restrictive than coverage for paid family leave in California and New Jersey, and some California workers have taken leave under the false belief their jobs would be protected only to find out after taking leave that they had been let go (Firestein, O’Leary, and Savitsky 2011). Job protection, or lack thereof, affects who can access benefits. Workers with lower education or income are less likely to qualify for job-protected, unpaid leave under the Family and Medical Leave Act (Jorgensen and Appelbaum 2014; Ross Phillips 2004). Without this guarantee, low-wage workers with limited financial security may forgo benefits rather than risk losing their jobs because of leave. Job protection is also a key aspect of family leave policies that can promote female attachment to the labor market, because it enables a worker to return to the same employer, so the worker does not lose job- and firm-specific human capital (Stearns 2016).

## Conclusion

The Trump proposal for paid maternity leave, as well as growing interest among national and state legislators, offers the possibility of moving forward on family leave policies. A national policy could address the inadequacies and inequities of current leave options facing parents of newborn children. Existing state paid family leave has had positive effects on mothers' labor market outcomes. Strong evidence shows it induces more mothers to take leave and for longer periods and increases the likelihood that women return to work after having a child. Paid leave also can have positive effects on mothers' physical and mental health, as well as young children's health outcomes. Improvements across these domains appear to be larger for disadvantaged families, who are especially constrained without access to paid leave benefits. Paid family leave also can improve worker retention, and employers in states that have implemented such policies are generally neutral or positive toward public programs of paid family leave. Finally, building upon existing social insurance programs could ease implementation of a new program of paid family leave.

## Notes

1. “Americans’ Views on Income Inequality and Workers’ Rights,” *New York Times*, June 3, 2015, [https://www.nytimes.com/interactive/2015/06/03/business/income-inequality-workers-rights-international-trade-poll.html?\\_r=1](https://www.nytimes.com/interactive/2015/06/03/business/income-inequality-workers-rights-international-trade-poll.html?_r=1).
2. Family and Medical Insurance Leave Act, *H.R. 947*, 115th Cong. (2017).
3. In 1978, the Pregnancy Discrimination Act granted women the right to use their sick leave and disability benefits for pregnancy-related medical conditions, including childbirth.
4. States and territories with temporary disability insurance programs include California, Hawaii, New Jersey, New York, Puerto Rico, and Rhode Island. Mothers are generally allowed six to eight weeks of temporary disability insurance leave after childbirth. Some states allow additional leave before delivery date. In others, the total leave before and after delivery date is six to eight weeks, barring pregnancy complications (Stearns 2015). Four of these states (California, New Jersey, New York, and Rhode Island) have used their temporary disability insurance programs as a springboard for paid family leave programs (the New York program goes into effect in January 2018).
5. Receiving coverage under the Family and Medical Leave Act requires that an employee work in a firm with 50 or more workers, work 1,250 or more hours annually, and work for a firm for 12 months before taking leave.
6. Only 6 percent of workers in the bottom income quartile have access to paid family leave (compared with 22 percent of workers in the top quartile), and workers in the bottom quartile also have lower access to sick leave (41 versus 87 percent) and temporary disability benefits (18 versus 53 percent) (Bureau of Labor Statistics, 2016, tables 16 and 32).
7. Washington State also enacted a program in 2007, but it has never been funded or implemented.
8. Implementation remains uncertain. The mayor neither signed nor vetoed the bill passed by the city council, allowing it to become law without her signature. An alternate plan with a lower payroll tax was introduced to the city council in February 2017, adding further uncertainty to the status. If adopted as enacted in 2016, the program would be one of the nation’s most generous, providing a wage replacement of up to 90 percent.
9. See also Mary C. Schroeder, “*The Economics of Mandated Paid Leave*” (PhD dissertation, Emory University, 2010).
10. See also “Paid Leave Research,” National Partnership for Women and Families, accessed April 20, 2017, <http://www.nationalpartnership.org/issues/work-family/paid-leave-resources.html>.
11. See also Julia Greenberg, “Tech’s Selfish Reasons for Offering More Parental Leave,” *Wired*, August 13, 2015, <https://www.wired.com/2015/08/techs-selfish-reasons-offering-parental-leave/>; and Patricia Garcia, “Why Silicon Valley’s Paid Leave Policies Need to Go Viral,” *Vogue*, August 6, 2015, <http://www.vogue.com/article/paid-parental-leave-netflix-silicon-valley>.
12. “Paid Family Leave (PFL) Program Statistics,” California Employment Development Department, accessed April 20, 2017, [http://www.edd.ca.gov/Disability/pdf/qspfl\\_PFL\\_Program\\_Statistics.pdf](http://www.edd.ca.gov/Disability/pdf/qspfl_PFL_Program_Statistics.pdf).
13. “Paid Family and Medical Leave,” HillaryClinton.com, accessed April 21, 2017, <https://www.hillaryclinton.com/issues/paid-leave/>.
14. The second-most-common model in other countries is employer mandates, followed by publicly funded programs (Addati, Cassirer, and Gilchrist 2014).
15. In California and Rhode Island, the same mechanism—employee payroll contributions—finances the state’s paid family leave and disability insurance systems. In New Jersey, employee payroll contributions finance paid family leave insurance, but the disability insurance program is funded by *employer* contributions.
16. States were allowed to enact such programs under US Department of Labor regulations issued in June 2000 (20 CFR Part 604), which established an option for Baby and Adoption Unemployment Compensation, allowing family paid leave at levels and duration set by participating states (Franco 2004; Vroman 2001).

17. Mark Gimein, “Why Trump’s Maternity-Leave Plan Won’t Work,” *New Yorker*, September 16, 2016, <http://www.newyorker.com/business/currency/why-trumps-maternity-leave-plan-wont-work>.

## References

- Addati, Laura, Naomi Cassirer, and Katherine Gilchrist. 2014. *Maternity and Paternity at Work: Law and Practice across the World*. Washington, DC: International Labor Organization.
- Aitken, Zoe, Cameryn C. Garrett, Belinda Hewitt, Louise Keogh, Jane S. Hocking, and Anne M. Kavanagh. 2015. “The Maternal Health Outcomes of Paid Maternity Leave: A Systematic Review.” *Social Science and Medicine* 130: 32–41.
- Appelbaum, Eileen, and Ruth Milkman. 2011. *Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California*. Washington, DC: Center for Economic and Policy Research.
- Bailey, Martha J., and Thomas A. DiPrete. 2016. “Five Decades of Remarkable but Slowing Change in US Women’s Economic and Social Status and Political Participation.” *The Russell Sage Foundation Journal of the Social Sciences* 2 (4): 1–32.
- Bartel, Ann, Maya Rossin-Slater, Christopher Ruhm, and Jane Waldfogel. 2016. “Assessing Rhode Island’s Temporary Caregiver Insurance Act: Insights from a Survey of Employers.” Columbia Business School Working Paper. New York: Columbia Business School.
- Baum, Charles L., II, and Christopher J. Ruhm. 2016. “The Effects of Paid Family Leave in California on Labor Market Outcomes.” *Journal of Policy Analysis and Management* 35 (2): 333–56.
- Baum, Charles L., II. 2003. “Does Early Maternal Employment Harm Child Development? An Analysis of the Potential Benefits of Leave Taking.” *Journal of Labor Economics* 21 (2): 409–48.
- Blau, Francine D., and Lawrence M. Kahn. 2013. “Female Labor Supply: Why Is the US Falling Behind?” *American Economic Review* 103 (3): 251–56.
- Boll, Christina, Julian Leppin, and Nora Reich. 2014. “Paternal Childcare and Parental Leave Policies: Evidence from Industrialized Countries.” *Review of Economics of the Household* 12 (1): 129–58.
- Boushey, Heather, and Sarah Jane Glynn. 2012. “There Are Significant Business Costs to Replacing Employees.” Washington, DC: Center for American Progress.
- Bullinger, Lindsey Rose. 2015. “Paid Family Leave and Infant Health: Evidence from State Programs.” Paper presented at the Association for Public Policy Analysis and Management 2015 Fall Conference, Miami, FL, November 14.
- Bureau of Labor Statistics. 2016. *National Compensation Survey: Employee Benefits in the United States, March 2016*. Washington, DC: US Department of Labor, Bureau of Labor Statistics.
- Byker, Tanya S. 2016. “Paid Parental Leave Laws in the United States: Does Short-Duration Leave Affect Women’s Labor-Force Attachment?” *American Economic Review* 106 (5): 242–46.
- Chatterji, Pinka, and Sara Markowitz. 2012. “Family Leave after Childbirth and the Mental Health of New Mothers.” *Journal of Mental Health Policy and Economics* 15 (2): 61–76.
- Cutler, David M., and Jonathan Gruber. 1996. “Does Public Insurance Crowd Out Private Insurance?” *Quarterly Journal of Economics* 111 (2): 391–430.
- Das, Tirthatanmoy, and Solomon W. Polachek. 2015. “Unanticipated Effects of California’s Paid Family Leave Program.” *Contemporary Economic Policy* 33 (4): 619–35.
- Firestein, Netsy, Ann O’Leary, and Zoe Savitsky. 2011. *A Guide to Implementing Paid Family Leave: Lessons for California*. Berkeley, CA: Labor Project for Working Families and Berkeley Center on Health, Economic, and Family Security.
- Franco, Celinda. 2004. “Unemployment Compensation: Benefits while on Leave for the Birth or Adoption of a Child.” Washington, DC: Congressional Research Service.

- Gault, Barbara. 2014. "Quality Jobs and Supports Build Strong Workplaces." Washington, DC: Institute for Women's Policy Research.
- Gault, Barbara, Heidi Hartmann, Ariane Hegewisch, Jessica Milli, and Lindsey Reichlin. 2014. "Paid Parental Leave in the United States: What the Data Tell Us about Access, Usage, and Economic and Health Benefits." Washington, DC: Institute for Women's Policy Research.
- Glynn, Sarah Jane. 2015. "Administering Paid Family and Medical Leave: Learning from International and Domestic Examples." Washington, DC: Center for American Progress.
- Harrington, Brad, Fred Van Deuson, Jennifer Sabatini Fraone, Samantha Eddy, and Linda Haas. 2014. *The New Dad: Take Your Leave*. Newton, MA: Boston College Center for Work and Family.
- Horowitz, Juliana, Kim Parker, Nikki Graf, and Gretchen Livingston. 2017. *Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies: Personal Experiences with Leave Vary Sharply by Income*. Washington, DC: Pew Research Center.
- Huang, Rui, and Muzhe Yang. 2015. "Paid Maternity Leave and Breastfeeding Practice before and after California's Implementation of the Nation's First Paid Family Leave Program." *Economics and Human Biology* 16: 45–59.
- Ip, Stanley, Mei Chung, Gowri Raman, Priscilla Chew, Nombulelo Magula, Deirdre DeVine, Thomas Trikalinos, et al. 2007. "Breastfeeding and Maternal and Infant Health Outcomes in Developed Countries." Rockville, MD: US Department of Health and Human Services, Agency for Healthcare Research Quality.
- Joesch, Jutta M. 1997. "Paid Leave and the Timing of Women's Employment before and after Birth." *Journal of Marriage and Family* 59 (4): 1008–21.
- Jorgensen, Helene, and Eileen Appelbaum. 2014. "Expanding Federal Family and Medical Leave Coverage: Who Benefits from Changes in Eligibility Requirements?" Washington, DC: Center for Economic and Policy Research.
- Klerman, Jacob Alex, Kelly Daley, and Alyssa Pozniak. 2012. "Family and Medical Leave in 2012: Technical Report." Cambridge, MA: Abt Associates Inc.
- Laughlin, Lynda. 2011. "Maternity Leave and Employment Patterns of First-Time Mothers: 1961–2008." Washington, DC: US Census Bureau.
- Montana Budget and Policy Center. 2015. "Paid Leave in Four States: Lessons for Montana Policymakers and Advocates." Helena: Montana Budget and Policy Center.
- National Partnership for Women and Families. 2017. "Paid Family/Parental Leave Policies for Municipal Employees: November 2016–February 2017." Washington, DC: National Partnership for Women and Families.
- Nepomnyaschy, Lenna, and Jane Waldfogel. 2007. "Paternity Leave and Fathers' Involvement with Their Young Children." *Community, Work, and Family* 10 (4): 427–53.
- Niederle, Muriel, Carmit Segal, and Lise Vesterlund. 2013. "How Costly Is Diversity? Affirmative Action in Light of Gender Differences in Competitiveness." *Journal of Management Science* 59 (1): 1–16.
- Reed, Joshua, and Donald Vandegrift. 2016. *The Effect of New Jersey's Paid Parental Leave Policy on Employment*. Ewing: The College of New Jersey.
- Ross Phillips, Katherin. 2004. "Getting Time Off: Access to Leave among Working Parents." Washington, DC: Urban Institute.
- Rossin-Slater, Maya. 2017. *Maternity and Family Leave Policy*. NBER Working Paper 23069. Cambridge, MA: National Bureau of Economic Research.
- Rossin-Slater, Maya, Christopher J. Ruhm, and Jane Waldfogel. 2013. "The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes." *Journal of Policy Analysis and Management* 32 (2): 224–45.
- Sarin, Natasha R. 2016. "The Impact of Paid Leave on Female Employment Outcomes." Cambridge, MA: Harvard University.



- Stanczyk, Alexandra B. 2016a. “[Greater Financial Supports Could Improve Household Economic Well-Being Around a Birth.](#)” Davis: University of California, Davis, Center for Policy Research.
- . 2016b. “[Paid Family Leave May Reduce Poverty Following a Birth: Evidence from California.](#)” Chicago: University of Chicago, The Employment Instability, Family Well-Being, and Social Policy Network.
- Stearns, Jenna. 2015. “The Effects of Paid Maternity Leave: Evidence from Temporary Disability Insurance.” *Journal of Health Economics* 43: 85–102.
- . 2016. “[The Long-Run Effects of Wage Replacement and Job Protection: Evidence from Two Maternity Leave Reforms in Great Britain.](#)” Working Paper. Santa Barbara: University of California, Santa Barbara.
- Tanaka, Sakiko, and Jane Waldfogel. 2007. “Effects of Parental Leave and Work Hours on Fathers’ Involvement with Their Babies.” *Community, Work, and Family* 10 (4): 409–26.
- US Department of Health and Human Services. 2011. *The Surgeon General’s Call to Action to Support Breastfeeding.* Washington, DC: US Department of Health and Human Services, Office of the Surgeon General.
- Vroman, Wayne. 2001. “[Unemployment Insurance and Unemployment Assistance: A Comparison.](#)” Washington, DC: Urban Institute.
- Vroman, Wayne, and Stephen A. Woodbury. 2014. “[Financing Unemployment Insurance.](#)” *National Tax Journal* 67 (1): 253–68.
- Wasserman, Melanie. 2015. “[Hours Constraints, Occupational Choice, and Fertility: Evidence from Medical Residents.](#)” MIT working paper. Cambridge: Massachusetts Institute of Technology.
- Winston, Pamela. 2014. “[Work-Family Supports for Low-Income Families: Key Research Findings and Policy Trends.](#)” Washington, DC: US Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.
- Zielewski, Erica H., and Shelley Waters Boots. 2010. “[Exploring Policy Models For Extended Time Off.](#)” Washington, DC: Urban Institute.

## About the Authors



**Julia B. Isaacs** is a senior fellow in the Center on Labor, Human Services, and Population at the Urban Institute. She is an expert in child and family policy with wide-ranging knowledge about government programs and budgets. She is codirector of the Urban Institute’s Kids in Context initiative.



**Olivia Healy** is a former research associate in the Center on Labor, Human Services, and Population, where she contributed to research on publicly funded programs designed to support low-income families. She is now a PhD student in the Department of Human Development and Social Policy at Northwestern University.



**H. Elizabeth Peters** is the director of the Center on Labor, Human Services, and Population. Her research focuses on family economics and family policy, and she has published on topics related to work and family balance, child care policy, family formation and dissolution, child support policy, welfare reform, family investments in children, child well-being, and father involvement.

# Acknowledgments

This brief was funded by the Urban Institute through the Joel L. Fleishman Innovation Fund, providing funding to Urban researchers to support the development of new and highly relevant research and policy analysis.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at [www.urban.org/support](http://www.urban.org/support).

The authors express appreciation to Margery Austin Turner, Alexandra Stanczyk, and Matt Rogers for their helpful comments.



2100 M Street NW  
Washington, DC 20037  
[www.urban.org](http://www.urban.org)

## ABOUT THE URBAN INSTITUTE

The nonprofit Urban Institute is dedicated to elevating the debate on social and economic policy. For nearly five decades, Urban scholars have conducted research and offered evidence-based solutions that improve lives and strengthen communities across a rapidly urbanizing world. Their objective research helps expand opportunities for all, reduce hardship among the most vulnerable, and strengthen the effectiveness of the public sector.

Copyright ©May 2017. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.