

Emerging Evidence on the Impacts of Paid Family Leave on Workers and Employers

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 - Nearly 30% of children live in a single-mother household
 - Work is a **necessity** for many of these women
- Important to understand the consequences of policies aimed at working parents
 - Paid family leave (PFL) provides workers with time off work with (partial) wage replacement to care for their newborn or adopted children as well as for severely ill family members

Current Policy Landscape

- On the Federal Level: The Family and Medical Leave Act (FMLA)
 - Federal policy, enacted in 1993, offers 12 weeks of **unpaid** family leave to eligible workers
 - Job protection; continued health insurance coverage by employer
 - Firm size and work history requirements → about 60% of private sector workers are eligible (Klerman et al., 2012)

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- State-level PFL programs: CA (2004), NJ (2008), RI (2014), NY (2018)
 - 6-12 weeks of leave with partial wage replacement
 - Not job protected in CA and NJ; job protection in RI and NY
 - Funded by employee payroll taxes
 - Much wider eligibility than FMLA (e.g: no firm size requirements)
 - Often integrated with state disability insurance systems

Family Leave and Workers' Labor Market Outcomes

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- Theoretically ambiguous impacts of family leave on workers' subsequent labor market trajectories
 - May increase job continuity (and therefore wages, employment status, promotions, etc.) for workers who would have otherwise quit
 - May reduce job continuity for workers who would have taken shorter leave (or no leave at all)
 - Also a concern that employers may discriminate against women/mothers

What Can We Learn from Research on Unpaid Leave?

- FMLA → increased leave-taking and more time off work after childbirth for both mothers and fathers; no detectable effects on their later employment (Waldfogel, 1999; Han et al., 2009)
 - Effects much larger for women than men in absolute magnitude
 - Effects largest for relatively advantaged women
- Earlier state-level unpaid leave policies → smaller effects on leave-taking; again, no effects on later labor market outcomes (Klerman & Leibowitz, 1997; Han & Waldfogel, 2003; Washbrook et al., 2011)

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From Rossin-Slater, Ruhm, and Waldfogel (2013):

- Nearly doubled leave-taking rates among mothers of children under 1 year old
 - From ≈ 3 weeks to ≈ 6 weeks on average

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- Increase in usual weekly work hours of employed mothers 1-3 years later by 10-17 percent

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- For mothers:
 - Higher employment rate 9-12 months after childbirth
 - Higher work hours and wages in the child's 2nd year of life

What Can We Learn from Other Countries' PFL Policies?

- The United States is the **only** industrialized country without a national PFL program
 - In Europe and Canada: 2 months up to 3.5 years, 70-100 percent of wages replaced (at least for part of the duration)

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 - In Europe and Canada: 2 months up to 3.5 years, 70-100 percent of wages replaced (at least for part of the duration)
- General conclusions from a vast body of research:
 - Implementation and extensions of PFL increase leave-taking among both mothers and fathers
 - The effect is typically larger for mothers than for fathers
 - PFL up to one year in length has either positive or no effects on parents' subsequent labor market outcomes

What About Employers?

- PFL programs are typically financed entirely through employee payroll taxes → no direct costs to employers
- May be other costs due to having to hire temporary replacement workers or coordinating schedules
 - Opposition to PFL programs often comes from small business groups and the Chamber of Commerce
- May be benefits due to reductions in overall turnover rates, improved employee morale, greater productivity

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- My current ongoing work (preliminary findings):
 - Administrative data on all CA firms: very little or no effects of PFL leave-taking on turnover rates or total payroll (Bana, Bedard & Rossin-Slater, 2016)
 - Survey of small and medium-sized firms in RI, CT, and MA: no noticeable negative effects of RI's PFL law on any outcomes (Bartel et al., 2015)

Effects on Children?

- Possible channels: lower maternal stress in the pre- and post-natal periods; more time spent in parental care; more breastfeeding; more material resources
- Two key take-aways from existing research:
 - Expansions in existing paid leave policies in Europe and Canada have no effects on child well-being (Baker & Milligan, 2008, 2010, 2015; Liu & Skans, 2010; Rasmussen, 2010; Dustmann & Schönberg, 2012; Dahl et al., 2016)
 - Introduction of short paid and unpaid leave programs improves child outcomes (Rossin, 2011; Carneiro et al., 2015; Stearns, 2015; Huang & Yang, 2015)

Conclusions and Implications

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- PFL may also improve subsequent labor market trajectories (higher employment and wages), especially for mothers
- The benefits of PFL to employees seem to come at little or no cost to employers
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- Introduction of PFL can improve child well-being in the short- and long-run