



# Paid family and medical leave in the United States

## A research agenda

October 2018 Elisabeth Jacobs

Caregiving needs span the life cycle, and changes in women's labor force participation in the United States mean that the majority of families no longer have a stay-at-home spouse to provide unpaid care. Yet too many workers who need time off to care for a new baby, a sick loved one, an aging family member, or their own health may do so only at the expense of their own financial well-being—and the cumulative cost of this failure takes a broader toll on the health of the U.S. economy. A growing number of states are experimenting with policies designed to provide widespread access to paid family and medical leave, which creates a window of opportunity for expanding the knowledge base about the demand for paid caregiving leave across the life cycle, as well as the costs and benefits of paid leave policies for individuals, families, businesses, and the economy as a whole. This paper explores the evidence from the United States on the need for and impact of paid family and medical leave, considering parental, caregiving, and medical leave separately, and surveys a wide range of literature that spans labor market outcomes, health outcomes, and broader macroeconomic outcomes, including policy spillovers. In doing so, it lays out a research agenda designed to accelerate the evidence base for future state and federal policymakers.

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### Key takeaways

- **Caregiving needs reach across the life cycle.** Every day, 10,800 babies are born, 4,754 new cases of cancer are diagnosed, and 1,329 people develop Alzheimer's disease.<sup>1</sup> While the federal Family and Medical Leave Act of 1993 provides the right to 12 weeks of unpaid leave, the law's dated eligibility requirements mean that about 40 percent of all workers are excluded from this coverage. The workers who would benefit the most from FMLA leave account for most of those low coverage rates, with about half of all working parents and 43 percent of women of childbearing age ineligible for job-protected, unpaid caregiving leave.<sup>2</sup> As a result, too many workers who need time off to care for a new baby, a sick child, an aging family member, or their own health may do so at the expense of

their financial well-being—with the cumulative cost of this failure adding up to take a broader toll on the health of the U.S. economy as a whole.

- **In the absence of a federal paid family and medical leave policy, states are leading the way in implementing social insurance-based programs that provide paid parental, caregiving, and medical leave for workers.** Four states—California, New Jersey, New York, and Rhode Island—have implemented paid leave programs. Two more—Washington state and Massachusetts—as well as the District of Columbia have passed paid leave legislation and are currently working to implement their policies. These state-level policy innovations provide a unique opportunity for growing the base of evidence on paid family and medical leave in the United States after many years of relying on data from European countries with longstanding paid leave programs.
- **The most comprehensive evidence on paid family and medical leave in the United States comes from studies of parental leave in the states, with a focus on women’s labor market outcomes.** The research suggests that paid parental leave in California, for example, increased the likelihood that a new mother was working a year after the birth of her child by 18 percentage points, and 2 years following the birth, mothers’ work hours and their weeks at work were 18 percentage points and 11 percentage points higher, respectively, than comparable mothers prior to the implementation of the paid leave policy.<sup>3</sup> But questions remain regarding the long-term labor market effects of the policy across the earnings and family income distribution, as well as about the gender dynamics of labor market outcomes, including the gender wage gap, among others.
- **Descriptive statistics suggest that the demand for caregiving leave is real, yet scant research to date that provides rigorous analysis of the labor market and employment effects of paid caregiving or medical leave represents a key opportunity for new work going forward.**<sup>4</sup> Recent survey data suggests that of caregiving leave-takers who received partial or no pay during their time off, 36.5 percent fell behind on bills, 30.2 percent borrowed money, and 14.8 percent enrolled in public assistance benefits programs.<sup>5</sup> Preliminary evidence from California suggests that paid caregiving leave increased the short-term labor force participation of caregivers by 8 percent in the first 2 years of the program and by 14 percent in the first 7 years of the program. The research also suggests that paid caregiving leave may be particularly important for low-income women’s labor force participation.<sup>6</sup> More research is needed to better understand how caregiving leave is functioning in practice and for whom.
- **Research on health outcomes for both care recipients and caregivers (including maternal health and child health) is suggestive of the health benefits of paid leave, with downstream ripple effects improving health outcomes well beyond the leave period.** The introduction of paid family and medical leave in California, for example, resulted in a significant decrease in hospital admission for pediatric head trauma for infants and young toddlers, a leading cause of child abuse maltreatment. The researchers hypothesize that paid parental leave may have reduced parental stress,

which in turn may have mitigated child abuse.<sup>7</sup> To date, research from the states offers little insight on the distributional consequences of paid leave for health outcomes. Much work remains to be done to better understand the short- and long-term health consequences of caregiving and medical leave.

- **Employer surveys from the states with existing paid leave policies suggest strong support among employers for the programs, along with low turnover costs and suggestive evidence of strong effects of the policy on worker retention.<sup>8</sup> Yet many questions remain unanswered regarding the potential productivity impacts of paid leave, with firm-level effects very poorly understood.** While employer responses do not vary dramatically across the broad categories included in the early surveys, questions of distributional impacts of costs and benefits to employers across local labor markets, industries, firm size, wage bill, and other key factors remain unexplored or underexplored.
- **Myriad questions remain across all forms of leave (parental, caregiving, and medical leave) on how policy design may affect key outcomes across the earnings and family income distribution—including employment, earnings, career trajectories, and health outcomes, as well as policy spillovers into other social insurance and social safety net programs such as Social Security, Social Security Disability Insurance, Medicaid, Medicare, and others.** Exemplary research from California finds that paid caregiving leave led to an 11 percent reduction in the share of the elderly residing in nursing homes, and, because Medicaid is the primary payer for the majority of nursing home stays, access to paid caregiving leave may have decreased Medicaid costs.<sup>9</sup> Ongoing research from a team of economists at University of Massachusetts Boston, supported by the Washington Center for Equitable Growth, is conducting a first-of-its-kind study examining the impact of access to paid medical leave on a host of outcomes, including Social Security Disability Insurance enrollment.<sup>10</sup> More work along these lines is badly needed to better understand how paid family and medical leave may or may not integrate with existing policies and programs.
- **While the research landscape is rich with questions ripe for exploration, the basic facts are quite clear: States have successfully implemented comprehensive paid family and medical leave programs using a social insurance model, where a small payroll tax funds modest benefits for caregiving leave available to new parents, those who need time away from work to care for a sick loved one, and those who need time away from work to attend to their own serious medical condition.** Future policies—including a national paid leave policy available to all, regardless of the state in which they happen to live and/or work—would obviously benefit from additional rigorous research to ensure that programs are serving the intended need, achieving the desired outcomes, and are well-integrated with existing critical policies designed to enhance family economic security. But the absence of the “perfect” body of evidence should not stand in the way of policy experimentation going forward.

## Endnotes

- 1 Birth statistics are a computed daily average based on annual data for 2016 from the National Center for Health Statistics at the Centers for Disease Control and Prevention. Cancer statistics are a computed daily average based on annual data for 2018 from the National Cancer Institute at the National Institutes of Health. Alzheimer's statistics are a computed daily average based on annual data from 2017 from the Alzheimer's Association. See: "National Center for Health Statistics: Births and Natality," available at <https://www.cdc.gov/nchs/fastats/births.htm> (last accessed October 9, 2018); "Cancer Statistics," available at <https://www.cancer.gov/about-cancer/understanding/statistics> (last accessed October 9, 2018); "Alzheimer's Facts and Figures," available at <https://www.alz.org/alzheimers-dementia/facts-figures> (last accessed October 9, 2018).
- 2 In the private sector, FMLA protections apply only to employers with 50 or more employees within 75 miles of the workplace and to employees who have worked for a given employer for no less than 12 months and for at least 1,250 hours in the past year. The business size and job tenure exclusions mean that many working parents and women of child-bearing age are excluded from FMLA coverage. See: "Inequities in Eligibility for FMLA Leave," available at <http://www.diversitydatakids.org/files/Policy/FMLA/Capacity/Inequities%20in%20FMLA%20eligibility.pdf> (last accessed October 9, 2018).
- 3 Charles L. Baum and Christopher J. Ruhm, "The Effects of Paid Family Leave in California on Labor Market Outcomes," *Journal of Policy Analysis and Management* 35 (2) (2016): 333–56; Maya Rossin-Slater, Christopher J. Ruhm, and Jane Waldfogel, "The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes." Working Paper (National Bureau of Economic Research, 2011).
- 4 Juliana Horowitz and others, "Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies" (Washington: Pew Research Center, 2017).
- 5 Jacob Alex Klerman, Kelly Daley, and Alyssa Pozniak, "Family and Medical Leave in 2012: Technical Report" (Cambridge, MA: Abt Associates Inc., 2012), available at <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>.
- 6 Joelle Saad-Lessler and Kate Bahn, "The Importance of Paid Leave for Caregivers" (Washington: Center for American Progress, 2017), available at <https://www.americanprogress.org/issues/women/reports/2017/09/27/439684/importance-paid-leave-caregivers/>.
- 7 Joanne Klevens and others, "Paid Family Leave's Effect on Hospital Admissions for Pediatric Abusive Head Trauma," *Injury Prevention: Journal of the International Society for Child and Adolescent Injury Prevention* 22 (6) (2016): 442–45, available at <https://doi.org/10.1136/injuryprev-2015-041702>.
- 8 Eileen Appelbaum and Ruth Milkman, "Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California" (Washington: Center for Economic and Policy Research, 2011), available at <http://www.cepr.net/documents/publications/paid-family-leave-1-2011.pdf>; Ann P. Bartel and others, "Employer Attitudes Towards Paid Leave" (Stanford, CA: Stanford University, 2017), available at [http://web.stanford.edu/~mrossin/Bartel\\_et\\_al\\_EmployerAttitudesReport\\_Aug2017.pdf](http://web.stanford.edu/~mrossin/Bartel_et_al_EmployerAttitudesReport_Aug2017.pdf); Barbara E. Silver, Helen Mederer, and Emilija Djurdjevic, "Launching the Rhode Island Temporary Caregiver Insurance Program (TCI): Employee Experiences One Year Later" (Washington: U.S. Department of Labor Women's Bureau, 2016), available at [https://www.dol.gov/wb/media/RI\\_paid\\_leave\\_report.pdf](https://www.dol.gov/wb/media/RI_paid_leave_report.pdf).
- 9 Kanika Arora and Douglas A. Wolf, "Does Paid Family Leave Reduce Nursing Home Use? The California Experience," *Journal of Policy Analysis and Management* 37 (1) (2018): 38–62, available at <https://doi.org/10.1002/pam.22038>.
- 10 Randy Albelda, Michael Carr, and Emily Wiemers, "The Long-Run Impact of Temporary Disability Insurance on SSDI Claims, Earnings Stability, and Labor Force Participation" (Washington: Washington Center for Equitable Growth, 2018), available at <https://equitablegrowth.org/grants/the-long-run-impact-of-temporary-disability-insurance-on-ssdi-claims-earnings-stability-and-labor-force-participation/>.

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