Each year around Mother’s Day, headlines like this appear in the media: “United States and Papua New Guinea Among Countries With No Paid Parental Leave.”

It’s surprising that, as one of the most developed countries in the world, the United States does not have paid family leave policies for mothers to take care of their newborns or for families to care for sick parents. With Mother’s Day once again approaching, it is an appropriate time to dig deeper beyond the headlines to see the current status of paid family leave in the United States.

**U.S. STATUS QUO — NO NATIONAL REQUIREMENT FOR PAID FAMILY LEAVE, LIMITED STATE AND PRIVATE SECTOR COVERAGE**

To be fair, the media is referring to the fact that the U.S. does not have paid family leave at the national level; that is, there is no federal law mandating that either states or private sector employers provide paid family leave to employees. The 1993 Family and Medical Leave Act (FMLA) provides up to 12 weeks of unpaid leave for eligible employees to take job-protected leave to care for a newborn, adopted child, sick family member, or personal illness. For private sector employers, FMLA is only applicable to companies that have at least 50 employees, and employees had to have worked at the company for at least one year in order to be eligible for the benefit. In 2012, 59 percent of employees worked for covered employers and met all eligibility requirements under the FMLA; among them, 16 percent of eligible employees actually took unpaid leave under the FMLA. Compared with FMLA-eligible employees, 10 percent of those who were not eligible took unpaid leave for FMLA-qualifying reasons.

The establishment of the FMLA was an important milestone, but not many workers with newborns or ill family members can afford to lose paychecks for three months and still get by financially. For example, research that examined the effects of unpaid leave policies on mothers’ leave-taking behaviors has concluded that the positive impacts of unpaid leave policies are greatest for college-educated or married women because they are more likely to be eligible for leave under such policies and also are able to afford unpaid time off work.

Three states have state-mandated paid leave programs: California, New Jersey, and Rhode Island. State-level benefits are generally funded by employee payroll deductions and administered through state disability insurance programs. These programs provide approximately four to six weeks of partial wage replacements for qualifying reasons defined by each state. In 2016, the state of New York passed the Paid Family Leave Program, which will pay workers 67 percent of their average weekly wages for up to 12 weeks. This program will start in 2018 and will be fully implemented in 2021; similar to other state programs, it will be funded entirely by employee payroll deductions.

Finally, certain private sector employers also provide paid family leave as part of the overall employee benefits package; however, less than 15 percent of the U.S. workforce has
access to paid family leave through private employers, and these programs are generally associated with higher paying jobs, longer leave durations, higher program flexibilities, and more generous benefits compared to state programs. They are also more likely to be offered by large corporations.8

DEMAND FOR PAID FAMILY LEAVE: EMPLOYEES, EMPLOYERS, GOVERNMENT, AND SOCIETY

There is growing consensus on the need for and value of paid family leave. From employees’ perspectives, research has identified certain health benefits of family leave on newborns: access to maternity leave decreases infant mortality, increases infant well-being, and reduces maternal depression and stress.9 Recent research has also demonstrated that fathers who took time off from work for the birth of a child are more likely to spend time with their children in subsequent months, which reduces stress on family members and contributes to father-infant bonding.10 A reasonable amount of leave time also allows parents time to make future child care arrangements; in the case of caring for ill family members, the leave allows time for proper patient recovery and planning for future health maintenance activities.

From employers’ viewpoints, a recent Boston Consulting Group study of more than 250 companies found that businesses that provide paid family leave saw improvements in employee retention, talent attraction, company value reinforcement, employee morale, and brand enhancement.11 The increased likelihood that employees would return to work after major family health events reduced costs associated with employee turnover, and businesses generally do not find significant increases in costs or work schedule disruption. From a governmental perspective, paid family leave is associated with increased labor force participation and reduced government spending on public assistance.

Today’s workforce is different from the previous generation. Various surveys indicate that millennials rank flexibility, work-life balance, and opportunities to grow as leaders as the most important factors for job satisfaction.12,13,14 This is, in part, why companies offer benefits like paid family leave: to attract and compete for talent. Granted, large companies and higher paying jobs may still retain policies that are more generous than state or federal mandates, but a state or federal law mandating certain paid family leave requirements will alleviate economic pressure and benefit a portion of the workforce that is unlikely to enjoy these employer-provided benefits. Existing research shows that, contrary to the case for women who are relatively well-off financially, who are more likely to benefit from the unpaid policies, lower income mothers are more likely to benefit from paid leave. As such, paid leave policies can potentially reduce disparities in leave taking across income groups.15

Today’s families are also different from those of previous generations. Over the last 40 years, the ways in which families approach work, care for family members, and rear children have largely changed. Women’s participation in the labor force has increased dramatically over the last three decades. Today, more mothers are entering and staying in the workforce in order to maintain economic security, among other reasons.16 Additionally, most Americans believe parents (at least mothers, according to recent polls) should be able to take leave from work following the birth or adoption of a child.17 An aging society also necessitates a growing need to care for family members.

At this point, one might ask, if paid family leave appears to be such a wonderful policy with high levels of public support as well as positive scientific outcomes, why isn’t it already implemented at the national level in the United States? Existing literature generally cites the following three reasons as the strongest opposition.

IF PAID FAMILY LEAVE IS IN SUCH HIGH DEMAND, WHY DON’T WE HAVE IT NATIONALLY?

1. Abuse or Unintended Consequences

First, there is concern of abuse or overuse. Can paid maternity leave encourage women of child-bearing age to have more children? Or can paid family medical leave encourage

Contrary to the case for women who are relatively well-off financially, who are more likely to benefit from the unpaid policies, lower income mothers are more likely to benefit from paid leave.
workers to game the system by misreporting family members’ medical needs? For the former, based on recent news of low birth and fertility rates, as well as the overall trend of our aging society, this does not seem to be a major concern. For the latter, research based on the actual implementation results of the paid family leave programs in California and New Jersey did not find significant evidence of abuse. The states with paid family leave policies have public sector employees review and approve filed claims, and medical records from doctors are needed to substantiate these claims. As long as these mechanisms are effective, the concern for abuse, from a program usage perspective, does not seem to be overly alarming.

Some also argue that paid family leave policies, which are intended especially for low-income women, may in fact harm them because employers may view women as more “expensive” than men: based on state-level evidence, women filed significantly more family leave claims than men. It is a valid concern; however, it is also true that successful businesses generally have a diverse workforce and low turnover. The available survey results have not reported evidence of non-hires due to the implementation of paid family leave policies. Additional research is needed for the careful design of paid family leave programs in the United States, especially with regard to their effects on the labor market and lower income groups.

2. Not Enough?

The second criticism is that paid family leave policies may not generate enough benefits after implementation. To this end, the best available evidence comes from the results of state-level paid family leave programs. This next section describes each state’s paid family leave program and presents available survey information to summarize each state’s experience. Overall, the take-up rate increases annually as the programs become more well known, although ongoing campaigns to facilitate awareness among employees, employers, and human resource managers are still required. The feedback provided by the survey results is generally positive; however, the overall publicly available data is limited.

2.1. California: Program and Experience

The California Paid Family Leave program, the first in the country, was established in 2002 and paid benefits for family leaves that began on or after July 1, 2004. This program is financed by employee payroll taxes and offers partial wage replacement of approximately 55 percent of a worker’s regular wages for up to six weeks. In calendar year 2015, the workers’ contribution rate was 0.9 percent. Key statistics of the program are summarized in Table 1.

There are more comprehensive studies based on California’s paid family leave program, potentially because of the program’s relatively long history. For example, a survey showed that small businesses (both those with less than 50 employees and those with 50 to 99 employees) actually reported more positive outcomes than those with more than 100 employees. Abuse occurred, though it was rare. Most employers reported no cost increases associated with the program, and some employers reported cost savings through reduced turnover or reduced benefit costs; these employers also coordinated employer-provided benefits such as paid vacation, sick days, or disability benefits with the state program. Additionally, workers in both high-paying and low-paying jobs benefited from the program. However, the gains were greatest for workers in low-paying jobs who knew about and used the paid family leave program. These survey results are consistent with other findings that use different analytical approaches. The California program substantially increased the overall use of maternity leave, with a particularly large increase for lower income groups.

2.2. New Jersey: Program and Experience

New Jersey’s Family Leave Insurance program, established in 2009, offers eligible workers up to six weeks of partially paid leave to bond with a newborn or newly adopted child, or to provide care for a seriously ill family member. The program provides two-thirds of an employee’s average weekly pay and is financed through worker contributions. In 2015, the workers’
### Key Statistics of California’s Paid Family Leave Program

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Eligible Claims</th>
<th>% Claims: Newborn or Adopted Child</th>
<th>% Claims: Care for Family Member</th>
<th>Average Weekly Payment</th>
<th>Total Benefit Paid (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFY 2008-09</td>
<td>187,889</td>
<td>88.8%</td>
<td>11.2%</td>
<td>$472</td>
<td>$472.1</td>
</tr>
<tr>
<td>SFY 2009-10</td>
<td>180,675</td>
<td>87.8%</td>
<td>12.2%</td>
<td>$488</td>
<td>$468.8</td>
</tr>
<tr>
<td>SFY 2010-11</td>
<td>194,777</td>
<td>87.3%</td>
<td>12.7%</td>
<td>$488</td>
<td>$498.4</td>
</tr>
<tr>
<td>SFY 2011-12</td>
<td>200,246</td>
<td>87.3%</td>
<td>12.7%</td>
<td>$497</td>
<td>$527.1</td>
</tr>
<tr>
<td>SFY 2012-13</td>
<td>202,624</td>
<td>87.7%</td>
<td>12.3%</td>
<td>$517</td>
<td>$554.1</td>
</tr>
<tr>
<td>SFY 2013-14</td>
<td>213,779</td>
<td>88.0%</td>
<td>12.0%</td>
<td>$532</td>
<td>$599.9</td>
</tr>
<tr>
<td>SFY 2014-15</td>
<td>224,822</td>
<td>87.9%</td>
<td>12.1%</td>
<td>$543</td>
<td>$649.0</td>
</tr>
<tr>
<td>SFY 2015-16</td>
<td>233,113</td>
<td>87.9%</td>
<td>12.1%</td>
<td>$560</td>
<td>$693.9</td>
</tr>
</tbody>
</table>

**Source:** California Employment Development Department, Disability Insurance (DI) and Paid Family Leave (PFL) Insurance Statistics.

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...and subsequent budget constraints led to the program being put on hold.

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### Rhode Island: Program and Experience

In January 2014, Rhode Island became the third state in the country to implement a paid family leave law—the Temporary Caregiver Insurance (TCI) Act. TCI provides up to four weeks of paid leave to employees who need to bond with a newborn or adopted or foster child, or to take care of a seriously ill child, spouse, partner, parent, parent-in-law, or grandparent. As of July 3, 2016, the program provides weekly benefits for eligible workers of up to $817, and the initiative is financed through a 1.2 percent employee wage deductions. In 2016, the program paid $11,201,050 in benefits over 20,977 weekly payments, resulting in an average payment of $533.

A report that surveyed Rhode Island’s small- and medium-sized employers in the food and manufacturing sectors before and one year after the TCI went into effect found that the law did not drastically change major metrics such as productivity. The researchers indicated that this may be attributable to the recency of the law, limited employer experience with changes caused by the law, and the small sample size. When employers were asked about their subjective views toward the TCI, a majority of them expressed support for the law.

### 3. Cost

The third objection, and probably the most important one, is cost. Opponents of adopting nationwide paid family leave from a financial perspective generally cite pressure from competing policy priorities and the additional financial burden of more payroll deductions as key reasons to oppose such programs. Indeed, the state of Washington passed the Family Leave Insurance Law in 2007, which would have provided partial wage replacement of up to $250 per week for up to five weeks. However, the funding mechanism for this program was undecided, and subsequent budget constraints led to the program being put on hold.
Many surveys and research about state-level paid family leave programs focused on program take-up, labor force participation, employers’ experiences with productivity levels, or potential abuse; relatively few studied or commented on the funding mechanism or costs. All three state programs referenced in this issue brief used employee payroll deductions to fund the paid family leave program. The size of the deduction, at approximately 1 percent, is not a terrible burden by itself (compared with the 15.3 percent federal Social Security tax already levied on payroll, plus other taxes), but it is also not trivial. Additionally, although close to 80 percent of the state benefit claims are for parental leaves, in the long-term, if our society continues to age, it is likely that there will be increased numbers of claims for family medical leaves, further putting pressure on the payroll deduction rate.

Although there is growing consensus on the importance of and need for paid family leave, some also believe that, if there are going to be national mandates on family benefits, other early childhood policies should take priority over paid family leave. These policies generally include school reform, improving the quality of preschool education, or free day care programs. However, these competing policy priorities, with some even resembling an overhaul of the current early childhood benefits program, appear to be much larger and costly endeavors. In 2013, the Obama administration proposed Preschool for All, a new federal program that would have provided all low- and moderate-income four-year-olds with free preschool, at a cost of $120 billion over a 10-year period. By comparison, the three states’ paid family leave programs cost approximately $789 million dollars combined in 2015.

During the 2016 presidential election, both candidates proposed some form of

### TABLE 2 — KEY STATISTICS OF NEW JERSEY’S FAMILY LEAVE INSURANCE PROGRAM

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of eligible claims</td>
<td>14,810</td>
<td>30,162</td>
<td>30,701</td>
<td>30,892</td>
<td>32,065</td>
<td>32,168</td>
<td>32,033</td>
</tr>
<tr>
<td>% Claims: Newborn or adopted child</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>81%</td>
<td>N/A</td>
<td>82%</td>
<td>83%</td>
</tr>
<tr>
<td>% Claims: Care for seriously ill family member</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>19%</td>
<td>N/A</td>
<td>18%</td>
<td>17%</td>
</tr>
<tr>
<td>Average weekly payment</td>
<td>$471</td>
<td>$479</td>
<td>$482</td>
<td>$487</td>
<td>$496</td>
<td>$505</td>
<td>$516</td>
</tr>
<tr>
<td>Total benefit paid (millions)</td>
<td>$31.6</td>
<td>$72.9</td>
<td>$74.5</td>
<td>$77.5</td>
<td>$82.3</td>
<td>$83.9</td>
<td>$85.8</td>
</tr>
</tbody>
</table>

**SOURCE** Family Leave Insurance & Temporary Disability Insurance Programs Annual Report(s): 2010 – 2015, Office of Research and Information, New Jersey Department of Labor and Workforce Development.

### TABLE 3 — KEY STATISTICS OF RHODE ISLAND’S TEMPORARY CAREGIVER INSURANCE PROGRAM

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of eligible claims (approved)</td>
<td>3,870</td>
<td>4,941</td>
</tr>
<tr>
<td>% Claims: Newborn or adopted child</td>
<td>73.6%</td>
<td>77.0%</td>
</tr>
<tr>
<td>% Claims: Care for family member</td>
<td>26.4%</td>
<td>23.0%</td>
</tr>
<tr>
<td>Average weekly payment</td>
<td>$474</td>
<td>$519</td>
</tr>
<tr>
<td>TCI benefit payments</td>
<td>$6,336,600</td>
<td>$9,243,771</td>
</tr>
</tbody>
</table>

**SOURCE** Rhode Island’s Department of Labor and Training.
paid family leave. Hillary Clinton’s paid family leave proposal would have extended the benefit to all new parents, female and male, for 12 weeks, paying employees two-thirds of their wages. This program would have been funded through a tax increase on the wealthy and would have cost about $30 billion per year. On the campaign trail, President Donald Trump proposed a national plan to cover up to six weeks of paid maternity leave with an average weekly benefit of $300, an approximate wage replacement rate of 40 percent. He proposed to fund it through the unemployment insurance program, and it would cost $2.5 billion annually if it were only available to workers who currently do not have paid maternity leave from their employers. Based on the available cost statistics, there is a range of estimates as to how much paid family leave is going to cost, in part depending on benefits and eligibility. However, overall paid family leave costs only a fraction of other early childhood proposals.

 WHERE DO WE GO FROM HERE?

Carefully Designed Implementation Issues

There are increasing levels of support for a national paid family leave policy. Such a program would provide the gift of time for working mothers to recover from major health events and to find resources or make care arrangements for their children. This will alleviate the future burden on mothers of the need to leave work on a regular basis to care for children after they have resumed working full time. Paid family leave will help the economically disadvantaged the most and, arguably, provide long-term benefits for families and society overall. However, carefully designed implementation clauses will be important to achieving successful results.

Based on existing research, the following characteristics are key to the program’s design: the duration of leave (a reasonable length of time provides the intended benefit, but an overly long period may reduce women’s labor force participation or increase employers’ cost for additional training and the need to hire temporary workers), wage replacement rates (a higher replacement rate is associated with longer periods of usage and encourages workers to take the maximum allowable time out of work), funding mechanisms (whether to use employee payroll deductions, similar to state programs, or an independent trust fund that both employers and employees would pay into), and potential coordination or substitution with existing private sector benefits.

Continue Improving Awareness and State/Private Sector Support

Given the status quo, although a nationwide paid family leave program is still the end goal, this appears to be a long-term endeavor. In the interim, state- and corporate-level programs will continue to fill the gaps, and the United States and Papua New Guinea are still among those countries with no paid parental leave at the national level. The current state programs are still gaining awareness among human resource managers and workers. Over the last few years, paid family leave has received success and support in private sectors that have typically been associated with lower average wages, such as retail and hospitality. Specifically, paid family leave is now offered by companies such as Hilton, Union Square Hospitality Group, and IKEA, to both hourly and salaried workers regardless of job function. This is a promising development, and, combined with state-level coverage, more of the U.S. workforce will have access to paid family leave.

More Data, Research, and Analysis

The experiences of state programs have provided valuable information for empirical research thus far. However, we can definitely benefit from more research to further understand the cost-benefits and potential behavioral changes induced by state paid leave programs.
and design more efficient program administration mechanisms is also another potential topic for future research.

ENDNOTES

1. See, for example: “Almost every country in the world offers more generous maternity leave than the U.S.,” PBS, January 22, 2015, http://to.pbs.org/2qWhv6m.


6. See the New York State Paid Family Leave website: http://on.ny.gov/2pYL75V.


21. Each state’s paid family leave annual reports have different categories of statistics. For example, Rhode Island’s annual reports do not report program income collected from payroll deduction, New Jersey is the only state
that reports expenses to manage the program, 
and California only presents the percentage 
of female claimants in a “special report.” In 
addition, New Jersey’s report format changed 
after 2012 and some program finance statistics 
are no longer reported; its 2013 annual report 
is also missing from the website. In the tables 
presented in this issue brief, the overlapping 
statistics across all three States are reported.

22. Appelbaum and Milkman, *Leaves 
That Pay: Employer and Worker Experiences 
with Paid Family Leave in California.*

23. According to the survey author’s 
definition, high paying jobs are those that pay 
more than $20 an hour and provide access to 
employer-provided health insurance.

24. Rossin–Slater, Ruhm, and Waldfogel, 
“The Effects of California Paid Family Leave 
Program on Mothers’ Leave Taking and 
Subsequent Labor Market Outcomes.”

25. State of New Jersey Department of 
Labor and Workforce Development, Family 
2015, the program paid up to $604 per week.

26. State Fiscal Year (SFY) runs from July 
1 to August 30 of the following year.

calendar year 2017, the maximum payout 
is $1,173 per week.

28. The annual report stopped reporting 
revenue, benefits, and expenses after 2012. 
As such, information associated with program 
finance was only available from 2009 to 2012 
(Table 5 of annual reports).

29. Lerner and Appelbaum, *Business as 
Usual: New Jersey Employer’s Experiences 
with Family Leave Insurance.*

30. At the time of the drafting of this 
article, Rhode Island’s Dept. of Labor and 
Training has not issued 2016 annual statistics. 
The December 2016 monthly information 
reported limited annual information.

31. Ann Bartel, Maya Rossin–Slater, 
Christopher Ruhm, and Jane Waldfogel, 
*Assessing Rhode Island’s Temporary 
Caregiver Insurance Act: Insights from Survey 
of Employers.* Prepared for the Department of 

32. For 2009, income and expenses are 
from January to December, while benefit 
payments are from July to December 2009.

33. The 2013 report was missing from 
the website; as such, to the extent possible,
we use 2013 statistics from the 2014 report: 

34. Harry Holzer, *Paid Family Leave: 
Balancing benefits and costs,* (Washington, 
brook.gs/2prYabY](http://brook.gs/2prYabY).

35. Rhode Island’s annual report does not 
provide the duration or per case total payout 
information; as such, per week payout 
information is reported.

36. Information taken from the 2014 and 

37. Danielle Paquette, “What Clinton’s 
and Trump’s child care plans mean for 
parents,” *The Washington Post,* September 

38. Lori Robertson, “Trump on Clinton’s 
Child Care Plan,” *Annenberg Public Policy 
ly/2qOeTQG](http://bit.ly/2qOeTQG). Article cited analyses from the 
Committee for a Responsible Federal Budget.

Budgetary Costs of Donald Trump’s Child 
Care and Paid Maternity Leave Proposals,” 
*American Action Forum,* Washington, D.C., 

40. The $2.5 billion estimate was 
provided by Trump’s own campaign, and 
the program coverage is more limited than 
Clinton’s proposal.

41. This is similar to the funding 
mechanism described in the Family and 
Medical Insurance Leave Act (FAMILY Act), 
most recently proposed by Senator Kirsten 
Gillibrand (D–NY) in February 2017.

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computable general equilibrium modeling of 
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person’s lifetime and, generally, how public 
policies influence decision–making.