

Paid Family Leave Increases Mothers' Labor Market Attachment

The United States is the only OECD country that does not guarantee a right to paid maternity leave. Evidence suggests that improving access to paid leave in the United States has health and economic benefits for families. This fact sheet summarizes the estimated economy-wide benefits of state programs of paid family leave in terms of increasing women's labor market attachment. The research summarized here employs an event-study difference-in-differences analysis, which compares labor market participation of women with young children born before and after policy implementation, and then compares that change over time to analogous changes in labor market participation for women in the same state with no minor children in the home. The analysis relies on the Current Population Surveys from 2000 to 2019 and focuses on prime-aged working adults (aged 25 to 54) in California and New Jersey, where paid family leave legislation was implemented in 2004 and 2009, respectively.¹

Maternal Labor Market Detachment

Among prime-age workers (age 25-54) in the United States, women's labor market participation is 75 percent, compared with 89 percent for men. This share includes those working full-time or part-time and those who are unemployed but seeking work. Mothers are 14 percent less likely than other women to participate in the labor force.

In California and New Jersey, 26-29 percent of participating women leave the labor force in the year that they have a child ("maternal labor market detachment"). Most of these women gradually return to work over time, but as many as one in five will not return by the time the child is age 11. Maternal labor market detachment is 12-13 percent five years after a birth, six to nine percent eight years after a birth, and five percent eleven years after a birth.

Impact of Paid Family Leave Legislation

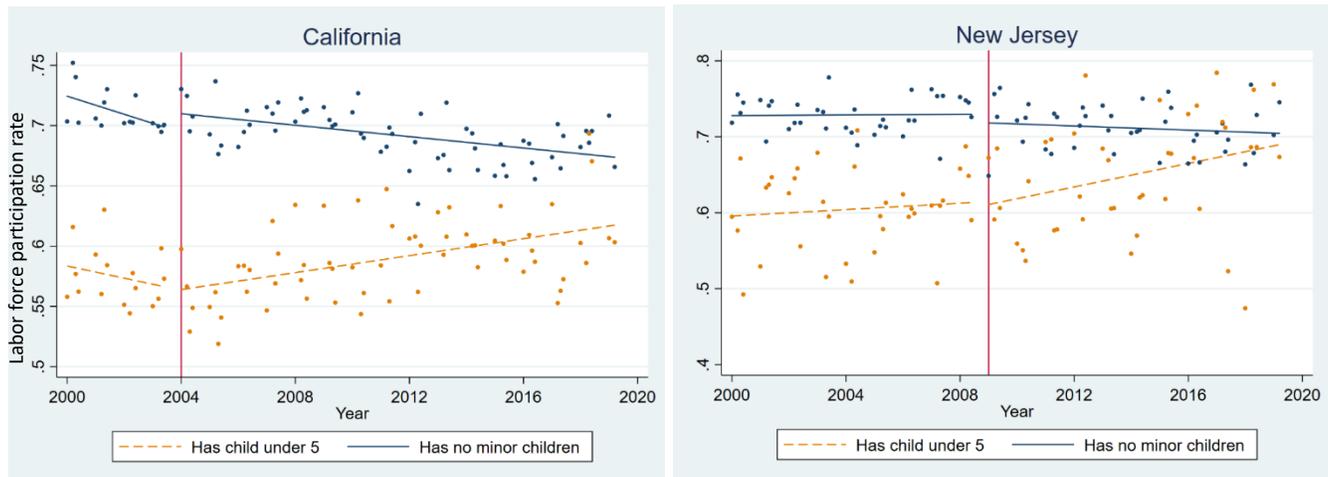
Implementation of a state paid family leave policy increases the labor force participation of mothers by six percentage points in the year of a birth, effectively reducing birth-year maternal labor market detachment by 20 percent.

Paid family leave increases women's labor market participation in the longer term as well. Up to five years after a birth, women who had access to paid family leave at the time of the birth are three to six percentage points more likely to be in the labor force. This represents a 20-50 percent reduction in maternal labor market detachment five years after a birth.

¹ Research results summarized here are based on "Maternal Labor Market Detachment: A role for paid family leave" by Kelly Jones and Britni Wilcher. American University Department of Economics Working Paper No 2019-07. The full research paper can be accessed here: <https://econpapers.repec.org/paper/amuwpaper/2019-07.htm>

These impacts changed the trend in mothers' labor force participation over time. Figure 1 shows participation rates by month for each state, separately for women with young children and women with no minor children in the home. As expected, levels of participation are different for these groups, but prior to the policy, they followed similar trends over time. After the policy, trends shifted significantly for mothers of young children, nearly closing the gap in participation between these women and those without minor children.

Figure 1. Paid Family Leave Changes Mothers' Labor Force Participation Trend



Source: Based on monthly data from the Current Population Survey.

Note: Vertical lines mark policy onset

Increasing Labor Market Attachment for the Most Educated Workers

Impacts of paid family leave on longer-term labor market participation are concentrated among women with college degrees. For these women, paid leave increases labor force participation up to eight years after a birth; for other women, participation is increased only in the year of and the year after a birth. This may reflect the higher likelihood that women with a degree will have their leave job protected by FMLA.²

Research has documented significant short-term benefits of paid leave for women and families, such as reducing poverty and improving maternal and child health. These findings document longer term, economy-wide benefits: paid leave increases women's attachment to the labor force, in particular drawing the most educated women back into the work force. Offering job protection with paid leave may increase leave-taking and benefits for individuals with lower education who are less likely to be covered by FMLA.

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² Paid leave programs in CA and NJ must be combined with federal protection through the Family and Medical Leave Act in order to be job-protected leave. 44% of American workers are not eligible for FMLA; these have lower levels of education on average ([Jorgensen and Appelbaum, 2014](#)).