

Study: paid family leave leads to positive economic outcomes

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With a growing need for family-friendly workplace policies, a new study commissioned by the National Partnership for Women & Families, with support from the Rockefeller Foundation, concludes that providing paid family leave to workers leads to positive economic outcomes for working families, businesses and the public.

The research, conducted by the Center for Women and Work at Rutgers, the State University of New Jersey, finds that women who use paid leave are far more likely to be working nine to 12 months after a child's birth than those who do not take any leave. These women also report increases in wages from pre- to post-birth.

"While we have known for a long time about the maternal and infant health benefits of leave policies, we can now link paid family leave to greater labor force attachment and increased wages for women, as well as to reduced spending by businesses in the form of employee replacement costs, and by governments in the form of public assistance," says author Linda Houser, an affiliate fellow of the Center for Women and Work an assistant professor at Widener University. Professor Thomas Vartanian, Bryn Mawr College, co-authored the report.

The study, *Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses and the Public*, also finds that women who take paid leave are 39 percent less likely to receive public assistance and 40 percent less likely to receive food stamps in the year following a child's birth, when compared to those who do not take any leave. Not

only is paid leave associated with fewer dollars in public assistance spending, it reduces the chance that a family receiving public assistance will increase its use of public funding following a child's birth, Houser said.

"At a time when governments are struggling with deficits and working families are struggling to stay afloat, this new study shows that allowing workers to take paid time off to recover from illness or care for their families saves precious government and taxpayer resources, while giving families the stability they urgently need," explained Debra L. Ness, president of the National Partnership for Women & Families. "There couldn't be a better time for employers and legislators to prioritize these policies."

The study, which analyzes data collected from 1997 to 2009 by the U.S. Department of Labor, Bureau of Labor Statistics' National Longitudinal Survey of Youth (NLSY 97), notes that demographic changes in the U.S. workforce since the mid-1980s include a 13 percent increase (to 72.3 percent) in the percentage of children with both parents (in married-couple families) or their only parent working. "Despite public conversation and energy around the value of strong families and secure childhoods, the United States has fallen notably behind other industrialized countries in adopting public policies that support workers who need time off to address family needs," the researchers write.

They also observe that except for a handful of states, public policy in the U.S. has been limited to unpaid leave. Since 1993, the Family and Medical Leave Act (FMLA) has required that eligible employees who work for employers with a minimum of 50 workers be provided up to 12 weeks of unpaid, job-protected leave annually "for their own health or the health of a family member." The absence of federal-level policy pertaining to paid family leave often forces workers to "cobble together" such employer-provided leave as sick days, holidays, vacation time,

disability insurance and/or paid or unpaid leave to deal with personal or family health problems. Many low-income workers have no vacation, sick or other leave.

Five states – California, Hawaii, New Jersey, New York and Rhode Island – have created disability programs that allow women to recover some lost wages during and immediately after pregnancy. California and New Jersey, through very small worker payroll taxes, have passed laws to provide an additional six weeks of paid family leave for bonding with a newborn or newly adopted child. Additionally 10 states (including Washington, where implementation of a paid parental leave program awaits funding authorization) have recently considered paid family leave programs.

"A handful of states have taken the lead in providing some form of paid leave to workers, but it's long past time for a national policy," said Vicki Shabo, director of work and family programs at the National Partnership. "Establishing a nationwide standard would allow workers to meet their families' needs without sacrificing their economic security or having to rely on a patchwork of policies. The study demonstrates conclusively that doing so also would benefit businesses and our economy."

The researchers conclude that changing workforce demographics, the work-family needs of a new generation of workers, and national and international trends toward workplace flexibility would create "a powerful case for a careful examination of the United States' family leave policies." Among their recommendations:

- Expand national job-protected family leave policy to include wage replacement for a broader pool of eligible workers
- Document potential cost-savings for employers and employees through improved and expanded data collection

- Provide outreach and education to employers and employees about the health and income security benefits of existing paid family leave policies and
- Enlist employers in efforts to improve job retention and competitiveness in hiring through the adoption of paid family leave policies.

More information: To read the full report, visit smlr.rutgers.edu/paymatters-cwwreport-january2012

Provided by Rutgers University

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