

# **The Benefits of Parental Leave Policies**

*Prepared by the Senate Office of Research*

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## **State of Research on Parental Leave**

The research on parental leave policies is somewhat limited. This likely is due to the fact that few states have their own parental leave programs and rather offer employees protected but limited unpaid leave under the federal Family and Medical Leave Act of 1993.<sup>1</sup> To expand the scope of my research, I reviewed studies on the health and employer economic benefits of parental leave, maternity leave, and family leave policies. I also included research on both unpaid and paid programs.

## **Benefits of Parental Leave to Maternal Health**

The effects of parental leave on maternal health do not appear well studied, and as recommended by many public health researchers, are in need of further examination. Most of the research on this subject appears to focus on the mental health benefit of longer leaves for working mothers. Research suggests that longer leaves result in fewer maternal depressive symptoms postpartum, lower incidence of depression, and greater life satisfaction.<sup>2</sup> A study of a nationally representative sample of 14,000 children born in 2001 and followed until kindergarten looked at maternal health outcomes and found that both the length of leave and how long it was paid were associated with reductions in depressive systems, as well as overall health improvement.<sup>3</sup> Studies have linked maternal mental health to child development, finding that depression in new mothers can be an important risk factor for adverse emotional and cognitive outcomes for children during the first few years of life.<sup>4</sup>

The length of maternity leave also is linked to breastfeeding duration. Women returning to work within three months of delivery ceased breastfeeding on average nearly nine weeks

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<sup>1</sup> 29 U.S.C. §2601-2654.

<sup>2</sup> Katharina Staehelin, P. Coda Berteau, and E. Zemp Stutz, "Length of Maternity Leave and Health of Mother and Child: A Review," *International Journal of Public Health*, vol. 52, 2007, p. 202–209.

<sup>3</sup> Pinka Chatterji and S. Markowitz, "Family Leave After Childbirth and the Health of New Mothers," National Bureau of Economic Research, working paper, July 2008, p. 21; researchers used data from Early Childhood Longitudinal Study.

<sup>4</sup> Ronald F. Gray, A. Indurkha, and M.C. McCormick, "Prevalence, Stability, and Predictors of Clinically Significant Behavior Problems in Low Birth Weight Children at 3, 5, and 8 Years of Age," *Pediatrics*, vol. 114, no. 3, 2004, p. 736–743.

earlier than nonworking mothers.<sup>5</sup> Numerous studies have found a link between breastfeeding and reduced cancer rates among new moms.<sup>6</sup> Breastfeeding appears to be linked to a lower incidence of breast and ovarian cancer.<sup>7</sup>

### **Benefits of Parental Leave to Infant Health**

A large body of research contends that maternity leave produces better health outcomes for infants and young children. This research posits that mothers on leave have more time to provide essential care for their newborns, and as a result, their infants go to more wellness visits and receive necessary immunizations. Access to early medical care is a factor in the reduction of infant mortality rates.<sup>8</sup> One researcher found that the relative weight of this factor depends on a mother's socioeconomic status. Reduction in infant mortality was substantial for children of married and college-educated mothers while virtually nonexistent for children of unmarried mothers with less education.<sup>9</sup> In addition, a counter study of Canadian mothers found no link between leave and infant mortality, but the difference may be explained by the availability of numerous social welfare programs not found in United States.<sup>10</sup> Family leave advocates stress the many benefits of breastfeeding for infant health outcomes. They argue that some mothers with limited leave time will return to work and find it difficult or uncomfortable to breastfeed there.<sup>11</sup> A number of studies associate breastfeeding with a decreased risk for gastrointestinal infection, hospitalization for lower respiratory tract diseases, diabetes, leukemia, and sudden infant death syndrome.<sup>12</sup>

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<sup>5</sup> Sara B. Fein and B. Roe, "Effect of Work Status on Initiation and Duration of Breastfeeding," *American Journal of Public Health*, vol. 88, no. 7, 1998, p. 1,042.

<sup>6</sup> U.S. Department of Health and Human Services, "Surgeon General's Call to Action to Support Breastfeeding," 2011, <https://www.ncbi.nlm.nih.gov/books/NBK52687/>; Stanley Ip, M. Chung, and G. Raman et al., "Breastfeeding and Maternal and Infant Health Outcomes in Developed Countries," Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services, 2007.

<sup>7</sup> U.S. Department of Health and Human Services, "Surgeon General's Call to Action to Support Breastfeeding," 2011, <https://www.ncbi.nlm.nih.gov/books/NBK52687/>.

<sup>8</sup> Jody Heyman, A. Earle, and J. Hayes, "Work, Family and Equity Index: How Does the U.S. Measure Up?" Project on Working Global Families and Harvard School of Public Health and Institute for Health and Social Policy, 2007, p. 6–8.

<sup>9</sup> Maya Rossin, "Effects of Maternity Leave on Children's Birth and Infant Health Outcomes in the United States," *Journal of Health Economics*, vol. 30, no. 2, March 2011, p. 4.

<sup>10</sup> Michael Baker and K. Milligan, "How Does Job-Protected Maternity Leave Affect Mothers' Employment and Infant Health?" National Bureau of Economic Research, working paper, 2005, <http://www.nber.org/papers/w11135>.

<sup>11</sup> Marina L. Johnston and N. Esposito, "Barriers and Facilitators for Breastfeeding Among Working Women in the United States," *Journal of Obstetric, Gynecologic and Neonatal Nursing*, vol. 36, no. 1, 2007, p. 9–20.

<sup>12</sup> Stanley Ip, M. Chung, and G. Raman et al., "Breastfeeding and Maternal and Infant Health Outcomes in Developed Countries," Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services, 2007. For research specifically on the link between breastfeeding and lower infant mortality, see Jacqueline H. Wolf, "Low Breastfeeding Rates and Public Health in the United States,"

Other research has identified a correlation between length of maternity leave and children’s cognitive development.<sup>13</sup> In general terms, cognitive development in children involves how they process and gain information. Researchers have shown that maternal employment during the first year of a child’s life potentially can impact a child’s cognitive outcomes, such as school readiness and verbal ability.<sup>14</sup> At least one comprehensive longitudinal study that also considered mitigating factors such as family income, home environment, and child care found that these factors can have positive impacts on childhood development that effectively cancel out the negative effects of maternal employment.<sup>15</sup> Researchers also have studied the positive relationship between parents’ leave-taking and identification of developmental delays in children. A recent study of California’s paid leave program found that paid time off helps parents detect potential developmental delays in children early on when intervention is most critical.<sup>16</sup> Early childhood emotional health also may be impacted by the availability of leave. Parental leave allows infants to attach to the adults who care for them. One well-studied mechanism for forming this attachment is co-sleeping.<sup>17</sup> In general, parent–child bonding creates an emotionally secure environment and can help the child form healthy relationships with others in the future.<sup>18</sup>

According to one comprehensive literature review, childhood health is directly tied to adult well-being. Well-being in childhood is a predictor of positive adult outcomes in the

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*American Journal of Public Health*, vol. 93, 2003, p. 2,000; Jody Heyman, A. Earle, and J. Hayes, “Work, Family and Equity Index: How Does the U.S. Measure Up?” Project on Working Global Families and Harvard School of Public Health and Institute for Health and Social Policy, 2007, p. 6–8.

<sup>13</sup> Charles L. Baum, “Does Early Maternal Employment Harm Child Development? An Analysis of the Potential Benefits of Leave Taking,” *Journal of Labor Economics*, vol. 21, 2003, p. 409–48; Francine D. Blau and A.J. Grossberg, “Maternal Labor Supply and Children’s Cognitive Development,” *Review of Economics and Statistics*, vol. 74, 1992, p. 474–81; Jeanne Brooks-Gunn, W. Han, and J. Waldfogel, “Maternal Employment and Child Cognitive Outcomes in the First Three Years of Life,” *Child Development*, vol. 73, 2002, p. 1,052–1,072.

<sup>14</sup> Pinka Chatterji and S. Markowitz, “Family Leave After Childbirth and the Health of New Mothers,” National Bureau of Economic Research, working paper, July 2008, p. 4; researchers used data from Early Childhood Longitudinal Study.

<sup>15</sup> Jeanne Brooks-Gunn, W. Han, and J. Waldfogel, “First-Year Maternal Employment and Child Development in the First Seven Years,” *Monographs of the Society for Research in Child Development*, vol. 75, no. 2, 2010, p. 1–17.

<sup>16</sup> National Partnership for Women and Families, “Expecting Better: A State-by-State Analysis of Laws that Help New Parents,” June 2014, p. 17, citing Zero to Three and the National Partnership for Women and Families, “Child Development Case for a National Paid Family and Medical Leave Program,” 2013, <https://www.zerotothree.org/resources/204-the-child-development-case-for-a-national-paid-family-and-medical-leave-program>.

<sup>17</sup> James J. McKenna, “Babies Need Their Mothers Beside Them,” Natural Child Project, 1996, [http://www.naturalchild.org/james\\_mckenna/babies\\_need.html](http://www.naturalchild.org/james_mckenna/babies_need.html).

<sup>18</sup> Jane Waldfogel, “What Children Need” (2006), p. 42–43.

areas of health, educational attainment, and labor force participation.<sup>19</sup> While studies haven't directly proven a link between parental leave and long term outcomes, researchers point out this connection based on studies that link parental leave to early childhood outcomes and other studies that link early childhood outcomes to adult outcomes.<sup>20</sup>

### **Benefits of Parental Leave for Employers' Bottom Line**

The recent implementation of mandated leave programs in a few states has led to studies on the impact of parental leave policies on employers. One view, gaining traction in the last few years, is that leave policies produce economic benefits for employers. In addition, recent polling of employers both nationally and on the state level demonstrates considerable support for this proposition.

One way to measure the economic benefit of family-friendly policies is to look at leave-takers' retention rates. In a national study of parental, family and medical leave-takers, researchers found that 86 percent of respondents continued working for their employer following their time off.<sup>21</sup> This figure jumped to 97 percent if the leave was paid at the same rate as the worker's regular pay.<sup>22</sup> In the context of maternity leave, new mothers who take paid leave are more likely to return to the same employer than those who are not offered leave. One national study found a 92 percent retention rate for first-time mothers who utilized paid leave.<sup>23</sup> Retention rates matter to employers because the cost of hiring a new employee is generally substantial. The cost of replacing an employee is estimated to be a quarter of to five times the employee's annual salary.<sup>24</sup> This estimate includes the cost of recruitment, training, and lost productivity.

Some theorize that the link between leave policies and employee retention is due to the heightened sense of loyalty employees feel for an employer who invests in them.<sup>25</sup>

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<sup>19</sup> Janet Currie and M. Rossin-Slater, "Early-Life Origins of Life-Cycle Well-Being: Research and Policy Implications," *Journal of Policy Analysis and Management*, vol. 34, no. 1, Winter 2015, p. 208–242; researchers reviewed two decades of child development literature, starting in 1994.

<sup>20</sup> Ibid.

<sup>21</sup> Pew Research Center, "Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies," March 2017, <http://www.pewsocialtrends.org/2017/03/23/americans-widely-support-paid-family-and-medical-leave-but-differ-over-specific-policies/>.

<sup>22</sup> Ibid.

<sup>23</sup> IMPAQ International, "Paid Leave and Employment Stability of First-Time Mothers," Issue Brief—Worker Leave Analysis and Simulation Series, January 2017.

<sup>24</sup> American Management Association, "If You've Got 'Em, Keep 'Em," 2006, <http://www.amanet.org/training/articles/If-Youve-Got-em-Keep-em.aspx>.

<sup>25</sup> Lynn M. Shore and L.E. Tetrick, "A Construct Validity Study of the Survey of Perceived Organizational Support," *Journal of Applied Psychology*, vol. 76, 1991, p. 637–643; Minnesota Department of Health: Center for Health Equity, white paper on paid leave and health, March 2015.

Employees may base their commitment to an organization by their perception of how committed the organization is to them, viewing parental leave as a demonstration of support. Paid leave in particular strengthens leave-takers' commitment to their employer.<sup>26</sup>

Employers often measure productivity in terms of hours worked. A 2013 study of California's paid leave program found that employed mothers who took maternity leave under the program increased their hours worked by 10 percent to 17 percent in the first three years of their child's life.<sup>27</sup> They did take slightly longer leaves as a result of the program, however, averaging an increase of three weeks.<sup>28</sup>

A number of studies reveal that the operational cost of accommodating an employee on family leave may be less than expected. In a survey of California businesses conducted five years after implementation of paid family leave, the majority of those surveyed reported minimal costs in complying with the program.<sup>29</sup> A 2014 survey of New Jersey human resource managers regarding the impact of a statewide family leave insurance program providing parents up to six weeks off to bond with their baby found that no employer felt the program had affected their productivity.<sup>30</sup> The results could be attributed to that fact that employers are likely to respond to leave-taking by redistributing work rather than by hiring a replacement worker or paying existing workers overtime.<sup>31</sup> One study of more than 600 Connecticut companies found 67 percent to 96 percent of employers did not use overtime to adjust to paid family leave-taking, and few reported any additional costs.<sup>32</sup>

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<sup>26</sup> Eileen Appelbaum and R. Milkman, "Leaves that Pay: Employer and Worker Experiences with Paid Family Leave in California," Center for Economic and Policy Research, 2011.

<sup>27</sup> Maya Rossin-Slater, C. Ruhm, and J. Waldfogel, "Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes," *Journal of Analysis and Management*, vol. 32, no. 2, 2013, p. 224-245.

<sup>28</sup> Ibid.

<sup>29</sup> Eileen Appelbaum and R. Milkman, "Leaves that Pay: Employer and Worker Experiences with Paid Family Leave in California," Center for Economic and Policy Research, 2011.

<sup>30</sup> Sharon Lerner and E. Appelbaum, "Business as Usual: New Jersey Employers' Experiences with Family Leave Insurance," Center for Economic and Policy Research, June 2014.

<sup>31</sup> Institute for Women's Policy Research, "Paid Parental Leave in the United States: What the Data Tell Us About Access, Usage, and Economic and Health Benefits," March 2014. For data on how small businesses respond to leave-taking, see Small Business Majority, "Opinion Poll: Small Businesses Support Family Medical Leave," September 27, 2013, p. 7.

<sup>32</sup> Eileen Trzcinski and M. Finn-Stevenson, "A Response to Arguments Against Mandated Parental Leave: Findings From the Connecticut Survey of Parental Leave Policies," *Journal of Marriage and Family*, vol. 53, no. 2, 1991, p. 445-460.