



## A Child-Focused Paid Parental Leave Policy for the U.S.

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### Executive Summary

A highly contagious coronavirus has led communities to shutter businesses, schools, and public places, requiring families to undertake multiple roles at once: caregivers, educators, and workers. As our society relies on the health and capability of families right now, policymakers should consider future measures that strengthen families, particularly in their childrearing role.

Prior to and during the COVID-19 crisis, politicians on both sides of the aisle recognized the need for a better family leave policy in America. In March, Congress secured emergency paid leave policy for families affected by COVID-19, including the closure of hundreds of thousands of schools and places of childcare. Once the crisis subsides, policymakers should look again at more permanent approaches to providing paid family leave.

Family leave policies can be structured in widely divergent ways and aimed at very different ends. With a proliferation of proposals, it is vital that policymakers make evidence-based decisions with clear pathways to implementation and reasonable expectations of achieving specific policy outcomes. In order to have a family leave policy that fits such a demanding criteria, it is important to first survey existing literature to identify the range of effects that policymakers might expect to see from an expansion in paid family leave. This paper does so with a focus on paid *parental* leave, a topic that has garnered a sizeable body of research.

Across the academic literature on family leave policies, especially maternity or paternity leave for new children, a variety of outcomes have been identified. There are four kinds of policy outcomes from family leave that are the focus of this report as they are of interest to policymakers and well-identified in academic research: improvements in child welfare and health, increases in achievement of fertility desires, increases in parental connection to gainful employment, and improvements in marital stability.

In general, parental leave benefits provided in the first weeks of a child's life have been most clearly shown to benefit child health and maternal attachment to work, with more mixed proof for impacts on marital stability, parental employment, and fertility achievement.

Because benefits for child well-being are much more clearly demonstrated than other potential outcomes, a paid family leave proposal should primarily be designed with child welfare, rather than parental labor outcomes or fertility achievement, in mind.

The best policy design to achieve these goals is a simple, flat, cash benefit valued at approximately \$600 per week per newborn or adopted child. The benefit should be delivered in monthly checks, with 18 weeks of guaranteed paid leave available with each child. Parents should be able to allocate these weeks of leave between themselves as they see fit, provided that all weeks claimed are taken by a legal parent or guardian with sufficient work history to be eligible for the benefit, and provided that that parent does in fact co-reside with the child and remain home from work for the duration of the leave claimed.

This program structure is well-designed to guarantee that public resources are focused on ensuring that all children benefit from the direct engagement, care, and bonding of at least one and ideally two of their parents, and that every child's first weeks of life are free of unnecessary material deprivation. As a result of this proposed policy, parental care time will likely rise in the first weeks of life, infant and maternal illness, hospitalization, morbidity, and mortality will decline, and various measures of child development at higher ages may eventually show some modest improvements. This policy may also improve marital stability and help families achieve their fertility and career aspirations; however, these benefits are not as certain.

## **Introduction**

Before COVID-19 resulted in widespread social distancing measures, paid family leave was an emerging focus for policymakers and advocates. The COVID-19 pandemic has reconfigured work and family life for millions of Americans. In March, President Trump called for families to keep children home from school. Governors ordered schools and other public places closed. Over 55 million school-age children are now on leave from school and at home.<sup>1</sup>

Among the many lessons of this uncommon period in American life may be the enduring significance of family as a foundational social structure. Families are called upon to be present and provide care when other institutions cannot. Healthy family relationships and practices, established before the crisis, provide the reserve of support upon which many now rely. The cost of frayed or unhealthy family relationships becomes sadly visible in experiences of abuse and social isolation.

In addition to other COVID-19 responsive measures, Congress and the President enacted an emergency paid sick and family leave policy that requires partial pay for those caring for

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<sup>1</sup> Education Week, "Map: Coronavirus and School Closures," updated April 10, 2020.

COVID-19 affected family members or children whose school or childcare has closed.<sup>2</sup> This act rightly recognizes the crucial responsibilities that families are now shouldering and responds to acute needs.

As the United States recovers from the COVID-19 pandemic, policymakers should establish a permanent form of paid family leave. It should be motivated by the evident value of family caregiving to society and aimed at achieving one of the clearest, measurable outcomes of family care: child health and welfare.

A survey of research on the policy reveals a strong, positive relationship between paid parental leave and child health and welfare. The research shows promising but more mixed results when it comes to the impact of paid parental leave on indicators such as work attachment, fertility, and marital stability. But because the benefits for child well-being are the most clearly demonstrated benefit of paid parental leave, any proposal should primarily be designed with child welfare outcomes in mind. This paper reviews the available research on paid parental leave and articulates key elements of a paid parental leave policy that would best serve children and the parents who care for them.

### **A Paid Leave Program Should Focus on Child Health and Welfare**

Children deprived of early bonding with parents are likely to have worse mental health, an outcome which has been demonstrated in both human and lab animal contexts.<sup>3</sup> The need for early bonding with both parents is not simply a social construct, but a biological need.<sup>4</sup> If parents do not have time to spend at home with their child to cement these bonds, it may have negative consequences for children in the long run. Research on access to unpaid maternity leave has explicitly identified an association between leave-eligibility and parent-child bonding.<sup>5</sup>

More concretely, the provision of parental leave has been directly tied to reductions in infant and maternal hospitalizations, health risks, and morbidities.<sup>6</sup> Women who take leave in the United States are considerably less likely to be re-hospitalized, as are their children.<sup>7</sup> Research in low- and middle-income countries has found that each additional month of maternity leave considerably reduces adverse health outcomes for infants.<sup>8</sup> Early maternal return to work (i.e., earlier than 12 weeks) is associated with lower vaccination rates for

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<sup>2</sup> Families First Coronavirus Response Act, 2020.

<sup>3</sup> Martin Teicher, “[Wounds that Time Won’t Heal: The Neurobiology of Child Abuse](#),” *Cerebrum* 2, no. 4 (2000).

<sup>4</sup> Robert Winston and Rebecca Chicot, “[The Importance of Early Bonding On the Long-Term Mental Health and Resilience of Children](#),” *London Journal of Primary Care* 8, no. 1 (February 2016): 12-14.

<sup>5</sup> Amber Wilson, Kathie Zimbro, and Carolyn Rutledge, “[Exploring the Influence of Maternity Leave on Maternal Child Bonding](#),” *Old Dominion University College of Health Sciences Posters*, March 2019.

<sup>6</sup> Maya Rossin, “[The Effects of Maternity Leave on Children’s Birth and Infant Health Outcomes in the United States](#),” *Journal of Health Economics* 30, no. 2 (2011): 221-239.

<sup>7</sup> J. Jou, K.B. Kozhimannil, J.M. Abraham, L.A. Blewett, and P.M. McGovern, “[Paid Maternity Leave in the United States: Associations with Maternal and Infant Health](#),” *Journal of Maternal and Child Health*, 22, no. 2 (February 2018): 216-225.

<sup>8</sup> Arijit Nandi, Mohammad Hajizadeh, et al., “[Increased Duration of Paid Maternity Leave Lowers Infant Mortality in Low and Middle-Income Countries: A Quasi-Experimental Study](#),” *PLoS Medicine* (March 2016).

children as well as greater incidence of child behavioral problems.<sup>9</sup> A temporary leave program in the U.S. in the 1970s and 1980s has also been shown to have improved infant and maternal health.<sup>10</sup>

Study of California's paid family and medical leave policy has confirmed paid leave expansions in the United States have these effects, with specific child health risks like asthma declining in frequency, and subjective measures of child and maternal health improving as well.<sup>11</sup> California's law also led to an increase in maternal breastfeeding.<sup>12</sup> A still more recent, large-scale study of California's 2004 paid leave expansion found that the expanded paid leave program led to women who took leave being more likely to spend quality time with their children years later (i.e., by reading together or going on outings together).<sup>13</sup> Because California's paid leave program is the oldest and most generous paid leave program in the U.S., a large amount of the existing paid leave research studies that expansion. The most recent, large-scale study by economists Martha J. Bailey, Tanya S. Byker, Elena Patel, and Shanthi Ramnath (mentioned above) used an enormous sample of tax records to reach its conclusions, and arrived at several unconventional findings, thus it will be discussed several times in this report.

But leave time isn't just for moms. When Sweden gave fathers more flexibility to use leave benefits "intermittently," it resulted in reduced maternal healthcare utilization (i.e., fewer hospital visits).<sup>14</sup> Researchers have identified many benefits to paternal leave-taking in a variety of contexts, especially in Nordic countries where program design strongly incentivizes paternal leave-taking.<sup>15</sup>

In sum, the benefits *to a child* of parents receiving leave are considerable and well-demonstrated. Health benefits for moms are also quite clear. Paid family leave generally does not fully replace wages, and so it is unlikely that children are benefitting primarily via an income effect or poverty alleviation channel. This being the case, these benefits are most

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<sup>9</sup> Lawrence M. Berger, Jennifer Hill, and Jane Waldfogel, "[Maternity Leave, Early Maternal Employment and Child Health and Development in the US](#)," *The Economic Journal* 115, no. 501 (February 2005): F29-F47.

<sup>10</sup> Jenna Stearns, "[The effects of paid maternity leave: Evidence from Temporary Disability Insurance](#)," *Journal of Health Economics* 43 (September 2015): 85-102.

<sup>11</sup> Lindsey Rose Bullinger, "[The Effect of Paid Family Leave on Infant and Parental Health in the United States](#)," *Journal of Health Economics* volume 66, (July 2019): 101-116.

<sup>12</sup> Jessica E. Pac, Ann P. Bartle, et al., "[Paid Family Leave and Breastfeeding: Evidence from California](#)," *National Bureau of Economic Research Working Paper Series*, no. 25784 (April 2019).

<sup>13</sup> Martha J. Bailey, Tanya S. Byker, et al, "[The Long-Term Effects of California's 2004 Paid Family Leave Act on Women's Careers: Evidence from U.S. Tax Data](#)," *National Bureau of Economic Research Working Paper Series*, no. 26416 (October 2019).

<sup>14</sup> Petra Persson and Maya Rossin-Slater, "[When Dad Can Stay Home: Fathers' Workplace Flexibility and Maternal Health](#)," *National Bureau of Economic Research Working Paper Series*, no. 25902 (October 2019).

<sup>15</sup> Ann Bartel, Maya Rossin-Slater, et al., "[Paid Family Leave, Fathers' Leave-Taking, and Leave-Sharing in Dual-Earner Households](#)," Department of Labor (November 2015).

Maria C. Huerta, Willem Adema, et al., "[Fathers' Leave and Fathers' Involvement: Evidence from Four OECD Countries](#)," *European Journal of Social Security* 16, no. 4 (December 2014): 308-346; Lenna Nepomnyaschy and Jane Waldfogel, "[Paternity Leave and Fathers' Involvement With Their Young Children](#)," *Community, Work & Family* 10, no. 4 (November 2007): 427-453.

consistent with the idea that parental bonding and intensive caregiving in the first few weeks of life outside the womb are very important for child well-being. This includes for potentially life-long conditions like asthma, suggesting the returns to parental leave for the child may be quite durable. Consistent with this finding, research on Norway's 1977 maternity leave reform found that children who benefited from it had much better academic and job performance later in life.<sup>16</sup> Benefits accrue for both maternity *and* paternity leave, suggesting that children benefit most from policies that enable either parent or, ideally, both parents to be present for at least some period of time.

Because child welfare benefits are the most clearly proven benefits arising from family leave programs, *they are the best justification for such programs*. Primarily, parental leave programs should be defended on the basis of their benefits for children and should be structured so as to maximize those benefits. Programs justified on other grounds, such as the three other major benefit categories described below, will be easier to critique, and their benefits rest on considerably more speculative grounds. Thus, family leave benefits should primarily be seen as constituting a transfer *to children* rather than a parental wage-replacement program.

A family leave program aimed at maximizing benefits for children would 1) prioritize the *length of leave* over the *size of the benefit*, and 2) provide flexibility, allowing either or both parents to provide full-time care for a given period of time, and 3) prioritize guaranteeing every child a basic material standard of living over replacing a fixed share of parental wages. The benefits of such a family leave program are discussed at length in the sections below.

### **Attachment to the Workforce**

Maternity leave has been shown in numerous contexts to increase maternal attachment to the workforce. In Europe, complete female life-histories show that the availability of maternity leave decisively increases women's lifetime working years.<sup>17</sup> Similarly, maternity leave has been shown to help unmarried moms in the United States remain attached to the labor force.<sup>18</sup> Reforms to maternity leave programs in West Germany in 1979 improved maternal attachment to the workforce, especially for women with prior health problems and disabilities, suggesting an important role for maternity leave in helping less able moms achieve their life goals.<sup>19</sup> Likewise, a maternity leave program in Spain increased maternal

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<sup>16</sup> Pedro Carneiro, Katrine V. Løken, and Kjell G. Salvanes, "[A Flying Start? Maternity Leave Benefits and Long-Run Outcomes of Children](#)," *Journal of Political Economy* 123, no. 2 (April 2015): 365-412.

<sup>17</sup> Agar Brugavini, Giacomo Pasini, and Elisabetta Trevisan, "[The direct impact of maternity benefits on leave taking: Evidence from complete fertility histories](#)," *Advances in Life Course Research* 18, no.1(March 2013): 46-67.

<sup>18</sup> Samantha Marie Schenck, "[Labor Force Attachment and Maternity Leave Usage of Cohabiting Mothers in the United States](#)," *Journal of Family and Economic Issues* 40, no. 4 (December 2019): 729:746.

Byker, Tanya S. 2016. "Paid Parental Leave Laws in the United States: Does Short-Duration Leave Affect Women's Labor-Force Attachment?" *American Economic Review*, 106 (5): 242-46; Maya Rossin-Slater, et al., "The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes," *Journal of Policy Analysis and Management* 32, no. 3 (2012): 224-245.

<sup>19</sup> Nicole Guertzgen and Karsten Hank, "[Maternity Leave and Mothers; Long-Term Sickness Absence: Evidence From West Germany](#)," *Demography* 55 no. 2 (April 2018): 587-615.

return to work.<sup>20</sup> The same is true for Australia: maternity leave encourages women to stay home for a while, but in the long run increases the frequency of eventual return to work.<sup>21</sup>

On the other hand, two studies from Brazil failed to find any employment effect of increased maternity leave.<sup>22</sup> And the recent large-scale study of California's paid leave policy described above actually found a reduction in women's long-run earnings due to leave-taking.<sup>23</sup> However, a recent study from Great Britain may help reconcile these findings. Exploiting multiple expansions of maternity benefits, the authors distinguish between the effect of *paid leave* and *job protection*. It turns out, *job protection* greatly boosts women's odds of returning to work, while *paid leave* does not.<sup>24</sup> Thus, the extent to which maternity leave can boost maternal labor force attachment is primarily a question of the strength of job protections, *not* benefit level or leave duration. Informal norms matter here: many women eligible for maternity leave do not take it due to negative perceptions of maternity leave-taking.<sup>25</sup>

Without a more general political and social movement in support of family-leave-taking, the *de facto* level of job protection will lag the *de jure* level of job protection, failing to provide the anticipated labor force attachment effects. Notably, very strong job protections can be accompanied by high or low benefit levels, or long or short duration of leave. This is a functionally independent *third element* of program design that has not been as extensively studied as benefit generosity and weeks of leave.

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<sup>20</sup> Sergio Vargas-Prada, Ana Maria Garcia Garcia, et al., "[Influence of paid maternity leave on return to work after childbirth in a cohort of pregnant workers](#)." *Lad Medicina del Lavoro* 109 no. 4 (August 2018): 243-252.

<sup>21</sup> Irina Hondralis, "[Does Maternity Leave Pay off? Evidence from a Recent Reform in Australia](#)." *Social Politics: International Studies in Gender, State & Society* 24, no. 1 (February 2017): 29-54.

<sup>22</sup> Raphael dos Santos, "[Maternity leave extension, maternal employment and school enrollment: is there a link?](#)" *FGV EPGE Dissertations*, March 2017. Cecilia Machado and Valdemar Pinho Neto, "[The Labor Market Effects of Maternity Leave Extension](#)." *SSRN*, (March 2018).

<sup>23</sup> Bailey et al, 2019.

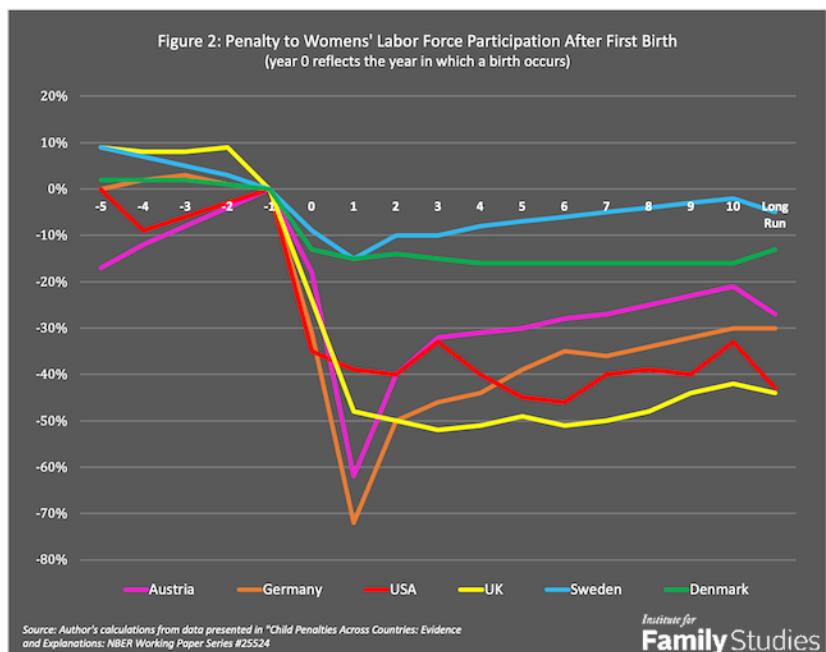
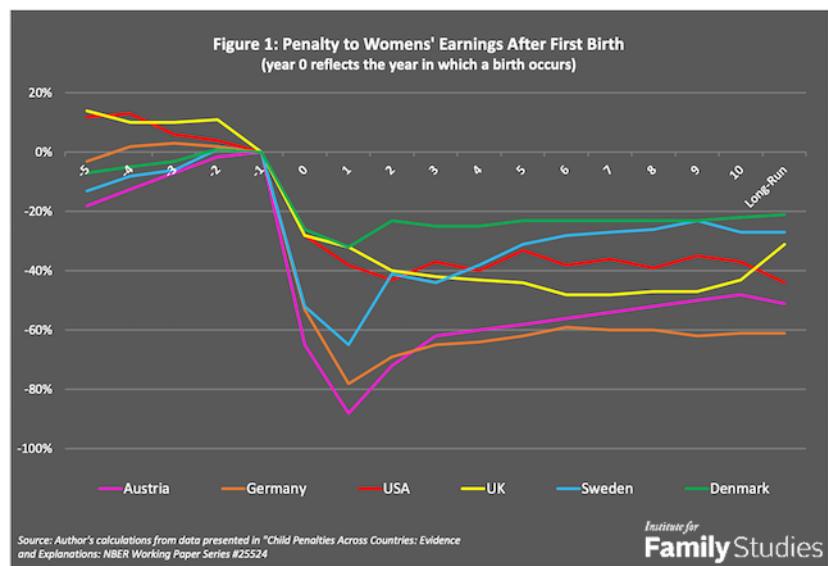
<sup>24</sup> Jeanna Stearns, "[The Long-Run Effects of Wage Replacement and Job Protection: Evidence from Two Maternity Reforms in Great Britain](#)." *SSRN*, May 7, 2018.

<sup>25</sup> Thekla Morgenroth and Madeline Heilman, "[Should I Stay or Should I Go? Implications of Maternity Leave Choice for Perceptions of Working Mothers](#)." *Journal of Experimental Social Psychology* 72 (September 2017): 53-56.

This third element is in many regards independent of the more widely debated questions of benefit size and duration, and thus, while we consider it an important issue, we do not propose specific policy changes to the legal guarantees around return to work in this paper.

Nonetheless, a few comments can be made on how many family leave programs fail to achieve their goals of achieving greater workplace egalitarianism. Many countries have identified the problem of informal norms against leave taking and have sought to normalize leave-taking by making it mandatory: in some countries, mothers and fathers have minimum *required* leave-taking if they wish to receive any benefit at all. However, this strategy has more complicated outputs than might be expected. Figure 1 shows the long-run maternal earnings penalty associated with the birth of a child, derived from a landmark study of child-related earnings penalties in six countries.<sup>26</sup> As can be seen, the maternal earnings penalty is larger in some countries and smaller in others. But crucially, the source of that penalty varies by country.

Figures 2 and 3 decompose Figure 1 into “employment status” and “wages and hours.” As figures 2 and 3 illustrate, the two sources offset. Countries with social policies more aggressively oriented towards keeping women attached to the workforce, like Sweden and Denmark, do in fact succeed: moms have higher long-run employment rates.



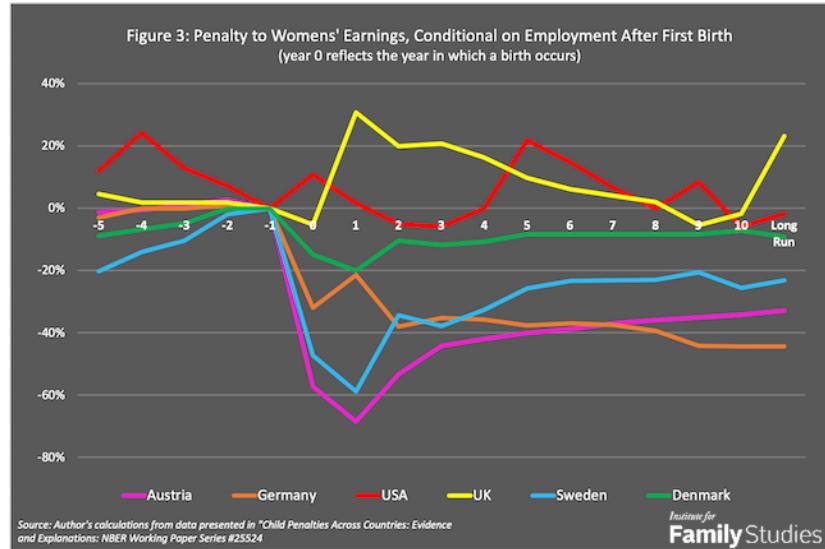
<sup>26</sup> Henrik Kleven, et al., "[Child Penalties Across Countries: Evidence and Explanations](#)," National Bureau of Economic Research Working Paper Series, no. 25524 (February 2019).

But they also have bigger wage penalties. American or British women return to work less often but suffer virtually no wage penalty if they do return to work.

The authors of this 2019 comparison of child-related earnings penalties in six countries conclude that the evidence

"is consistent with a potentially important role for gender norms" in affecting long-run maternal earnings penalties.<sup>27</sup> The share of a country's population that states a preference for women to stay home with small children correlates with that country's maternal wage penalty. In the United States and Germany, where this

preference is more common, earnings penalties are larger, *regardless* of the policy infrastructure around moms.



In other words, the effect of family leave on work attachment is dependent on both exact policy design *and* the cultural context. In the United States, where views about gender, work, and caregiving vary widely across the population and many families hold "traditional" views, paid maternity leave may not reduce the maternal earnings penalty significantly. If a new leave program is attached to greatly strengthened job protections and a stronger push for actual leave-taking at the firm level, it could lead to more employment for moms. However, it is possible that, as we observe in Nordic countries with extensive welfare states, this return-to-work could be offset to some degree by changes in hours, wages, and conditions of work.

This complexity is not an argument against maternity leave *per se*. If what a mother wants is to return to work, paid leave helps her do so. And if what she wants is to stay home, paid leave gives her several weeks or months of transitionary income and decision-making space. But policymakers should clearly understand that the main employment-related benefit of maternity leave is in empowering *worker choices about labor supply*, not necessarily *inducing return to work or reducing gender inequality*. Given these complexities and ambiguities, policymakers are best served by focusing family leave programs on child welfare rather than on labor inequalities.

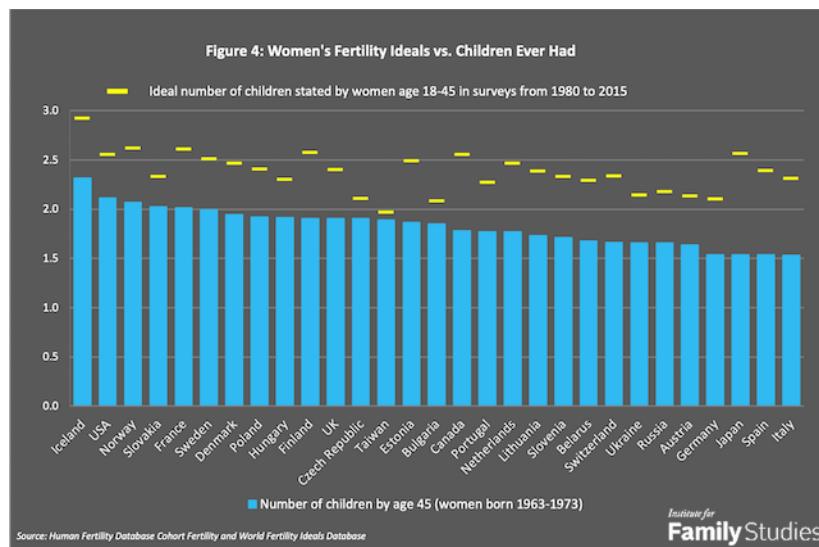
<sup>27</sup> Kleven et. al, 2019.

## Fertility Achievement

In every developed country, women have fewer children than they report desiring, as shown in figure 4.

Maternity leave allowances, and especially financial benefits provided during leave-time, have sometimes been identified as potentially pro-natal. For example, research focused on the major expansion of

Swedish family benefits from the 1960s to 1980 suggested that these benefits, which were tied to work, considerably increased fertility.<sup>28</sup> Similar effects have been observed in Canada.<sup>29</sup> Longitudinal data from the United States suggests that exposure to family leave increases birth odds as well,<sup>30</sup> while robust quasi-experimental research from a reform of benefits in Germany found considerable effects on current and completed fertility for both increases and reductions in maternity benefits.<sup>31</sup> As was the case for child health and welfare, allowing fathers to share leave also has some effect on increasing fertility rates.<sup>32</sup>



But the story is not always consistent. A leave expansion in Austria had a short-term impact<sup>33</sup> but no long-term impact on fertility.<sup>34</sup> A Russian reform increased births; however, it paired a cash benefit *and* a leave allowance.<sup>35</sup> Notably, almost every case finding a positive effect of maternity leave, and especially the most robustly-demonstrated case in Germany, actually involves a study of change in *total benefit level*, not *number of weeks of leave*. And some studies have found that extending leave to fathers may actually *reduce* fertility.<sup>36</sup> Perhaps most concerning, the largest and most robust study of California's paid family leave program

<sup>28</sup> Anders Bjorklund, "[Does family policy affect fertility?](#)" *Journal of Population Economics* 29, no. 1 (February 2006): 3-24.

<sup>29</sup> Junsen Zhang, Jason Quan and Peter van Meerbergen, "[The Effect of tax-Transfer Policies on Fertility in Canada, 1921-88](#)," *Journal of Human Resources* 29, no. 1 (Winter 1994): 181-201.

<sup>30</sup> Susan L. Averett and Leslie A. Whittington, "[Does Maternity Leave Induce Births?](#)" *Southern Economic Journal* 68, no. 2 (2001): 403-417.

<sup>31</sup> Anna Raute, "[Can Financial Incentives Reduce the baby Gap? Evidence from a reform in maternity leave benefits](#)," *National Bureau of Economic Research Working Paper Series*, no. 23793 (September 2017).

<sup>32</sup> Ann-Zofie Duvander and Gunnar Andersson, "[Gender Equality and Fertility in Sweden](#)," *Marriage & Family Review* 39, no. 1-2 (2006): 121-142.

<sup>33</sup> Rafael Lalive and Josef Zweimüller, "[How Does Parental Leave Affect Fertility and Return to Work? Evidence from Two Natural Experiments](#)," *The Quarterly Journal of Economics* 124, no. 3 (August 2009): 1363-1402.

<sup>34</sup> Ibid.

<sup>35</sup> Olga Malkova, "[The Effect of Paid Parental Leave and a Child Benefit on Fertility](#)," *Working paper*, April 2014.

<sup>36</sup> Lidia Farre and Libertad Gonzalez, "[The Effects of Paternity Leave on Fertility and Labor Market Outcomes](#)," *IZA Discussion Papers* no. 10865 (2017).

to date found that access to paid leave may have *reduced* subsequent odds of birth,<sup>37</sup> although another recent study disagrees, and finds a modest increase in births.<sup>38</sup>

In general, it is difficult to say with certainty whether paid leave will increase fertility or not. To the extent that it provides a considerable and salient cash benefit for children, it may operate in a similar way as a baby bonus, a type of policy widely demonstrated to boost birth rates. However, it is not clear that providing additional weeks of leave without a change in total benefit level would increase fertility. Thus, for there to be any chance of maternity leave actually helping women close the gap between desired and achieved fertility, it is vital that the cash value of any benefit be significant and highly salient to recipients.

It is possible that the unusually negative results for family leave in California were due to benefits being delivered in increments, mostly to leave-takers who were disproportionately married and above-median income. That is, *benefit levels* may not have been highly salient to them. As a result, the fertility effect, which primarily arises from total benefit amounts, not a few marginal weeks of more of leave, may simply never have materialized.

More generally, the effects of family leave on fertility are sufficiently irregular that they are likely contingent on the wider realm of social norms and political structures in which the policy is implemented. Family leave probably helps boost fertility in contexts where it is part of a wider pro-family policy regime, complementing, supporting, and enabling voluntary family choices. But implementing family leave on its own, or in a context where parents primarily want to make bigger investments *per child* rather than *having more children*, may have little impact on fertility. This relates to the above-mentioned cultural dependency observed with maternal return to work: if social values are not supportive of more births, family leave will not yield more births.

### **Marital Stability**

It is also possible that leave allowances could improve marital stability. Childrearing can be a significant financial and emotional stressor for parents, even as quality time spent with children is one of the major benefits to parents of enduring those stressors. As such, providing financial support for guaranteed time off with children might both give parents greater access to the amenities of parenting, while relieving some of the stresses. An improved parenting experience for parents might improve parental relationship quality and satisfaction, resulting in a reduction in divorce and separation. Given the negative impact of parental divorce on child well-being, to the extent this effect exists, it could be an extra benefit of a family leave program.

Most research on marital stability and leave-taking focuses on *paternity* leave. There is little clear demonstration of the role of *maternity* leave. However, it is plausible that if paternity

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<sup>37</sup> Bailey et al, 2019.

<sup>38</sup> Eleanor Golightly, “[Is Paid Family Leave a Pro-Natal Policy? Evidence from California](#),” *Job market paper*, November 2019.

leave reduces relationship stress and dissolution, then maternity leave might have similar effects.

There does appear to be a link between leave benefits and improved mental health for parents.<sup>39</sup> A major channel for this benefit appears to be a variety of work-life balance challenges, such that the link between leave and relationship stress seems relatively clear.<sup>40</sup> More generally, greater involvement of fathers in parenting is predictive of relationship stability: to the extent that leave can be shared by fathers, it could lead to more equal sharing of parenting responsibilities.<sup>41</sup> This is at least suggestive that this channel of benefit may exist.

Unsurprisingly, then, in at least some cases, expansions in leave benefits do result in more marital stability. For example, in 2001, Iceland provided an additional month of paid leave if it was taken by fathers. Fathers eligible for the reform (i.e., those with children born just after January 1, 2001) were considerably less likely to divorce than those with children born just before January 1, 2001.<sup>42</sup> Another recent study finds that the relationship between paternity leave-taking and marital stability holds in the United States as well.<sup>43</sup>

There is some dissent, however. A major reform in Sweden extending paternity leave did *not* result in greater relationship stability; in fact, paternity leave-taking made relationship dissolution *more* likely.<sup>44</sup> Comparing Sweden and Iceland is striking. In Sweden, divorce rates within three years rose. In Iceland, divorce rates within 10 years fell. Both policies were formally similar: a certain amount of time was set aside exclusively for *paternity* leave. In Iceland, the allotment was one month, eventually rising to three months. In Sweden paternity leave was two months, eventually increasing to four months. For such similar policies to yield such different effects is surprising.

Two factors may explain this disagreement. First, the findings for Sweden appear to vanish by year five. That is, higher divorce rates in three years were offset by lower divorce rates in years four and five. The study did not track couples after more than five years. These higher divorce rates for the first three years may have simply been “accelerated” divorces; i.e.

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<sup>39</sup> P. Chatterji and S. Markowitz, “[Family Leave After Childbirth and the Mental Health of New Mothers](#),” *Journal of Mental Health Policy and Economics* 15, no. 2 (June 2012): 61-76.

<sup>40</sup> Gillian Whitehouse, Helena Romaniuk, Nina Lucas, and Jan Nicholson, “[Leave Duration After Childbirth: Impacts on Maternal Mental Health, Parenting, and Couple Relationships in Australian Two-Parent Families](#),” *Journal of Family Issues* 34, no. 10 (June 2012): 1356-1378; Ruth Feldman, Amy L. Sussman, and Edward Zigler, “[Parental Leave and Work Adaptation at the Transition to Parenthood: Individual, Marital, and Social Correlates](#),” *Journal of Applied Developmental Psychology* 25, no. 4 (July 2004): 459-479.

<sup>41</sup> Helen Norman, Mark Elliot, Colette Fagan, “[Does Fathers' Involvement in Childcare and Housework Affect Couples' Relational Stability?](#)” *Social Science Quarterly* 99, no. 5 (2018),

<sup>42</sup> Arna Olafsson and Herdis Steingrimsdottir, “[How Does Daddy at Home Affect Marital Stability?](#)” *Economic Journal*, forthcoming.

<sup>43</sup> Richard J. Petts, Daniel L. Carlson, Chris Knoester, “[If I Take Leave, Will You Stay? Paternity Leave and Relationship Stability](#),” *Journal of Social Policy* 1, no. 21 (November 2019).

<sup>44</sup> Daniel Avdic and Arizo Karimi, “[Modern Family? Paternity Leave and Marital Stability](#).” *American Economic Journal: Applied Economics* 10, no. 4 (2018): 283-307.

relationships that would have dissolved by year five regardless. It is possible that months spent together raising children revealed irreconcilable differences that would, inevitably, have arisen and threatened the marriage. Iceland's case suggests that by age 10 for a given child, cumulative divorce rates are probably *lower* than in a no-leave counterfactual.

Paternity leave may serve as a test for relationships: accelerating dissolution of weaker ties but strengthening others.

Secondly, Iceland *added* paternity leave. Mothers' existing six-month allowance was supplemented with a one-month paternity allowance. In Sweden, the two-month paternity leave allowance was *redistributed* from women's existing 15-month allowance in a reform in 1995. As a result, women's actual leave-days taken after the reform fell from around 325 days per year to about 310. Sweden's subsequent paternity leave expansion in 2002 was not studied in detail but, strikingly, the 2002 reform increased paternity leave *by increasing total leave allowances*. As a result, after the 2002 reform, both paternity leave-taking and maternity leave-taking increased. It is likely that couples respond differently to additional allowances vs. redistributed allowances.

The literature on leave-taking is suggestive that leave programs may also improve household stability. This effect is clearest in the long run; in the short run, leave may create new social situations for couples that challenge their relationships. The clearest demonstration of family leave's benefits for household stability are from expansions of paternity leave, suggesting that any leave benefit should be available to fathers as well as mothers if policymakers hope to see improved marital stability. Furthermore, it is vital that the implementation of any leave for fathers not be *subtractive* from existing maternity leave programs. However, as the United States has no existing paid paternity leave benefit, this last concern is not pressing for the American policymaking context.

### **A Child-Focused Paid Parental Leave Policy for the U.S.**

Paid parental leave's benefits are clearest and most significant for children. Therefore, any paid parental leave policy should be designed with a clear focus on child well-being. In this respect, this paper's proposal diverges from most other models for leave, which conceive of paid parental leave as a benefit for workers, providing new benefits to supplement the existing employer-employee relationship.

Instead, paid parental leave is best understood as a benefit *for children*, motivated by the principle that infants fare best when cared for by and bonded with engaged, loving parents. A child-focused paid parental leave program must, above all, promote health, care, and bonding with parents during a critical prenatal and perinatal window or during the period of bonding within an adoptive or foster family.

Other nations' experiences with paid parental leave demonstrate that in addition to providing clear benefits for children, these policies can also help families achieve their most vital aspirations for durable and satisfying relationships, achievement in the workplace, or a desired number of children. Thus, while the primary goal of any paid parental leave program

should be to maximize child welfare, it is also prudent to design a policy in such a way as to facilitate these incidental benefits for work, marriage, and fertility. Furthermore, any enacting or enabling legislation should clearly stipulate a place for *post hoc* assessment of the effectiveness of the policy at achieving its stated goals. Finally, this policy paper focuses on the conventional core of family leave programs: time and money. But expanded legal protections for leave-taking parents, as well as cultural nudges towards a more family-friendly society, are also vital if policymakers hope to see any improvement in work-life balance for parents.

While exact details of any policy must be fleshed out in legislation, we suggest the following rubric for a successful, child-focused paid parental leave policy:

- A universal, flat-rate benefit
- \$600 per child, per week
- A minimum work-history for eligibility
- Benefit is available for legal parents or legal guardians taking leave from work for caregiving
- Family flexibility in deciding how to apportion leave between parents
- At least 18 weeks of leave provided prior to and after a child's birth or adoption
- Paid for by reprioritization within existing entitlement programs or Federal excise tax on items such as tobacco, alcohol, firearms

## **Benefit Structure**

Paid parental leave should be offered on a universal, non-means tested basis. Universal benefits are commonly understood to be both more politically durable and resistant to social stigma that could depress utilization by those who most need it. In the case of paid parental leave, there are few risks related to families using the benefit. As a time-limited, event-specific benefit, it is unlikely to produce dependency; and indeed, if the presence of the benefit incentivizes slightly higher birth rates, this may be considered an incidental program benefit, not a program abuse. There are few reasons to discourage use and many to promote it, most especially, to encourage families to have children and spend crucial bonding time with those children.

A universal flat-rate benefit extends logically from the concept of a benefit provided fundamentally *for the child* rather than as a worker-focused wage replacement. Each child's value and prospective social contribution stands independent of her or his parents' earnings.

## **Benefit Size**

Child-welfare standards inform the benefit level for paid parental leave. An ideal paid parental leave policy would provide enough support that parents can, in fact, take time off of work for caregiving and bonding with a new child. According to Pew Research Center, an inability to afford lost wages or salary was the most common reason why American leave-

takers took less time for family and medical leave than they needed.<sup>45</sup> Low benefit levels have frustrated the effectiveness of early paid family and medical leave programs established by states. California initially offered workers a benefit equaling 55% of wages up to a cap. Analysis of administrative data on early paid family leave claims in the state found relatively low take-up of the benefit and lagging leave-lengths among low and moderate income caregivers.<sup>46</sup> Surveys of California workers indicate that about a third of workers who knew about the state's benefit but declined to use it said they would not have received enough money.<sup>47</sup>

A benefit of two-thirds the median weekly U.S. wage—approximately \$600 per child per week—would be sizeable enough to enable time off for caregiving for most households. Notably, this approach would result in benefits that exceed what some households would otherwise earn in income during the same period. This is a positive feature from the perspective of children in low-income households, providing families with financial slack in the period right before or after a child is born. Families could utilize the surplus to pay off debts, establish or replenish a household savings account, or cover the many additional expenses that accompany a new child.

Benefit size and salience is important for encouraging utilization, and may also impact some incidental program outcomes, like fertility desire fulfillment. With a universal, standard-rate benefit, the total benefit level should be readily calculable and predictable. Delivering the benefit in regular, monthly checks at the beginning of a given month will have the effect of creating individually large deposits: typically, around \$2,400 per month, larger than most families' tax refunds. These checks should be highly salient, motivating program participation and possibly positively influencing future fertility decision-making. In order to further ease household budgeting decisions, any benefit received should ideally be both tax-free and excluded from the calculation for eligibility in any means-tested programs.

### **Eligibility and Work History**

Nearly all proposals to establish a national paid leave program, and all existing state paid family and medical leave programs, conceptualize paid leave as an earned benefit. Recipients must have completed a certain number of work hours overall and/or with their current employer. Establishing a minimum work threshold for eligibility makes sense even for a child-focused benefit like the one proposed here, as children benefit from growing up in a household with at least one working parent. It is not this program's objective to discourage work participation for either parent, and so some modest work history requirement is reasonable. While maximizing the number of parents who are eligible for the program is the primary goal, a modest work requirement is consistent with the program's objectives.

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<sup>45</sup> Juliana Menasce Horowitz, et al., "[Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies](#)." Pew Research Center: Social and Demographic Trends, March 23, 2017.

<sup>46</sup> Sara Bana, Kelly Bedard, and Maya Rossin-Slater, "[Trends and Disparities in Leave Use Under California's Paid Family Leave Program: New Evidence from Administrative Data](#)," AEA Papers and Proceedings 108 (May 2018).

<sup>47</sup> Eileen Appelbaum and Ruth Milkman, "Leaves that Pay: Employer and Employee Experiences with Paid Family Leave in California," CEPR (January 2011): p28, Table 8.

Thus, this proposal also includes a work-history threshold for paid parental leave applicants. Applicants should have achieved a minimum threshold of earned income over the past several years: approximately \$10,000 over the previous five years, or at least \$500 in earned income in each of the four quarters prior to the benefit. This approach helps cover those who have worked in contingent or seasonal jobs, as well as those who took breaks from paid work for periods of stay-at-home parenting. Parents without any work history or very little work history would be ineligible for a benefit.

However, this program design differs from conventional leave benefits in a striking way: the same benefits are equally available for a family with one working parent and a family with two working parents. Under most paid parental leave programs, households with only one working parent face a considerable disadvantage, as they can only claim half as large a total benefit, due to having only one eligible claimant. Under this program, with its child focus rather than worker focus, even if one parent is categorically ineligible for the paid leave benefit, the other parent could claim the entire 18 weeks, providing the same benefit to a one-worker household as to a two-worker household. In other words, this program has a more flexible work requirement than most worker-focused programs and is, therefore, more neutral with respect to how a specific family chooses to structure their work-family life.

It should be noted that in households where neither parent has market-based employment, it is likely that one or both are already poised to be full-time caregivers to a new child. Therefore, children born in long-term, non-working households may already be receiving the benefit of close parental attention that paid leave is intended to provide.

In addition to eligibility based on work history, benefit recipients would have to indicate intent to take leave from work and intent to co-reside with the child during the period of caregiving leave. Parents who decline to take leave from work for the purpose of caregiving would not receive the benefit. Given that the program's objective is to encourage parent-child bonding, non-resident parents would be excluded from benefit receipt, except in such cases as may be deemed appropriate, such as active-duty military personnel or where specified by a legal custody agreement.

### **Length of Leave**

Medical and psychological benchmarks can inform our thinking about the benefit length of a public program. A typical childbirth recovery requires at least six to eight weeks for the mother.<sup>48</sup> Between weeks 12 and 16, newborn children begin to make eye contact, smile, and babble.<sup>49</sup> Parental care during infancy grounds a child's capacity to communicate and trust.<sup>50</sup> Families formed through adoption often benefit from a period of intensive care to form attachments and establish family rhythms as well. Some recommend one month for every

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<sup>48</sup> Ching-Yu Cheng, Eileen R. Fowles, and Loraine O. Walker, "Postpartum Maternal Health Care in the United States: A Critical Review," *Journal of Perinatal Education* 15, no. 3 (Summer): 34-42.

<sup>49</sup> Center for Disease Control and Prevention, "[Important Milestones: Your Baby By Four Months](#)."

<sup>50</sup> Center on the Developing Child, "[Lifelong Health](#)" (Harvard University, 2015).

year a child was not in the home, with many adoptions involving children between two and three years of age, especially in the case of international adoptions.<sup>51</sup>

Parents should also be able to access leave prior to a child's birth. Prenatal access for pregnant mothers would enable mothers who work in physically demanding jobs to desist from work when necessary. It would also allow mothers experiencing pregnancy-related conditions that require rest or medical attention to take needed time off from work.

In light of these benchmarks, a policy should enable at least 14, and perhaps as much as 24, weeks of paid leave per child in order to protect crucial parent-child bonding time. We recommend at least 18 weeks of guaranteed leave. The Family Medical Leave Act (FMLA) protects 12 weeks of family caregiving per eligible worker, while legislation pending in Congress, the FAMILY Act, proposes a wage replacement covering these same weeks. If both parents maximize caregiving leave under the FMLA/FAMILY model, a child could receive 24 weeks of parental care in a two-worker household, or 12 weeks in a one-worker household. Other proposals, such as a recent bipartisan working group, suggest starting with eight weeks of paid leave per worker, resulting in a maximum of 16 weeks per child in a two-worker household. We propose a policy of at least 18 weeks *per child*, regardless if it is a one- or two-worker household, to be allocated flexibly between parents as described below. Thus, this eliminates the imbalance in benefits provided to children born in one- or two-worker households.

### **Single Application and Flexible Designation**

Family policy functions best when it recognizes families' responsibility to make decisions about their own affairs. A child-centered paid parental leave policy must be designed to protect family flexibility and choice around child caregiving. In this proposal, families would submit a single application per child, signed by one or both parents specifying the number of weeks of caregiving leave that each parent intends, the sum of their intentions not to exceed 18 weeks. Designated caregivers must have achieved the relevant work history, confirm that they have notified their employer of leave from work during the specified weeks, and intend to co-reside with the child. For co-parenting situations in which only one parent is a biological parent, adoptive parent, or legal guardian of the child, the legal parent's signature *must* be on the final application.

Applicants and designated caregivers could be legally-recognized parents, including biological parents, foster or adoptive parents, or legal guardians of a child. It would not be a *requirement* for both parents to participate in an application in order for the household to receive a benefit. But when there are two involved parents, the process of completing an application on behalf of their child provides a pathway whereby co-parenting intentions are reinforced and negotiated.

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<sup>51</sup> Darylnn Childress, "[10 Things Adoptive Parents Should Do When Bringing Their Child Home for the First Time](#)," *Adopt Together*.

## **Financing**

The size of the benefit, the number of caregiving weeks covered, and rate of the benefit take-up all determine how much a new paid parental leave policy will cost. Across industrialized nations, the average public expenditure on parental leave is \$12,300 per child.<sup>52</sup>

If the U.S. were to offer a flat-rate benefit of \$600 for up to 18 weeks per child, the total cost (a maximum of \$10,800 per child) would still fall below typical OECD levels. The program would amount to less than 6% of total federal support for children even at its maximum theoretical cost, resulting in incremental growth in an area of public spending that many believe requires greater investment.<sup>53</sup> It could easily be covered by reprioritization within existing entitlement programs, or with new revenue.

New revenue would not need to come in the form of direct taxes on workers or corporations. A reasonable cost estimate of \$20-\$28 billion per year is approximately equal to the sum of current Federal excise taxes on tobacco, alcohol, and firearms: all of which are sources of morbidity and mortality for children. Raising excise taxes on these and other excisable products like airplane tickets or gasoline could easily raise the revenues necessary for a parental leave benefit without cutting other programs or raising general income taxes. As an added benefit, higher taxes might reduce child exposure to these morbidity and mortality risk factors. Child benefits do not have to be paid for by raising taxes on the general public, impeding regular business, or transferring among workers through payroll taxes, but can be paid for with very modest changes in existing consumption-based revenue streams.

Several recent paid parental leave proposals finance the new benefit by making deductions from future program payments for the same household, such as by treating leave benefits as an “advance” on a future child tax credit, or by slightly raising the age at which parent can claim social security benefits. While the effort to achieve revenue neutrality is laudable, asking parents to make an explicit trade-off between child well-being and their own retirement, or between their child’s material well-being today versus 10 years from now, puts parents in a needlessly fraught position. Furthermore, imposing these trade-offs on families may decrease program utilization, making the benefit less universal in practice and, perhaps, in message.

Indeed, proposals to deduct the value of a current benefit for children from future benefits for the same household miss the fundamental point of these programs: society *should* make significant transfers *from* the general (adult) population *to* infants and young children, on whose development and well-being the propagation of society depends. Families facing the high cost of raising a child to adulthood, and children themselves, will and should be *net beneficiaries* of any change to family policy, and thus any new benefit should not be fully financed through offsets impacting those same individuals and families.

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<sup>52</sup> Amy Raub et al., “[Paid Parental Leave: A Detailed Look at Approaches Across OECD Countries](#),” WORLD Policy Analysis Center, 2018.

<sup>53</sup> Julia B. Isaacs, Cary Lou, Heather Hahn et al., “[Kids’ Share 2019: Report on Federal Expenditures on Children through 2018 and Future Projections](#),” (Washington, DC: Urban Institute, 2019).

## **Further Improvement: Expanded Job Protections**

In the long run, in a society where the vast majority of men and women desire to have full or part-time careers, a paid parental leave program can only live up to its pro-child ambitions if it creates better work-life balance for parents. It must become easier for working parents to dedicate time to bonding and caregiving with a new child. Federal law guarantees job protection for those taking family, medical, or parental leave through the Family and Medical Leave Act (FMLA), but only 59% of the workforce is eligible for this protection.<sup>54</sup> The remaining segment is ineligible because of the size of their employer or failure to achieve earned income and job-tenure thresholds.

Expanding the circle of job-protected workers could help. Expanding FMLA-job protection to employees of firms with 30 employees or more would bring job protection to more parents. Modernizing the way work history thresholds are calculated to account for part-time and nonstandard-schedule workers would do the same. Furthermore, providing a federally-funded paid leave program could enable self-employed individuals and freelancers to claim benefits. Beyond this, federal and state regulators should consider enhancing enforcement of anti-discrimination laws regarding pregnancy and family responsibilities.

## **Conclusion**

Paid parental leave presents a tremendous opportunity to enact policy that is forthrightly pro-family and pro-child. Whereas parental leave is often approached as a benefit *for the worker*, we believe that it is better thought of as fundamentally a benefit *for the child and for the family*. Children have the greatest opportunity to thrive when cared for and bonded with both loving parents. Paid family leave principally should encourage and enable parental caregiving, while entrusting families with the flexibility and choice as to how to best care for their children. Secondarily, paid family leave can encourage pro-family goals, such as marital stability and an increase in fertility. Finally, paid parental leave should be a straightforward, predictable benefit that families can readily access. A policy with such a significant contribution to early child welfare should be widely understood and used.

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<sup>54</sup> Jacob Alex Klerman, Kelly Daley, Alyssa Pozniak, “[Family and Medical Leave in 2012: Final Report](#),” Abt. Associates for the Department of Labor, Rev. April 18, 2014.