**Policy Landscape**

Since 1993, US workers have had access to 12 weeks of unpaid leave under the Family and Medical Leave Act (FMLA).

Enacted in September 2002, the California Paid Family Leave legislation (CA-PFL) went into effect July 2004. The CA-PFL grants 6 weeks of paid leave to eligible mothers and fathers, providing 55% of base pay. Workers may take leave concurrently or intermittently in the 12 months following birth. The policy is funded by a payroll tax on California workers.

Officially entitled the Family Temporary Disability Leave law, the New Jersey Paid Family Leave legislation (NJ-PFL) came into effect in July 2009. The NJ-PFL grants 6 weeks of paid leave to eligible mothers and fathers, providing 2/3 of average weekly pay up to a maximum of $524 per week. Eligible workers are those individuals that have worked at least 20 calendar weeks in New Jersey or that have earned at least $7,150 in the 12 months preceding requested leave. Workers may take leave within 12 months of birth, and leave may be taken concurrently or intermittently. NJ-PFL is funded by a payroll tax on New Jersey workers.

**Literature Review**

Bartel et al. (2018) use data from the 2000 Census and the 2000 to 2013 waves of the American Community Survey to investigate the effect of the California Paid Family Leave law on fathers’ leave-taking. The authors find that the policy raised leave-taking rates of fathers by 46 percent, although fathers still on average only take 1.5 weeks out of the total 6 weeks of leave for which they are eligible under CA-PFL. In contrast, mothers on average take 9 weeks out of the 12 total weeks for which they are eligible under the combined Temporary Disability Insurance policy and the CA-PFL.

Curtis, Hirsch, and Schroeder (2016) use data from the Quarterly Workforce Indicators to estimate the effect of the CA-PFL on labor market outcomes by examining employment flows and wage offers among new hires. The authors find that although the CA-PFL had little effect on earnings for young women in California, the policy did result in increased labor market churn (defined by the authors as separations, hires, and recalls).

Baum and Ruhm (2016) make use of the 1997 cohort of the National Longitudinal Survey of Youth to investigate the effect of the CA-PFL on various labor market outcomes. They find that the CA-PFL raised leave-taking on average by one week for fathers and three weeks for mothers. The authors also find that the policy increased the rate at which mothers return to work after giving birth, but did not find a statistically significant effect upon mothers’ wages. Baum and Ruhm further suggest based on the evidence that the increased rate of return to work for mothers could be due to CA-PFL lowering the probability of mothers quitting their jobs prior to giving birth.

Das and Polachek (2015) use data from the March Current Population Survey to explore the impact of the CA-PFL on labor force participation and unemployment outcomes. Utilizing a Difference in Difference framework, the authors find that the CA-PFL increased the LFP rate of young women in California relative to other states. Das and Polachek also investigate unintended negative consequences of the law, and find that the policy increased the rate and average duration of unemployment for young women relative to other states.

**Theory**

The New Jersey and California paid family leave policies produce both benefits and costs.

Paid family leave imposes a clear monetary cost on workers and firms through the payroll tax by which the policy is funded. Firms may also bear costs through search and training costs of temporarily replacement labor. Replacement labor may also be less productive due to less accumulation of firm-specific skills.

Aside from the intended benefit of paid leave, workers may also gain subsidiary benefits through increased worker retention, especially young mothers.

**Limitations**

Empirical analysis of employer mandates is often difficult to examine with rigor due to the limitations of available data. Segmenting individual level data like the Survey of Income and Program Participation by geographical location and time period leads to small sample sizes and low statistical power. Aggregate data, on the other hand, lacks the granularity necessary to estimate the effect of the mandate on the subpopulations that are likely to be affect most by the mandate.