The Benefits of Paid Parental Leave for Women, Families, Employers and Local Communities

Innovation Ohio Analysis:

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My husband and I can’t describe the anticipation and wonderment that washed over us when we found out we were going to be parents. We glowed as we shared the news with family.

After our initial joy, attention necessarily turned to questions far less sentimental: Do we need a new home? How much will daycare cost? Most urgent, how long can we afford to stay home before sending our baby to daycare?

To us, the value of time early in our child’s life cannot be overstated. Every minute we are able to spend with our new baby affects pivotal items like good nutrition, proper pediatric care, and safe sleeping behaviors. That important time together also means learning the crucial and less prescriptive lessons, the grey matter of parenting: bonding, intuiting our baby’s needs, and the human touch proven to give our baby an early sense of security and self-esteem.

What’s more, I work full-time, I love my job, and my husband loves his. Nationally, women constitute a growing share of the workforce, both by choice and by economic necessity. The ability to keep on working and the consequent need for our spouses to share in parenting duties should not be undercut by policies based on a mid-20th-century economic model of one, male breadwinner per family.

Parents in most other countries in the world don’t have to grapple with these issues. Appallingly, the United States is the only advanced country in the world to have no guaranteed form of legally protected, partially paid time off for new moms. And we are part of the narrowing minority of advanced nations that ignore the critical need for paternity leave.

I thought to myself, how is this possible in a nation built by middle-class families? Proudly, I am a card-carrying union member, so I talked to my union, the Communication Workers of America Local 4502. Together we formed a committee aimed at doing our part to address this problem however we can. We asked Innovation Ohio to gather the facts, help us understand the problem of parental leave in America, and recommend ways to address it.

What IO has produced is essential information, which – I can attest – matters for families, for women, and for a healthy next generation.

Elizabeth Brown
Chair, Parental Leave Committee
Communication Workers of America Local 4502
INTRODUCTION

PAID PARENTAL LEAVE

The Family Medical Leave Act (FMLA) provides some basic protections for working people, including the ability to take an unpaid leave after the birth of a child and to safely return to work once the leave is over.

As many Fortune 500 companies have learned, however, providing just the basic protections of the FMLA isn’t enough to ESTABLISH THE STRONGEST POSSIBLE WORKFORCE. And as various research reports demonstrate, extending benefits for parents beyond the basic protections of the FMLA STRENGTHENS WOMEN AND FAMILIES, REDUCES GENDER AND ECONOMIC DISPARITIES, HAS A POSITIVE IMPACT ON A LOCAL ECONOMY, AND IMPROVES CRITICAL HEALTH OUTCOMES SUCH AS INCREASING IMMUNIZATION AND DECREASING INFANT MORTALITY.

When the FMLA was passed into federal law more than 20 years ago, it was intended to serve as a legal floor that provided basic workplace protections. For expecting parents who were trying to figure out how to balance the necessity of work with the responsibility of being a parent, SIMPLY HAVING UNPAID TIME OFF WORK ISN’T ENOUGH TO MANAGE THE NEEDS OF A TWENTY-FIRST-CENTURY FAMILY.
EXECUTIVE SUMMARY

A CHANGING WORKFORCE

WOMEN NOW MAKE UP A MUCH LARGER SHARE OF THE WORKFORCE

Today, more mothers are working. They are remaining on the job longer into their pregnancies and staying in the workforce at higher rates after the birth of their children than ever before.

Women are now an established part of America’s workplaces, compared to prior generations. Over 72 percent of women held steady employment at some point prior to their first pregnancy, compared to just 60 percent in the early 1960s.\textsuperscript{1} In fact, women’s workforce participation has increased 35 percent since the early 1970s.\textsuperscript{2} In Ohio, women make up nearly half of the state’s labor force with 48 percent of the workforce comprised of women.\textsuperscript{3}

With women making up nearly half of the labor force and more women working during pregnancies and after childbirth, there are CLEAR SOCIAL BENEFITS TO WORKPLACE POLICIES THAT SUPPORT PARENTS AS THEY SEEK TO BALANCE THE DEMANDS OF WORK AND FAMILY, ESTABLISH GOOD PARENTING PATTERNS, RAISE HEALTHY CHILDREN, AND CONTRIBUTE TO THE REGION’S ECONOMY.
A QUICK LOOK: THE LAW AND THE POLICY

Section I and Section II of this report discuss the history of the need for both the Pregnancy Leave Act of 1978 and the Family Medical Leave Act of 1993. This section also discusses the limitations of the law and the implications of limited paid leave policies in the workforce. As the data in this section will show, to fully meet the needs of employees to balance the demands of work and family and to address disparities in access to essential healthcare and bonding time, workplace policies should include a paid family leave component. Section II looks at how such policies are increasingly supported by the public and how the demands of pregnancy and infant care can require significant time away from work.

FAMILY AND MEDICAL LEAVE ACT

The Family and Medical Leave Act of 1993 (FMLA) was landmark legislation that established that workers have the right to take up to 12 weeks of unpaid leave for medical and family reasons, including the birth, adoption or foster placement of a child.

For the first time, parents were assured that they could not be fired or be denied benefits for missing work to receive prenatal care or deal with an incapacitating pregnancy, for childbirth and to bond with a new child.

The program is available to employees who have worked for at least a year at a worksite with 50 or more employees. While FMLA merely provides a right to unpaid leave, workers may supplement their pay during time off using accrued leave if it is offered by their employer.

PAID PARENTAL LEAVE

Paid Parental Leave, a form of Family Leave that can include pregnancy and maternity/paternity leave, is a discretionary policy for employers. It provides some level of compensation for mothers and fathers to take time off during a pregnancy or after childbirth or adoption. The policies generally include some percentage of salary offered during some or all of the leave period.
BENEFITS OF PAID PARENTAL LEAVE

Section III explores the many benefits of paid parental leave policies on women, families, children and society as a whole. These include:

1. **STRENGTHENS WOMEN AND FAMILIES**

   The majority of young children depend on the income of working mothers, who are increasingly likely to be sole or primary breadwinners in their families. Paid maternity and paternity leave policies preserve income and increase health outcomes for women and their dependent children.

2. **REDUCES GENDER AND ECONOMIC DISPARITIES**

   When taking leave without pay is the only option for a new parent, unmarried, nonwhite and less educated parents are the least likely to make use of this benefit. This relatively low level of leave-taking by less advantaged workers can create health and economic disparities for parents and children.

3. **IMPROVES CRITICAL HEALTH OUTCOMES**

   Longer leaves that result from the availability of paid time off have been shown to improve the health prospects of women and their babies. Rates of infant mortality, immunization and breastfeeding have all been seen to improve when women have access to paid leave during pregnancy and after childbirth.

4. **POSITIVE IMPACTS ON THE LOCAL ECONOMY**

   Paid leave policies for mothers and fathers increase the level of women’s employment and participation in the regional workforce, and contribute to higher levels of employment rates and wages for mothers in the years following childbirth. And by preserving family income, these policies also reduce demand for public assistance and social services.

5. **A STRONGER, MORE PRODUCTIVE WORKFORCE**

   Paid leave policies have numerous benefits for local employers by improving employee retention, job satisfaction, and productivity and helping employers compete for top talent.
A LOW-COST, HIGH-BENEFIT POLICY

Despite the increasing number of women in the workforce, just 3.4 percent of women in Ohio’s labor force give birth each year, and nationally, fewer than 3.5 percent of working women utilized FMLA for childbirth. Based on this data, and assuming an employer’s workforce composition is similar, the costs for implementing some form of paid parental leave will be low. This data can be found in Section IV.

REVIEW OF LEAVE POLICIES OF VARIOUS EMPLOYERS

Section V provides some analysis of paid parental leave by industry among US companies and reviews some nationally recognized companies’ policies. It also notes several Ohio companies such as JP Morgan Chase, Procter & Gamble, and the Ohio State University for their family-friendly leave policies. This section also reviews states with leave policies and reviews some public employers’ polices in and outside of Ohio.

IN THIS REPORT

The following report will outline the benefits of establishing a policy that goes beyond the legal minimum of the FMLA and provides some form of Paid Parental Leave. It will also demonstrate that THE RELATIVELY LOW COST FOR EMPLOYERS TO IMPLEMENT SOME FORM OF PAID PARENTAL LEAVE IS GREATLY EXCEEDED BY THE NUMEROUS BENEFITS FOR WOMEN, MINORITIES, THE LOCAL ECONOMY AND THE COMMUNITY.
I. STATE OF PAID LEAVE

The vast majority of countries across the globe guarantee new mothers (and often fathers) a right to considerable paid leave following the birth of a child. In an academic study of paid leave globally, a total of 178 countries offer paid maternity leave under national law for working women, and 70 of those countries also entitle paid paternity leave or parental leave in cases of adoption. As the global workforce evolved over the last century with substantial increases in women’s participation in the labor force, the overwhelming majority of countries have also shaped their laws to alleviate the pressure to balance work and family obligations felt by working mothers. The United States, however, falls behind the rest of the world in providing workers with guaranteed paid parental leave. The U.S. remains one of only three countries across the world (trailing behind with only Papua New Guinea and Swaziland), and the only high-income country, that offers no legal right to paid time off work for pregnancy, childbirth and infant care.4

Some protections for U.S. workers have been established in law, chief among them the Pregnancy Discrimination Act of 1978 and the Family Medical Leave Act of 1993.

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<thead>
<tr>
<th><strong>Pregnancy Discrimination Act of 1978</strong></th>
<th><strong>Family and Medical Leave Act of 1993</strong></th>
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<td>Congress enacted the Pregnancy Discrimination Act (PDA) in 1978 as an amendment to Title VII of the Civil Rights Act of 1964. The act defines discrimination on the basis of pregnancy and childbirth unlawful sex discrimination and requires employers to treat workers no differently that others with a similar ability or inability to work. This means that a woman cannot be passed over for employment, lose out on benefits, job assignments, training or lose her job merely because of pregnancy or a related condition as long as she is able to carry out the duties of the job. An employer further cannot require pregnant women to submit to a different level of clearance to take any available disability or sick leave than any other employee with a similar inability to work.5</td>
<td>The Family and Medical Leave Act of 1993 (FMLA) was landmark legislation that established that workers have the right to take up to 12 weeks of unpaid leave for medical and family reasons, including the birth, adoption or foster placement of a child. For the first time, parents were assured that they could not be fired or be denied benefits for missing work to receive prenatal care or deal with an incapacitating pregnancy, for childbirth and to bond with a new child. The program is available to employees who have worked for at least a year at a worksite with 50 or more employees. While FMLA provides a right to unpaid leave, workers may supplement their pay during time off using accrued leave if it is offered by their employer.6</td>
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Until the passage of the FMLA, workers in the U.S. did not even have the right to unpaid leave. And, two decades since its passage, the right still remains far from universal. The FMLA’s basic protection from the loss of a job when taking unpaid leave is only available to 59 percent of workers in the U.S.7
A significant share of eligible workers does not make use of FMLA-guaranteed leave because they cannot afford to go without a paycheck. An inability to afford time off without pay was cited by 46 percent of workers in a 2012 Department of Labor survey as a reason for not taking needed family leave. These data make clear that to fully meet the needs of employees to balance the demands of work and family and to address disparities in access to essential healthcare and bonding time, workplace policies should include a paid family leave component.

Paid family leave is not guaranteed in the U.S. – it is only available at the discretion of an employer, or in one of five states that have implemented a statewide payroll tax-funded insurance program. As a result, paid family leave is available to even fewer U.S. workers than FMLA-assured unpaid leave. Survey data from the Bureau of Labor Statistics show that just 13 percent of civilian workforce enjoyed any paid family leave benefits in 2014.

An analysis of Census data from 2006-2008 has shown that only 50.8 percent of working women received any form of paid leave (which can included sick, vacation, maternity and other forms of paid time off) prior to or after their first birth, with just 35 percent of them doing so after the birth of their child.

Legislation at the Federal level is currently pending to address the lack of a national policy to provide paid leave for the birth or adoption of a child. **THE FAMILY AND MEDICAL INSURANCE LEAVE ACT (FAMILY ACT)** was introduced in the U.S. Senate by Sen. Kirsten Gillibrand (D-NY) and in the U.S. House by Rep. Rosa DeLauro (D-CT) to provide paid family leave. **THE PROGRAM WOULD CREATE AN INSURANCE PROGRAM FUNDED BY PAYROLL DEDUCTIONS TO PROVIDE UP TO 12 WEEKS OF PAID LEAVE A YEAR TO ELIGIBLE WORKERS TO BE USED FOR THE BIRTH OR ADOPTION OF A NEW CHILD, THE CARE OF AN ILL FAMILY MEMBER, OR TO CARE FOR A WORKER’S OWN MEDICAL CONDITION.** An independent trust fund would be established within the Social Security Administration to collect fees and administer benefits. Through the FAMILY Act, qualifying workers would be able to receive benefits equivalent to 66 percent of their monthly earnings, capped at $1,000 per month.
II. THE NEED FOR PAID LEAVE

Americans see the value in providing paid family leave and for good reason. One recent survey found that three quarters (76 percent) of U.S. adults believe that employers should offer paid family and medical leave. By the same margin (76 percent), registered voters responded that laws should be enacted that require paid leave for childbirth and infant care, and support was higher among women, African Americans and Democrats, where support for paid leave laws was measured at 81, 92 and 88 percent, respectively. And 78 percent of U.S. adults rate family and maternity leave as a “very important” standard labor standard.

PREGNANCY AND INFANT CARE REQUIRES SIGNIFICANT TIME AWAY FROM WORK

In developed countries, not counting childbirth itself, women are expected to make 8 to 11 doctor visits during a routine pregnancy and typically return for a follow-up postnatal visit in the weeks following delivery. During some high-risk pregnancies, pregnant women must see the doctor on a weekly basis. Women who give birth by C-section may not be completely recovered as many as five weeks after giving birth.

Baby’s first year of life also comes with a full appointment calendar. The American Academy of Pediatrics recommends seven check-ups by a child’s first birthday. Without paid leave, parents and babies may miss important medical care, and a lack of paid leave has been associated with many adverse health impacts (see following section: Benefits of Paid Leave).

Many child-care facilities will not take infants before they are six weeks of age, leaving new parents with few options in the early weeks of a child’s life. In-home care providers can make the expense of childcare so costly that it is less expensive to quit and stay home with an infant than to hire a nanny. Paid time off can make staying home until a child is old enough for a licensed childcare facility an economically viable alternative to leaving a job.

Paid leave is increasingly identified as critical in today’s economy for a variety of reasons. Paid leave policies strengthen women and families, reduce gender and economic disparities, improve critical health outcomes for women and babies, result in positive impacts on the local economy and create a stronger, more productive workforce. The following section outlines the wide-ranging benefits of offering paid leave for working mothers and fathers.
III. THE BENEFITS OF PAID LEAVE

STRENGTHENS WOMEN AND FAMILIES

There are clear social benefits to workplace policies that support new parents as they seek to balance the demands of work and family, raise healthy children and contribute to the local economy.

As noted above, today women make up nearly half of the local workforce. And we no longer live in a society where it is the norm for women to leave the workforce once they become pregnant and have children. Today, two-thirds of women work through their pregnancies, compared to just 44 percent of women who did so in the early 1960s. Even after childbirth, women are remaining in the workforce after they have children at much higher rates. The number of women with children under age six who are in the workforce has risen from just 39 percent in 1975 to nearly 65 percent today. With more mothers working, an increasingly large number of families are dependent on a woman’s wages for their financial wellbeing. A recent study by the Pew Research Center found that 40 percent of U.S. families with children are headed by a female breadwinner – either a single mother or where a mother brings home the household’s largest paycheck.

Extending paid leave to new fathers has been shown to increase gender equality at home and at work. A number of European nations have adopted policies that encourage fathers to take time off, and research in these countries show that fathers who take time off after the birth of a child are more likely to be involved with childcare and household tasks. Research on U.S. fathers shows that while leave-taking is relatively low compared to mothers, fathers who take even a week or two of paternity leave are more likely to be involved in the care of their children nine months later. By creating a more equal division of labor in the home, paternity leave has also been shown to increase the involvement of both parents in the workforce.

REDUCES RACIAL AND ECONOMIC DISPARITIES

When unpaid leave is the only option for new parents, it is most likely to be utilized by those who are relatively well-off and can afford the resulting loss of income.

While beneficial in preserving employee attachment, unpaid leave policies create disparities based on who can afford time off and who cannot. In states where rights to unpaid family leave were extended, the effect on leave-taking was most pronounced among married women and those with college educations. Leave-taking by fathers, while occurring at much lower levels than among mothers, speaks to similar disparities. A review of leave-taking by men shows that less advantaged men are much less likely to take any leave and when they do, it is for shorter durations than their white and better educated peers. A recent Department of Labor survey on leave-taking under the FMLA found that the rate of unmet need for family leave was over twice as high among...
non-whites compared to white workers, and similar disparities were found for married versus unmarried respondents and those with lower versus higher incomes.²⁸

Currently, due to their discretionary nature, access to paid parental leave varies greatly according to education and income with those at the top most likely to be offered benefits. College-educated first-time mothers are three times more likely to receive some form of paid time off (which can include maternity, sick, vacation or other paid leave) during pregnancy or following childbirth than women without a high school diploma. Only four percent of low-wage workers have access to paid family leave, compared to 22 percent of the highest wage-earners.²⁹
Universal paid leave policies can reduce these disparities by increasing leave taken by less advantaged parents. The need for paid parental leave is particularly important for low-wage workers as they are more likely to work in jobs that do not offer extensive benefits and have less financial resources at their disposal.\textsuperscript{30}

A study of the impact of California’s first-in-the-nation paid family leave law, which provides up to six weeks off for new mothers or fathers at 55 percent of their normal earnings, showed that less advantaged women (that is, those who were unmarried, less educated and nonwhite) saw the biggest boost in the amount of leave taken after its implementation.\textsuperscript{31} As a result of the law, women in low quality jobs reported that taking paid family leave improved their ability to care for their new infants.\textsuperscript{32}

Because taking time off to be with a newborn can improve both child health and long-term maternal employment prospects, the relative low level of leave-taking among less-advantaged mothers can create health and economic disparities.

**IMPROVES CRITICAL HEALTH OUTCOMES**

One of the primary reasons paid leave is so vital is that it gives parents and babies time to recover, adjust to new routines, access follow-up medical care and bond without outside pressures. Both mothers and babies have been shown to experience positive health benefits of longer leaves. Paid leave has been shown to significantly decrease rates of infant mortality compared to other forms of leave. A review of data from 18 of the world’s largest market-based democracies including the U.S. found that a 10-week extension in paid leave is associated with a decrease in deaths in the first month of life by 2.6 percent and in the second through twelfth months of life by 4.1 percent.\textsuperscript{33} The same research found that other forms of leave (unpaid or non-job-protected leave) do not show a measurable impact on mortality rates, suggesting that parents are unlikely to make use of this type of leave even when it was available to them.

The first few months of life are a critical time for bonds to form between parents and infants. Early bonding – during the first six months of life – has been shown to improve attachment, which in turn is associated with better mental health and self-esteem later in life.\textsuperscript{34} One example of the important relationship between parent-child bonding time and child development is the observation that children of mothers who return to work less than three months following childbirth, show a reduction in cognitive development.\textsuperscript{35} Children born to mothers who return to work less than 12 weeks following delivery have higher rates of behavioral problems later in life.\textsuperscript{36}

Paid leave has also been shown to increase the rates and duration of breastfeeding, which has positive health benefits for both infants and their mothers. The American Academy of Pediatrics (AAP) recommends\textsuperscript{37} that women breastfeed exclusively for the first six months of life because of the multiple benefits it confers. The health benefits for babies, particularly those born preterm, include reduced rates of infections, allergies, sudden infant death syndrome, obesity, diabetes, childhood lymphoma and leukemia. The AAP recommendation also highlights multiple improvements in maternal health as a result of breastfeeding, including decreased rates of breast and ovarian cancer and the natural birth control effect that can improve child spacing. Longer leave times
after childbirth have been associated with higher rates and longer durations of breastfeeding. The same research found that women who return to work within 12 weeks after childbirth are 13 percent less likely to breastfeed and those who do breastfeed do so for 41 percent less time.

Paid leave has also been shown to be associated with higher immunization rates. An examination of data on the timing of U.S. women’s maternity leaves found children of mothers who returned to work within 12 weeks of childbirth were 4.1 percent less likely to receive all childhood immunizations on schedule. A review of global data found that each 10 percent increase in weeks of fully paid leave was associated with 22 to 25 percent higher rates of immunization for DPT3, Measles and Polio.

The health benefits of parental leave extend beyond babies to mothers. Women who take leave before giving birth are four times less likely to require a C-section delivery. Mothers who take longer leaves (over 12 weeks) show an increase in vitality, and leaves longer than 15 weeks have been correlated with improved maternal mental health. Additional evidence suggests that longer leave times are related to lower rates of maternal depression. When fathers join mothers in taking parental leave, additional health benefits can accrue. Leave-taking by British fathers was shown to increase the number and quality of follow-up health checks infants received, promote breastfeeding and show an improvement in maternal well-being three months postpartum. Mothers have been shown to take 5-10 percent fewer sick days when fathers take advantage of paternity leave, and leave-taking by fathers can help to reduce symptoms of postpartum depression.

As has been noted, less advantaged parents are much less likely to utilize unpaid leave, so workplace policies that do not include paid leave benefits can contribute to health disparities.
RESULTS IN POSITIVE IMPACTS ON THE LOCAL ECONOMY

The increased availability of job-protected leave that resulted from passage of the FMLA has resulted in gains in women’s employment. Employment rates for mothers of infants increased by 7.6 percent in the time immediately following the law’s passage.\(^4\)

In addition to the boost in women’s employment that came from increased access to unpaid leave, paid leave has been shown to further increase the number of women who are working after having children. Labor force participation has grown by over 18 percent over two decades in industrialized nations where paid parental leave policies are in place, while it barely budged in the U.S., where there is no right to paid leave. A simulation showed that implementation of the same policies in the U.S could boost women’s labor force participation rates by an additional 6.8 percent.\(^4\)

We are able to see the direct impact of paid leave policies by looking at women’s employment in the year following childbirth. Women who use paid leave are twice as likely to be working three months after childbirth than women who quit their jobs.\(^4\) And, because paid leave policies make it less likely that a woman will leave employment and later endure the often time-consuming task of seeking new employment, the benefits on the local economy can be long-lasting. Women who take paid family leave to have children are 21 percent more likely to be working a full year after having a child than those who did not take any leave and are four times more likely to be working a year later than women who quit while pregnant.\(^5\)

In addition to increasing the number of women working and earning a paycheck, by improving employee attachment to an employer, paid leave policies can boost a woman’s pay in the time following the birth of a child. A review of women’s leave taking found that having access to paid leave made it more likely that a woman saw her pay increase in the year following the birth of a child than women who took no leave at all.\(^5\) By contrast, women who quit during their pregnancy and are later hired by a new employer after birth are more likely to do so for lower pay or at a lower skill level than the job they left.\(^5\)

REDUCED DEMANDS FOR SOCIAL SERVICES

Paid leave policies enable men and women to meet the competing demands of work and their growing families. Without them, parents working without pay – or who give up their jobs because of the lack of paid leave – are more likely to apply for taxpayer-funded benefits like Medicaid and food assistance. Even in the age of job-protected leave established by the FMLA, fully 1 in 10 workers who take advantage of this unpaid leave relied on some form of public assistance to make the leave possible in the absence of wages. Women who use paid leave are 39 percent less likely to receive public assistance and have a 40 percent lower rate of enrollment in the food stamps program.\(^5\)
**LEAVE CREATES A STRONGER, MORE PRODUCTIVE WORKFORCE**

Paid leave policies show significant benefits not just for women and babies, but also for employers. As is to be expected, paid leave policies increase the amount of time employees are away from work, but the increased expense to employers that is associated with this additional paid time off has been found to be offset by lower employee attrition (and replacement costs) and increased worker productivity and improved mental well-being. Other benefits to the employer have also been noted.

**BETTER EMPLOYEE RETENTION**

Employee turnover can too often result from pregnancy and childbirth, and research suggests that it may be tied to the lack of availability of paid leave. In 2008, women of childbearing age were 31 percent more likely to quit federal employment (where paid family leave is not provided) than men of the same age. The difference disappears among older workers.54

The ability to take time off from work without losing a job makes it more likely that women will stay in the workforce. After passage of the FMLA, employment of mothers of infants increased by 7.6 percent.55 While more than one in five working women still leaves employment during her first pregnancy or shortly after birth,56 the figure has fallen from 24 percent of women who quit employment as a result of pregnancy or childbirth slightly less than a decade earlier.57 These data suggest that policies including job-protected leave have made it easier for women to take time off without leaving employment.

When that leave can be taken with pay, it has been shown to reduce this pregnancy and childbirth-related employee turnover even further. One study of leave-taking in the wake of the California law found that mothers are six percent more likely to be working one year after the birth of a child when paid family leave was available to them during pregnancy and after the birth of a child.58 A review of Census data similarly found that US women with access to paid maternity leave are 5.4 percent more likely to return to work than women who self-funded their maternity leave.59

The improved rates of employee retention associated with paid leave policies can help employers avoid the replacement and retraining costs.60

**HIGHER PRODUCTIVITY**

Another benefit for employers of paid leave policies are more effective and productive workers. When new parents have an opportunity to spend the first few weeks of a child’s life bonding, establishing a routine, getting required medical check-ups and arranging child care, they are able to better focus on their work once they
return. One study found that after the implementation of California’s first-in-the-nation paid family leave insurance program, mothers that took advantage of paid family leave worked six to nine percent more hours each week once they returned to work.61

MOTHERS THAT TOOK ADVANTAGE OF PAID FAMILY LEAVE WORKED SIX TO NINE PERCENT MORE HOURS EACH WEEK ONCE THEY RETURNED TO WORK

IMPROVED EMPLOYEE SATISFACTION, WELL-BEING

Offering high-quality benefits that help employees balance the demands of work and family can reap rewards for employers in the form of a happier workforce. In one survey, 99 percent of employers reported that offering
paid leave to their workers resulted in improved employee morale. And, as noted earlier, women who take paid leave are more vital and less likely to be depressed, factors that can sap a worker’s productivity and job satisfaction.

**COMPETITION FOR TOP TALENT**

Employers must compete to attract the best, most qualified and highly-trained workers. Women today are waiting later in their careers to have children, often after they have advanced into high-ranking roles within their organization. Employers trying to attract top talent must contend with competition from firms that offer more attractive benefits. Across all industries, over a quarter of management workers in the private sector have paid family leave benefits.

It’s not only women who are more likely to consider a job if it offers family-friendly benefits. A recent survey of men found that 85 percent viewed a prospective employer more positively if they offered paternity leave.
IV. IMPLICATIONS FOR EMPLOYERS

USAGE AND COSTS WILL BE LOW

Data shows that approximately 3.4 percent of women in Ohio’s labor market give birth in any given year.65 According to a survey of leave-taking patterns, fewer than 3.5 percent of workers covered by the FMLA utilize leave each year related to pregnancy and childbirth.66 Assuming those rates of leave-taking extend to the typical employer, extending an additional four weeks of leave with full pay to less than four percent of the workforce would result in additional payroll costs each year of just over one quarter of a percent. That calculation assumes that overtime or replacement workers are used to cover all absences. If workers’ absences can be fully or partially absorbed by reassigning or delaying work, additional costs would be even lower.
V. LEAVE POLICIES OF VARIOUS EMPLOYERS

Availability of paid leave varies greatly depending on whom you work for and in what capacity. When all levels of workers are considered, state governments are actually the most generous, with 18 percent of their workers eligible for paid family leave, compared to 15 percent of local government and 13 percent of private sector employees. However, the relatively high rate of leave availability in the public sector is primarily due to the fact that these benefits are offered to all employees, regardless of occupation. By contrast, the availability of paid family leave varies widely among private sector employers and greatly depends on a worker’s occupation within an organization (See Table 1).

Table 1: Percentage of Workers with Access to Paid Family Leave in US Companies

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<thead>
<tr>
<th>By Industry</th>
<th>By Occupation</th>
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<tbody>
<tr>
<td>Finance and Insurance</td>
<td>Management, Business &amp; Financial</td>
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<tr>
<td>Information</td>
<td>Professional</td>
</tr>
<tr>
<td>Retail</td>
<td>Office &amp; Admin Support</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>Sales</td>
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<tr>
<td>Accommodation and Food Service</td>
<td>Service</td>
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67
While rates of paid family leave are generally low when looking across industries and occupations, the most elite firms and highly sought-out employers offer a much more generous array of benefits. One survey found that fully 74 percent of Fortune 100 firms offered a specific paid parental leave program with a median length of leave of six weeks.\(^6\) Employers in the highest-paid 10 percent of the workforce are more than four times as likely to receive paid family leave from their employers as those in the lowest-paid 25 percent of the workforce.\(^6\)

All of the companies selected for inclusion in the 2014 annual “100 Best Companies for Working Mothers” list, as ranked by Working Mother magazine, offer paid maternity leave, with the average company on the list providing seven weeks. 84 percent of the “100 Best Companies” offer some form of paid paternity leave to fathers, and 90 percent offer paid adoption leave.\(^7\) Some of the top companies on the list for 2014 were high-profile, technology companies such as Facebook, Reddit, and Instagram which all provide up to 17 weeks of paid maternity leave for new mothers. The largest amount of paid maternity leave of 18 weeks, or 22 weeks when there are birth complications, was offered to Google employees.\(^7\)

A number of Working Mother’s “100 Best Companies for Working Mothers” are based in Ohio. JPMorgan Chase launched an extensive parental leave program for employees in 2001 which provides the primary caregiver with up to 12 weeks of paid parental leave which can be used after the birth of a child, in adoption placements or in cases where an employee gains guardianship of a child. For non-primary caregivers, JPMorgan Chase offers up to one week of paid leave to be taken concurrently with FMLA leave.\(^7\) Another Ohio-based employer featured on the Working Mother list is Abbott, which offers up to four weeks of paid leave for birth-mothers and up to two weeks of paid leave for fathers following the birth of a child. Adoptive parents are also eligible for up to two weeks of paid leave following the adoption placement. If additional time off is needed by an employee for child care following a birth or adoption, FMLA unpaid, job-protected leave may be utilized.\(^7\)

Procter & Gamble, a company headquartered in Ohio, was featured in 2012 as one of Working Mother’s “Top Ten Companies for Working Mothers” for their wealth of family friendly policies including their paid family leave benefits.\(^7\) P & G is among the list of Ohio-based companies that has been listed on the “100 Best Companies” By Working Mother’s Magazine for a number of years. Full time employees are offered six weeks of fully paid maternity leave and up to one week of fully paid paternity and adoptive leave.\(^7\)

The Ohio State University offers full-time faculty and staff with at least one year of service paid parental leave at 100 percent of their wages following the birth of a child or an adoption placement. Birth mothers are guaranteed up to six weeks of paid leave for recovery time and child care. Fathers, domestic partners, employees using a surrogates, and adoptive parents are able to utilize up to three weeks of paid leave. Paid parental leave must be completely exhausted by an employee before they use accrued paid vacation leave or compensatory time requested for leave related to a birth or adoption case.\(^7\)
Analysis: The Benefits for Paid Parental Leave

States with Paid Leave Programs

Since there has been no implementation of a national law that grants paid parental leave in the United States, gains in paid family leave have largely been achieved through laws within individual states. In 2012, The National Partnership of Women and Families published the Second Edition of their Expecting Better study to evaluate the progress that states have made to pass laws, which promote family-friendly policies in the workplace. Their review found that there has been a great deal of progress over the years since the release of the First Edition of the study in 2005, but that there is still an immense lack of legislation at the state level that provides working mothers and fathers with sufficient family leave policies. The Expecting Better analysis provides an overall evaluation of family-positive policy for each state based on the implementation of laws related to paid parental leave (maternity, paternity, and adoptive-parental leaves), expanded FMLA access, nursing mothers’ rights, and flexible sick leave for care of a child or spouse. In their report, they evaluated the policies within each state and utilized that research to create a state-by-state report card, which detailed the ratings of every state (See Image A).


The states of California, Hawaii, New Jersey, New York and Rhode Island, along with the District of Columbia offer employees with temporary disability programs to grant paid time off after the birth of a child or for an adoption placement. Washington State had also passed a Family Leave Insurance law in 2007, which provided up to five weeks of paid leave capped at $250, but budgetary constrictions have prevented the implementation of the program. California was the first state to implement a designated paid parental leave program in 2004. The program provides employees with 55 percent of their normal wages for up to six weeks of leave following the birth of a child or in cases of an adoption placement. The Paid Family Leave program was funded by utilizing an employee’s State Disability Insurance, which is funded through mandatory employee contributions. As a result of using wage replacement benefits for family leave, the state takes on no additional costs to implement the program.
The State of Ohio offers state employees up to four weeks at 70 percent of the regular rate of pay upon the birth or adoption of a child, after completion of a 14-day waiting period. Employees may supplement their pay during the waiting period and while receiving paid parental leave up to 100 percent of their normal rate of pay using accrued leave.80

**Table 2: State Implemented Paid Family Leave Programs**

<table>
<thead>
<tr>
<th>State</th>
<th>Implementation Date</th>
<th>Maximum Amount of Paid Leave Period</th>
<th>Benefit Amount</th>
<th>Employers Covered by Program</th>
<th>Program Funding Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>California81</td>
<td>Passed in 2002 and effective in July 2004</td>
<td>Up to six weeks for a 12-month period</td>
<td>55% of normal wages, to a maximum of $928 per week.</td>
<td>Full private sector, Opt in for self-employed Only some public employees.</td>
<td>Insurance program funded through paycheck withholding – using employee’s disability and family care funding</td>
</tr>
<tr>
<td>Washington82</td>
<td>Passed in 2007, and effective in 2009, but since postponed due to budgetary constraints</td>
<td>Up to five weeks</td>
<td>$250 per week for full-time workers (35 hours per week), prorated for part-time workers.</td>
<td>All employers covered. Opt in for self-employed</td>
<td>N/A – still sorting out funding details through Joint Legislative Task Force</td>
</tr>
<tr>
<td>New Jersey83</td>
<td>Passed 2008 and effective in July 2009</td>
<td>Up to six weeks</td>
<td>Employees receive two-thirds of their wages, to a maximum of $604 per week.</td>
<td>All employers covered by family care. Disability covered for full private sector, but only some public sector employees.</td>
<td>The state’s Disability Program is jointly funded using partial employee and partial employer payroll contributions.</td>
</tr>
<tr>
<td>Rhode Island84</td>
<td>Passed in 2013 and effective in 2014</td>
<td>Up to four weeks</td>
<td>Employees can now receive about 60% of weekly wages, to a maximum of $770.</td>
<td>All private sector employers, some public sector employees</td>
<td>Wage replacement from an employee’s temporary disability program. Program uses the employee funded disability and family care funds.</td>
</tr>
</tbody>
</table>
REVIEW OF LOCAL PAID LEAVE PROGRAMS

Across the country, we can look towards a number of cities and counties that are leading the way in establishing paid parental leave programs for their employees (See Table 3). San Francisco, California stands out as a national leader with their paid parental leave policy providing parents with up to 12 weeks of paid leave at 100% of their normal wages following the birth of a child or in adoption cases. Their family leave program allows for city employees to receive paid leave with funds designated from employee compensation into supplement disability insurance payments. Employees must exhaust any accrued paid sick or vacation leave prior to receiving designated parental leave payments. Chicago, Illinois has also adopted a paid family leave program which provides up to four weeks of paid leave for birth mothers, or six weeks in cases of a C-section birth, and up to two weeks of paid leave for non-birth parents.

Elected officials in Pennsylvania have also exhibited leadership to introduce paid parental leave policies to their employees. Legislation introduced by a Councilwoman in Pittsburgh was implemented at the start of 2015 to city employees which would provide up to six weeks of paid parental leave with program funding supplemented by the city. The County Executive in Allegheny County followed suit by introducing similar policy in February of 2015 to enable the 980 nonunion employees in the county to receive six weeks of paid leave for the birth of a child or in cases of an adoption of foster placement. The County Executive implemented the new paid parental leave policy through an executive action which does not require approval by the county council. Under Allegheny County’s new policy, employees are not required to exhaust their accrued vacation leave prior to receiving benefits for parental leave.

Table 3: City Implemented Paid Family Leave Programs

<table>
<thead>
<tr>
<th>Location</th>
<th>Date of Implementation</th>
<th>Worker-sector</th>
<th>Paid Parental Leave Policy</th>
<th>Program Funding Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington, D.C.</td>
<td>See Table 2</td>
<td>See Table 2</td>
<td>See Table 2</td>
<td>See Table 2</td>
</tr>
</tbody>
</table>
### Analysis: The Benefits for Paid Parental Leave

<table>
<thead>
<tr>
<th>City, State</th>
<th>Details</th>
<th>Employees</th>
<th>Leave Duration</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago, Illinois&lt;sup&gt;89&lt;/sup&gt;</td>
<td>Mayor Emanuel announced policy in September of 2011</td>
<td>City employees</td>
<td>Birth mother’s leave – 4 weeks (6 weeks for a C-section) Non-birth parental leave – 2 weeks</td>
<td>Provided through City funds.</td>
</tr>
<tr>
<td>Austin, Texas&lt;sup&gt;90&lt;/sup&gt;</td>
<td>2013</td>
<td>City Employees</td>
<td>Up to 6 weeks of paid leave for parents of a newborn or adoption and foster placement</td>
<td>Funds allocated in City budget to cover estimated costs per year.</td>
</tr>
<tr>
<td>San Francisco, California&lt;sup&gt;91&lt;/sup&gt;</td>
<td>July 1, 2003 – voter approved amendment</td>
<td>City Employees</td>
<td>Up to 12 weeks of paid leave at 100% of wages for childbirth or adoption placement</td>
<td>Employee compensation designated to supplement disability insurance payments.</td>
</tr>
<tr>
<td>Seattle, Washington&lt;sup&gt;92&lt;/sup&gt;</td>
<td>Approved through unanimous city council vote in April 2015; Mayor Murray and Councilwoman Godden announced in Feb. 2015 (Legislation will take effect 30 days after signed by Mayor Murray; plan must be negotiated with Labor)</td>
<td>City Employees</td>
<td>Up to 4 weeks per year of paid parental leave for childbirth or adoption/foster placement</td>
<td>Estimated cost of $1.35 million annually will come from City budget and depends on whether City departments need to hire replacements</td>
</tr>
</tbody>
</table>

### ENDNOTES

10 Laughlin, Maternity Leave.


16 Author’s personal experience.


19 Laughlin, Maternity Leave.

20 BLS, Databook.


27 Nepomnyaschy and Waldfogel, Paternity Leave

28 Klerman et. al., Family and Medical Leave.

29 BLS, National Compensation Survey.


38 Berger, et. al. Maternity Leave.

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50 Laughlin, Maternity Leave.
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