The Effects of Paid Family and Medical Leave on Employment Stability and Economic Security

Heather Boushey and Sarah Jane Glynn    April 2012
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Introduction and summary

Though it may seem counterintuitive, providing paid family and medical leave when people cannot work due to caregiving responsibilities helps keep people employed. In the short term it keeps people away from work, but in the long term it reduces the number of people who have to quit their jobs when they need time off to care for a seriously ill family member or when they have a new child. Paid medical leave serves this same purpose for workers who have short-term but serious illnesses that prevent them from working.

The reality is that most workers also have caregiving responsibilities at one time or another. Mothers are breadwinners or co-breadwinners in two-thirds of families and with an aging population, more and more workers need time off to care for an ailing loved one. Together, paid family and medical leave makes it easier for employees facing the need to take time to provide care for a family member to transition back into their jobs. Our analysis in this paper finds that a federal paid family and medical leave program would most likely have positive effects on employment and lifetime income. National data consistently show that access to any form of parental leave, paid or unpaid, makes women more likely to return to work after giving birth. Estimates are that these effects would be largest for less-educated and lower-income families, who currently have the lowest levels of access to any form of leave, paid or unpaid. The benefits would be particularly strong for single mothers, who are more likely to be lower income and who do not have a spouse to take over caregiving responsibilities.

Further, it is not unreasonable to suspect that the effects of staying in the labor force for workers needing medical leave would be similar to those of workers who need caregiving leave. The reason: A not-insignificant share of bankruptcies follow a worker missing two or more weeks of work due to illness, or the illness of a family member. Without a doubt, today’s lack of paid family and medical leave certainly threatens the employment security for millions of workers because it reduces the chances that a caregiver will stay employed at their current job.
Workers who have a new child, experience a personal medical emergency, or have an ailing family member often either have to quit their jobs to provide short-term intensive care or lose their jobs because they are unable to take job-protected leave.

When workers have to quit or are fired as a result of needing time off from work, it can take them significantly longer to find another job, compared to workers who are able to remain connected to the labor force. Our proposed paid family and medical leave program, Social Security Cares, would establish a nationwide program for paid family and medical leave for nearly all U.S. workers and would be administered through the Social Security Administration. The implementation of this program would in all likelihood increase employment security and economic security—particularly among the most vulnerable workers, whose economic contributions are often vitally important for the economic well-being of their families.

Social Security Cares also would improve retirement security and help close the gap in pay between women and men. Paid family and medical leave would help reduce the gender pay gap because access to paid leave will increase the job tenure rates, lifetime earnings, and economic security in retirement for women, who are currently the most likely to take unpaid leave or drop out of the workforce when family caregiving responsibilities present themselves. Further, paid leave will encourage more men to take caregiving leave, thus reducing the stigma around leave-taking while providing men with greater access to the work-life balance they increasingly desire.

Our proposal builds on the success of the Family Medical Leave Act of 1993. This was the first national policy recognizing that most workers have times when they cannot be at work in order to be able to provide care to their families. This law led to increases in job tenure for workers who had access to Family and Medical Leave, but it has been limited in its effectiveness in establishing economic security and employment stability because it is unpaid. Further, it is not universal, with half the workforce ineligible due to their current job tenure or the size of the company for which they work (companies with less than 50 workers are exempt from the law). Workers who are not covered by the federal law are more likely to be people of color and young adults in their childbearing years. Without access to reasonable family and medical leave policies, workers are forced to choose between their jobs and their families or their health. This issue is especially salient in these tough economic times. Once a worker has to quit in order to provide care or recover from an illness, their chances of finding work in this economy are quite low. In January 2012 there were 3.7 unemployed people seeking work for every job opening, and 42.9 percent of job seekers had been unemployed for more than six months.
The reality: Most workers are caregivers too

Families need women’s earnings, and adults in families with caregiving responsibilities more often than not need to stay employed. Most mothers work, and especially for low- and moderate-income two-parent families, this is because the earnings of mothers are needed. In 2009 nearly two-thirds of mothers with a child under the age of 6 were employed, and the only married-couple families that have seen real income growth since the 1970s are those with a working wife.8

Single parents, the majority of whom are women, often do not have the option of choosing caregiving over paid work. This means they have no choice but to juggle both responsibilities. Single mothers are just as likely to be employed as single childless women and are more likely to work than married women.9

Parents with young children are not the only ones who need to provide unpaid caregiving to their family members. The first wave of baby boomers turned 65 in 2011, and by 2050 it is projected that up to 20 percent of the population will be older than the retirement age.10 Nearly one in five of those over the age of 65 need help with basic daily activities, and most people who provide care for older family members are themselves employed.11 Forty-two percent of workers have provided unpaid elder care to a family member in the past five years, and nearly half of workers expect to need to provide elder care in the next five years.12

The current lack of paid family and medical leave reduces the chance that a caregiver stays employed at their current job. Research shows that taking more time away from work—taking longer leaves because there is no paid option—lowers lifetime employment and lifetime earnings. The U.S. Census Bureau finds that new mothers who have access to paid maternity leave are more likely to return to their previous employer, and 97.6 percent of those who return to the same employer do so at their previous pay level or higher, whereas 30.6 percent of women who have to change employers after giving birth experience a drop in pay.13
Women of color are less likely to have access to paid maternity leave, and the odds decrease for all women the younger they are or the less education they have. Those earning the least in our economy—the young, the less educated, and people of color—are also the most likely to have to leave their jobs and to experience a wage-drop after changing employers.

These kinds of job switches—made out of necessity not as strategic career choices—are associated with less upward earnings mobility. Women are more likely than men to experience family-related “quits,” and that—combined with a young women’s greater likelihood of spending extended periods of time outside of paid employment because of family caregiving responsibilities—contributes to wage differences between men and women and between mothers and childless women. Further, the negative economic consequences of changing employers is stronger for less educated workers, the very group that is less likely to have access to paid family and medical leave and thus is more likely to have to separate from employment should they need to provide unpaid care to a family member.

While the majority of research on paid family and medical leave focuses on the “family” aspect, there is data to suggest that paid leave is equally important to workers who need to recover from their own serious illness or injury. In 2011 only 37 percent of private-sector workers had short-term disability insurance, with lower rates for part-time and lower-wage workers. Unfortunately, a reliable, nationally representative analysis on the employment impacts of short-term but serious illnesses for workers is not currently available.

But it is not unreasonable to suspect that the effect on staying in the labor force for workers needing medical leave would be similar to those of workers who need caregiving leave. In 2001, 25 percent of dual-income couples and 13 percent of single-parent families filed for bankruptcy after having to miss two or more weeks of work due to illness or the illness of a family member. At least a portion of those bankruptcies would likely have been avoided had those workers had access to a national paid family and medical leave program.

Family Medical Leave Act helped but more action is needed

The Family Medical Leave Act of 1993 provides up to 12 weeks of unpaid, job-protected leave to eligible workers, and research has shown that it increases job tenure and family economic security. Women who gave birth in the years after the passage
of the law were more likely to return to work, more likely to return to the same employer, and took less time away from paid employment than women who gave birth in the years immediately preceding its passage. All these differences were found to be statistically significant and economically meaningful. This is a strong indicator that women previously left the workforce after having children not only because they desired to take extended time off to raise their children but also because they simply did not have jobs waiting for them when they were ready to return.

When workers who must temporarily take family and medical leave enjoy job protection, they are able return to the workforce more quickly because they do not have to spend time searching and applying for a new job. This benefit is particularly important given the current fragile state of our economy.

Workers who experience a temporary disability, serious illness, or injury also benefit from the ability to take paid time away from work to recover. In the absence of job-protected unpaid or paid leave, workers may need to return to work earlier than is medically advisable for economic reasons. This can increase the likelihood of relapsing and, depending on the nature of the work, may put the worker or others in danger. Access to paid time off is associated with workers recovering more quickly and completely. While most employers do not currently offer these types of benefits, particularly to low-wage workers, research has shown that workplace flexibility, including access to paid leave, is cost-effective and results in greater productivity and decreased turnover as it allows more workers to remain employed after experiencing a serious but short-term illness or injury.

Three problems are that only about half of the U.S. labor force is eligible for unpaid leave under the Family and Medical Leave Act, which means many workers who need the ability to take leave the most are excluded, and since the leave is unpaid, many cannot afford to take it. The law only covers workers who have been employed at least part time by a single company for at least a year. And it does not include part-time workers and does not calculate hours across employers; eligibility is based on hours worked with a single employer. Yet more than a third of young parents have been with their current employer for less than a year, with even higher rates for people of color, and many low-income workers—the least likely to be able to afford to outsource care—are employed in multiple part-time jobs.
Even when workers are eligible for unpaid leave under the Family and Medical Leave Act, they often cannot afford to take it. A 2000 survey of eligible employers and employees, conducted by research company Westat for the U.S. Department of Labor, found that often workers who needed leave did not take it for financial reasons because the leave is unpaid. Almost 80 percent of eligible workers who did not take leave after a qualifying life event said that they would have had it been paid.25

Unpaid leave is often difficult for many workers to utilize and also provides little encouragement for men to take caregiving leave. The language of the law is gender neutral, as each parent of a new child is allotted the same length of leave—12 weeks—regardless of gender. But because the leave is unpaid and because men typically earn more than women, families often find it is not financially feasible for male partners to take unpaid leave. Some men also assume that unpaid leave is not intended for them precisely because it is unpaid.

This feeds into a vicious cycle because women are more likely to take time out of the paid workforce to provide caregiving, which contributes to the wage gap between men and women. About 10 percent of the gender wage gap is due to differences in work experience between men and women, which are often the result of unpaid caregiver leave.

Family and Medical Leave Act of 1993—Fast facts

The Family and Medical Leave Act, signed into law in 1993 by former President Bill Clinton, provides workers with unpaid job-protected leave for up to 12 weeks in order to:

- Care for and bond with a new child after birth or adoption
- Provide care for a seriously ill family member
- Recover from their own serious illness

The law was amended twice by President Barack Obama, first in 2008 and again in 2009. The amendments extended unpaid family and medical leave to military families under the following circumstances:

- Spouses, parents, children, and next-of-kin to current members of the armed forces who experience a serious illness or injury that renders them medically unfit to perform their duties may take up to 26 weeks of unpaid job-protected leave in order to provide care to the military member.
- Spouses, parents, and children of members of the National Guard or reserves may take up to 12 weeks of unpaid job-protected leave to address circumstances that arise out of the military member’s absence due to active duty or deployment.

To qualify, individuals must be employed with an organization that employs 50 or more workers within a 75-mile radius, have been at their current job for at least 12 months, and have worked at that job for a minimum of 1,250 hours within that time period.
of caregiving responsibilities. Encouraging and enabling more men to take leave is an important component of reducing the gender wage gap.

In spite of the value that our culture places on parenting, mothers continue to receive less pay for the same work than childless women. For women under 35 years of age, the wage gap between mothers and nonmothers is greater than the gap between women and men. The “mother’s wage penalty” is estimated at approximately 7 percent per child, and just under one-third of the gap is attributed to the consequences of taking leave. Notably, more than 40 percent of the gap cannot be attributed to any measurable productivity-related characteristic.

This effect is only present for women. The arrival of a new child has no noticeable impact on men’s employment, and research finds that it actually increases employment and salary offers. When leave is paid, uptake increases among men, which we would expect to promote greater gender equity in caregiving and lead to a decline in the wage gap.

Lower take-up of family leave among men perpetuates the cultural notion that caregiving leave is only for women and until this ideology changes, it will be near impossible for women to achieve equity in the workplace. Men are more likely than women to use unpaid leave for their own illness or to care for an ailing family member—in part because the law only allows leave to care for one’s own parents and not for in-laws—but women are much more likely to take this unpaid leave to care for a child. Many of the important court cases about the Family and Medical Leave Act have been about employer’s biases that caregiving is for women not men.

Unique challenges caring for older workers

A wealth of evidence shows that family caregivers for the elderly are highly likely to experience employment problems. This is because they often must reduce their working hours or leave employment to provide care and because their jobs are less likely to be waiting for them once their caregiving responsibilities have passed. Forty-two percent of workers have provided elder care to a parent or relative in the past five years, and 49 percent expect to within the next five years.

In the same way that women are expected to provide the majority of child care, they are also the most likely family members to be enlisted to provide unpaid care to the elderly. More than two-thirds of the unpaid caregivers for the elderly
are women, and most of this care is provided by family members—namely wives and adult daughters.

A study conducted by the National Alliance for Caregiving and the American Association of Retired Persons found that of the approximately 65.7 million Americans who serve as unpaid caregivers to the elderly or special needs children, two-thirds (66 percent) reported a reduction in their labor force participation due to coming in late, leaving early, or taking time off during the day to provide care. A further one in five (20 percent) reported taking a leave of absence, often unpaid, to deal with their caregiving responsibilities. Caregiving responsibilities can have an obvious impact on wages, pensions, and Social Security benefits.

While both men and women see a reduction in their paid work hours when providing unpaid elder care, the effect is stronger for women. While men who provide two or more hours of care to their elderly parents per week experienced a 28 percent reduction in their paid employment hours, multiple studies find that women’s paid work reduction was more than 40 percent.

Still, men do provide unpaid care to infants and ill family members. Paid family and medical leave would help them to better balance their commitments and would facilitate their return to paid employment, thus creating additional payroll tax contributions to Social Security.

Employers only fill in some of the gap—and only for some workers

Because paid family and medical leave is not currently available to most workers, it means that when a worker experiences a work-limiting illness or needs to provide care to a family member or new child, there are few options. For most the only options are to cobble together whatever forms of leave they may already have such as vacation or sick leave, which is often inadequate, or to quit. Unless a worker is lucky enough to have an employer that voluntarily offers paid leave, the choices available to them may be less than optimal—or they may have no real choices at all.

The current lack of a national paid family and medical leave program means that employers who provide leave not only have to cope with an employee’s need for time away from work but also must find a way to finance the leave themselves. While offering paid family and medical leave does have benefits for employers, placing the full burden on them has some perverse incentives: Workplaces with
a high share of workers of child-bearing age or older workers who may be more likely to have health problems or need to care for an ailing relative take on a larger risk for family leave expenses.

Further, there are no national guidelines that regulate who is eligible for leave within a firm. As a result, paid leave is often offered as a “perk” to only the most elite employees, even though caregiving responsibilities are felt universally, and workers at the bottom of the income spectrum often have the most difficulty managing employment and caregiving responsibilities. In the next section of our report, we propose remedies to this problem for employers, as well as other recommendations to address the gaps in family and medical leave in our nation.

Very few workers have paid leave earmarked specifically for bonding with a new child, caring for a seriously ill family member, or recovering from a serious illness from their employer or through their state. In 2011 only 11 percent of all U.S. workers had access to paid leave specifically for family and medical leave. More commonly, workers are able to take time off by cobbling together various kinds of paid time, including vacation days, sick days, and/or personal days.

If workers have paid time off specifically for the kinds of conditions covered by the Family and Medical Leave Act, it is most likely because they have access to temporary disability or paid maternity leave, both of which provide income when a worker is seriously ill or for new mothers to recover from childbirth. About 4 in 10 (38 percent) employees have access to temporary disability insurance through their employer. Further, workers in five states (California, Hawaii, New Jersey, New York, and Rhode Island) and Puerto Rico have access to state temporary disability insurance, which provides partial wage replacement when an employee cannot work due to illness or disability or in order to recovery from pregnancy.

The Pregnancy Discrimination Act outlined that if an employer offers temporary disability insurance, it must cover maternity leave. There is no federal temporary disability insurance program, however, although there is a federal program for workers who have permanent, work-limiting disabilities, called Social Security Disability Insurance. In terms of what is currently available, eligibility requirements for state and employer-based programs vary widely, and these programs do not cover caregiving or bonding leave. (See box for how our joint proposal with the Hamilton Project provides a remedy this problem.)
Most workers, however, are not covered by disability insurance programs and further, the coverage typically does not include “baby bonding” or caring for a loved one. This is true even among the top firms in the United States: In a survey of Fortune 100 companies, the U.S. Congressional Joint Economic Committee found that three-quarters (73.6 percent) offer mothers either paid family or disability leave, but only one-third (32.1 percent) reported offering paid family and medical leave to fathers.41

Even when disability or maternity leave is offered, there are wide differences in access across groups of workers, and employers tend to provide these as a “perk” to higher-paid employees. According to the U.S. Census Bureau, among first-time mothers who gave birth between 2006 and 2008, about two-thirds of mothers with a bachelor’s degree or higher received paid maternity leave, but only 18.5 percent of those with less than a high school degree did—a rate which is virtually unchanged since the early 1960s.42 (see Figure 1)
As Ann O’Leary explains in *The Shriver Report: A Woman’s Nation Changes Everything*, were it not for labor unions continually negotiating for paid leave in collective bargaining agreements that cover less-educated, lower-wage workers, we would expect these rates to be even lower. One of the only reasons that workers with less education have any access to maternity leave at all is because labor unions have historically negotiated for it in collective bargaining agreements that pertain to low-wage workers.43

This leaves most workers to cobble paid leave from other kinds of leave their employer offers. Not all workers have access to any kind of paid leave, however, and among those who have paid leave, the number of days is relatively small. Based on data from a survey of employers in 2011, the U.S. Department of Labor reported that 38 percent of all workers in private companies had access to paid personal leave, 63 percent had access to paid sick leave, and 77 percent had access to paid vacation.44 Workers who have access to paid sick days have a median of 6 days, and workers with access to paid vacation days have a median of 10 after one year of service.45 This means that workers who need time to bond with or care for a new child or who need to care for a seriously ill loved one often have little, if any, paid time off.

The fact that some workers have access to some forms of paid leave does not necessarily mean that they will be able to take it when they need to. Vacation days often cannot be scheduled without permission from a supervisor, and sick days are usually intended to be taken for self-care and may require certification from a physician in order to be used, meaning that they cannot be used to care for an ill family member. Mothers who give birth and also have access to short-term disability leave through their employer can use it as family leave, but this does not cover fathers, adoptive parents, or those needing to provide care to seriously ill family members. Even for those workers who may have the median number of paid sick days and vacation days and the ability to take them whenever they choose, 16 days off from work is not enough time to recover from childbirth, bond with a new child, or recover from or care for someone with a serious illness such as cancer.

The workers who are least likely to be offered paid family and medical leave are those who need it the most: part-time and low-income workers who cannot afford to outsource their responsibilities to paid caregivers. For those at the very bottom of the income spectrum, coverage is even more sparse: More than 50 percent of the working poor, working welfare recipients, and workers who recently left welfare do not have access to any form of paid leave at all, and those who do are likely to have only one workweek or less.53
The Center for American Progress, in conjunction with the Hamilton Project, has a proposed plan to modernize Social Security Disability Insurance. Employment rates for workers with disabilities have been declining since the late 1980s, while the number of Social Security Disability Insurance recipients has increased. At present, workers are only eligible for these benefits if they fully exit the labor force, and workers who are awarded benefits wait an average of 12 months before receiving any income replacement. This means that employees with work-limiting disabilities that are not necessarily career-ending must not only sever their ties to the workforce in order to receive benefits, but they must also wait a year to receive them.

In order to facilitate employment for workers with disabilities and to help employers comply with the Americans with Disabilities Act, the Center for American Progress and the Hamilton Project propose that private disability insurance would be extended to virtually all U.S. workers. Partial wage replacement would be made available to eligible workers who experience a work-limiting disability starting 90 days after the onset of the disability and would continue for up to 24 months. If the worker remained unable to return to work at the 24-month mark, he or she would be able to transition to traditional Social Security Disability Insurance benefits.

Slightly more than half of all these recipients qualify due to mental or musculoskeletal disorders. These types of claims are more likely to be filed by younger workers who have the greatest potential for future labor force participation. Providing benefits more quickly for employees who experience work-limiting disabilities and helping them to transition back to work when they are able will increase employment rates for workers with disabilities, save funds, and increase the long-term solvency of Social Security Disability Insurance.

Paid family and medical leave, as administered through the Social Security Administration, would help protect workers who experience a short-term but serious illness by providing up to 12 weeks of paid leave for them to recover before returning to work. The self-care criteria is the same as is outlined in the Family and Medical Leave Act—namely that the worker must be suffering from a work-limiting disability that has been verified by a licensed medical practitioner. Slightly more than half of all leave taken under the Family and Medical Leave Act are taken for self-care, and 98 percent of all leave-takers return to work with their same employer at the end of their leave.

Currently only workers in the five states with temporary disability insurance programs are able to receive benefits for illnesses and conditions that are serious but not career-ending. Social Security Cares would extend this insurance to nearly all workers, regardless of place of residence. In four of the five states with temporary disability insurance programs, a smaller percentage of residents receive Social Security Disability Insurance benefits than the national average, showing that access to more immediate but short-term partial wage replacement is not associated with higher levels of receipt of Social Security Disability Insurance.

Under the proposed revamping of Social Security Disability Insurance, however, those workers whose conditions prevent them from returning to work within the 12-week time period afforded through Social Security Cares would then be eligible for partial wage replacement through private disability insurance, which would start as soon as their Social Security Cares leave ended. Workers whose disabilities prevented workforce involvement for more than 24 months would then be able to transition to Social Security Disability Insurance benefits. This constellation of programs would ensure that workers experiencing serious illnesses and disorders would not be forced to completely exit the labor force unless necessary and would ensure that partial wage replacement was available to workers and their families in their time of need.

That these benefits dovetail with one another is particularly important. With the costs of health care so high, most families cannot survive on only one paycheck. Forty-three percent of families have so little in savings that they would fall into poverty within three months if they suffered an economic shock such as losing a job.
Paid family and medical leave will increase lifetime employment

Paid family and medical leave, if offered to everyone, will increase employment stability and lifetime employment, especially for those workers who need it the most. Our proposed program, Social Security Cares, would amend the Social Security Act to allow workers to earn benefits when they need family and medical leave.\textsuperscript{54}

Our society already recognizes that there are certain circumstances that prevent employees from working, including disability, retirement, and involuntary unemployment. In these instances, we have paid social insurance programs. When a new child is born, a worker has serious illness, or there is a serious illness of a close family member, about half of all U.S. workers have job-protected leave through the Family and Medical Leave Act. Social Security Cares would extend this kind of social insurance benefit by providing income support to further facilitate workers’ leave-taking for reasons covered by the existing law.

Women now make up just under half of all workers on U.S. payrolls—a monumental shift in the day-to-day lives of American families. Gone are the days when most families had a stay-at-home spouse who could take care of a sick child or an ailing elderly parent. In most families today, all of the adults work. And while many people enjoy the work that they do, the majority of Americans work because they financially need to be employed.\textsuperscript{55}

Eligibility for Social Security Cares benefits would take into account age and employment history, so that even workers who are just beginning their careers or work part-time can be eligible. Workers would be able to access partial wage replacement while taking up to 12 weeks of leave after the arrival of a new child, to recover from a serious illness, or to provide care for a seriously ill family member. (see box on next page)
Social Security Cares unpacked

Most employees in the United States who need to take leave from work following the arrival of a new child, the serious illness of a family member, or their own serious illness have no options for income replacement. At best federal law may protect them from losing their job but only if they have been employed for long enough (at least 12 months), worked enough hours (at least 1,250 hours in the previous year), and work for a large enough employer (at least 50 employees in a 75-mile radius). These restrictions mean that about half of private sector workers are ineligible for job-protected leave. Nearly 90 percent of those who needed leave but did not take it cited financial reasons. Social Security Cares, a program proposed in the Center for American Progress report, “Helping Breadwinners When It Can’t Wait,” and included in CAP’s proposal to modernize Social Security, called “Building It Up, Not Tearing It Down,” would begin to address these inadequacies in our current federal employment laws.

Social Security Cares would provide up to 12 weeks of partial wage replacement for eligible workers who need to take leave from work in order to bond with a child after birth or adoption, to recover from their own serious illness, or to provide care for a seriously ill family member—the same length of leave and qualifying conditions provided in the Family and Medical Leave Act of 1993. Similar to the Family and Medical Leave Act, Social Security Cares leave would be gender neutral, meaning that men and women qualify for the same amount of leave, which would encourage greater uptake by men. Social Security Cares, however, expands the definition of family to include domestic partners and other family members, as nine states and the District of Columbia have already done.

The program would be administered by the Social Security Administration. More information regarding the administration of Social Security Cares can be found in Center for American Progress Senior Fellow Ann O’Leary, Matt Chayt, and Eve Weissman’s report, “Social Security Cares: Why America is Ready for Paid Family and Medical Leave.”

In order to ensure workers remain in the labor force, coverage would be based on whether a worker has established the necessary employment history to be eligible for Social Security Disability Insurance. Eligibility for this program is age-adjusted, meaning that younger workers with less work-history can still be covered. Because eligibility is tied to lifetime employment history—not to tenure or hours with a specific employer—workers who hold multiple part-time jobs, work for small businesses, or who have changed employers within the previous year are not penalized, provided they have sufficient labor force attachment. Eligibility requirements and more information on the workers who would be covered under Social Security Cares are explained in greater detail in the Center for American Progress report titled “Comprehensive Paid Family and Medical Leave for Today’s Families and Workplaces: Crafting a Paid Leave System that Builds on the Experience of Existing Federal and State Programs.”

There are several ways that the program could potentially be funded, outlined in “Helping Breadwinners When It Can’t Wait” and “Building It Up, not Tearing It Down.” For the purposes of the reports in this series, we assume the funding mechanism would mirror the California and New Jersey systems. In California payroll taxes toward the longstanding disability insurance trust fund increased to 1.2 percent of payrolls using the state disability insurance wage base (this fund covers both state disability insurance and paid family leave), and in New Jersey, a new trust fund was established equal to 0.12 percent of payrolls using the Social Security wage base.

Social Security Cares would include language to prevent retaliation and discrimination against leave-takers, but unlike the Family and Medical Leave Act, it would not require job protection. Social Security Cares leave is intended to be taken in conjunction with Family and Medical Leave Act leave for those workers who qualify. Extending those protections to part-time workers, workers in small businesses, and domestic partners would need to be addressed through separate legislative action.
How Social Security Cares supports employment

Overall, paid family and medical leave will increase the employment rate of caregivers, mostly by increasing the likelihood of returning to one’s same employer after needing a labor break to care for family. We know this from a variety of studies done in the United States and abroad, which together indicate a strong correlation between paid family and medical leave and continued employment.

Most of the research on how paid family and medical leave affects employment stability examines maternity leave, and most is non-U.S. based because the United States does not have a national paid family and medical leave program. There is not currently a body of research that can fully explain why caregivers are more likely to return to their same employer after taking leave, but it is clear that having paid leave is highly correlated with doing so. This is likely because paid leave:

- Fosters a workplace culture where it is made clear that caregivers also belong in paid employment
- Provides a natural endpoint at which caregivers can plan to return to work
- Combines with job protection to facilitate re-entry into the workplace

In general, in the United States nearly 80 percent of mothers with access to either paid or unpaid maternity leave return to their previous job postpartum, compared to only 62.9 percent of mothers without access. Women with access to leave are almost 70 percent more likely to come back to work three months to one year after having a child. So while in the short term access to maternity leave keeps mothers out of the workforce, in the long run it makes them significantly more likely to return—and to return to their previous employer.62

Research finds that paid leave is also associated with greater rates of employment years later. The effects of paid maternity leave are apparent years later, as those women who had access to paid maternity leave were more likely to be employed later in life. Therefore, if every woman in America had access to paid leave when she had a baby, estimates are that this would increase employment by approximately 40,000 new mothers each year.63 Women who quit their jobs upon the birth of a child are less likely to return to work, compared to those who did not quit, and mothers who received pay during maternity leave for their first child had a higher probability of being employed years later.64 (see Figure 2)
State experience

Social Security Cares builds upon the successful programs already in place in California and New Jersey and is similar to, though more modest than, paid leave programs that have boosted employment rates in other industrialized democracies. California and New Jersey have implemented statewide paid family and medical leave. (Washington state also passed a paid family and medical leave program in 2007, but it will not be implemented until at least 2015.)

California’s Paid Family Leave Insurance program was passed in 2002 and became available to workers in July 2004. Paid leave is administered through the state disability insurance program and is funded through payroll taxes on employees. Eligible workers in California who take either disability or family leave receive 55 percent of their regular pay—up to a maximum of $928 per week. Family leave can be taken for up to six weeks to bond with a new child or to care for a seriously ill family member, while personal disability leave can be taken for up to 52 weeks. In order to qualify the worker must have earned a minimum of $300 in four of the last five quarters. Because of this low threshold, many California workers are eligible, though low-wage or part-time workers’ payments are lower in total dollar amounts.

New Jersey’s Family Leave Insurance program became effective July 1, 2009, and is closely modeled on the California system with a few differences. Eligibility requirements are higher: In order to qualify a worker must have earned a minimum of $7,300 in the past 12 months. In 2011 recipients would receive two-thirds of their regular pay with a maximum of $559 per week. As in California, workers may take up to six weeks of paid leave per year in order to bond with a new child or care for a family member, but personal disability leave is only available for 26 weeks. In both cases the leave does not provide job protection—workers must separately file for federal unpaid leave in order to guarantee continued employment at the end of their leave.

While there is no research out yet on the New Jersey program, research on California’s Paid Family Leave Insurance program shows that having access to leave increases job retention. More than 95 percent of workers who took family
leave in California returned to work, and more than four-fifths returned to the same employer. A key finding is that the effects in terms of retention are particularly strong for the groups of workers least likely to have paid leave prior to the law’s implementation. Workers in jobs that pay less than $20 per hour who took leave when they needed it were significantly more likely to return to the same employer than those who did not take leave: Eighty-three percent went back to the same job they had held before.

International experience

The United States has a high maternal employment rate, but it is not as high as other developed member nations of the Organisation for Economic Co-operation and Development. The lack of paid family and medical leave in the United States, along with the lack of other work-family reconciliation policies, is a key factor.

In the United States mothers are less likely to work than other women, but this is not the case elsewhere. U.S. women with an infant at home are 22 percent less likely to be engaged in paid work, and those with a preschooler are 15 percent less likely to work than similar U.S. women without children. In countries such as Belgium, Denmark, Finland, France, and Sweden—where there are comprehensive and generous maternity-leave policies—mothers with young children are no more likely to be out of the labor force than their childless counterparts.

International research consistently shows that paid family and medical leave increases employee retention. Research conducted in Canada after maternity and parental leave allowances were expanded in 2001 to a maximum of 52 weeks of job-protected leave found that all provincial programs increased the likelihood that women would return to work after the birth of a child. Job-protected paid leave increases employment rates for parents of both genders whose youngest child is under the age of 2. Paid leave longer than 17 to 18 weeks—ranging from 29 to 52 weeks depending on the province—were associated with higher rates of job continuity, as more women returned to work who would have otherwise left the labor force to stay home and also resulted in higher rates of women returning to full-time, rather than part-time, employment.

This last point is particularly salient as women’s full-time, rather than part-time, employment both increases families’ economic security and results in higher state and federal tax revenues. Other studies in Canada have found similar results—job-
protected leave increases the odds of employment for parents of both genders whose youngest child is under the age of 2.\textsuperscript{72}

The Australian government has offered unpaid maternity leave since 1979 and introduced paid parental leave in January 2011. The enactment of Australia’s paid parental leave policy was too recent for published research on its impact on female labor supply. There is a plethora of information, however, on employer policies and maternity leave in the years leading up to the law’s passage. A 2003 study by the nation’s Equal Opportunity in the Workplace Agency found firms that offered paid maternity leave had significantly higher retention rates (67 percent), compared to firms that did not offer paid leave (56 percent).\textsuperscript{73}

In addition, a qualitative study of Australian parents found that while a lack of paid leave led to more rapid returns to work due to financial pressures, it also resulted in lower levels of job satisfaction and commitment. The report found that women who have access to paid leave are happier with their work and more committed to their employers, both of which are factors associated with higher levels of productivity and employee retention.\textsuperscript{74}

There are clear indicators that the length of leave matters when increased employment is the preferred end result. A study of 21 European countries found that maternity leaves of up to 24 weeks increased maternal employment, while leaves of 25 weeks or more had a negative effect on mothers’ labor force participation. In essence, staying out of the paid workforce for too long made women significantly less likely to return to work.\textsuperscript{75}

Other researchers have found similar results, where paid maternity leaves of no more than five months increased mothers’ employment, while longer leaves decreased the odds that a mother would return to work.\textsuperscript{76} For example, the Slovak Republic, Czech Republic, and Hungary have the lowest rates of employment in any OECD country for mothers with a child under the age of 3, and much of this is due to the availability of prolonged parental leave lasting up to three years.\textsuperscript{77} The 12 weeks of leave proposed under Social Security Cares is very conservative by international standards—and would still rank the United States far below most other developed countries in the Organization for Economic and Cooperation and Development—and thus would not be likely to have a negative impact on mothers’ employment rates.
Social Security Cares will increase take-up of family leave among men

Income replacement, even when it is less than one’s normal salary, encourages men to take family and medical leave and makes it more financially feasible to do so. By Between 2004 and 2010 the number of men in California taking family leave steadily increased, with the largest gains seen in those taking leave to bond with a new child. Men’s share of caregiving claims increased from 30 percent in 2004 to 32 percent in 2010, while men’s baby bonding claims jumped from 17 percent in 2004 to 26 percent in 2010.
Norway experienced the same pattern after it introduced a paternity quota in 1993 with four weeks of nontransferable paid parental leave available only to men. Before 1993 fewer than 3 percent of fathers took paternity leave, but by 2005 the rates had skyrocketed, with more than 70 percent of fathers taking family leave after the birth of a child.80 Sweden implemented a similar “daddy month” in 1995, and Swedish fathers’ parental leave-taking has since increased by 50 percent.81

Greater take-up among men would help to reduce the stigma of women taking leave and would help to close the gap in lifetime employment history between men and women. Additionally, if men become more involved in unpaid care work in the home it would both reduce the burden on their female partners, and it would influence the cultural landscape in such a way that we would anticipate less employer discrimination as work-family balance would become framed less as a women’s issue and more as a human issue.

Addressing pressing need to change culture

In addition to providing financial assistance and the ability to take time away from work without the risk of losing one’s job, paid family and medical leave sends a signal that caregivers belong in the workplace rather than solely at home and out of the paid labor force. A national paid leave policy would be nested within a broader institutional and cultural context that demonstrates the most valuable types of work and who should be doing them.

Offering paid family and medical leave places caregiving in this category of important and valuable work and shows it can and should be combined with formal labor force participation. Gender-neutral policies such as the one proposed here also send messages about who should be providing care within the home. When men have the opportunity and are encouraged to take paid leave, it can help in reducing gender stereotypes and the stigma around taking time away from work to care for one’s family.
Conclusion

The benefits of Social Security Cares for employment stability

The positive impacts of Social Security Cares would be far-reaching and would reflect our changing times. Families are no longer organized the same way they were in the 1950s, yet our workplace policies have not kept pace with these shifts. In addition to promoting greater gender equity and reducing the gender wage gap, paid family and medical leave will also increase the short-term economic security of families, as well as the long-term retirement security of women and caregivers.

Social Security Cares would improve gender equity by reducing the stigma around taking family leave, by encouraging more men to take leave, and by bridging the gap between men’s and women’s lifetime work histories. Greater employment among caregivers over time will result in longer lifetime employment histories by allowing workers to return to employment after taking leave—even if it reduces participation in the short term. Reducing gaps in labor force participation for caregivers will help to reduce the wage gap between those workers who provide unpaid care work and those who do not.

Social Security Cares is intended to increase men’s leave-taking in two ways. First, it will provide paid leave, which men are more likely to take. Second, similar to the Family and Medical Leave Act, the leave provided through Social Security Cares would be gender neutral. Eligibility is tied to the worker, not the child or family member. The same amount of leave time is available to both parents, and is non-transferable, unlike in some other countries where women end up taking the bulk of parental leave. Offering paid leave will allow men to take time away from work at the same time as their female partners, rather than potentially having to wait until after she has returned to work in order to avoid a total loss of family income.82

Because men often cannot afford to take unpaid leave under the Family and Medical Leave Act until their partners have exhausted their leave and because biology necessitates women taking leave in the immediate prebirth and postbirth
time periods, women tend to acquire more child care skills and are more likely to be established as the primary caregiver early on. Social Security Cares will help to mitigate this, allowing men to be more involved in caregiving—a desire that is consistently expressed by men in research on fatherhood.83

What’s more, because Social Security Cares would be linked to lifetime employment, it would provide a greater incentive not only to return to work but also to work a greater number of hours if one anticipates the possibility of needing to take leave again in the future. A worker’s behavior after returning to work is often just as important as the length of time they take off. When employees return to work but reduce their hours, it not only impacts their current wages but also their chances for advancement and future career prospects. Social Security Cares helps correct that problem.

Finally, greater employment among caregivers will increase the tax base for Social Security and contribute to its overall solvency. While there are concerns about the long-term economic soundness of Social Security, the real problem is due to increases in health care costs rather than present benefit levels.

Importantly, though, encouraging greater workforce participation among caregivers, particularly women, would not only result in a greater immediate cash influx into the Social Security system but also would provide greater financial stability for caregivers once they reach retirement age.

As this paper demonstrates, the results from previous research are clear: Mothers who have access to paid leave are significantly more likely to return to work after the birth or adoption of a child. This is only a partial estimate for the potential benefits of the proposed program—we would expect additional increased labor force attachment from workers with care responsibilities other than those for a new child or those associated with taking leave due to one’s own serious but temporary illness. These additional workers would continue contributing to the Social Security system when they otherwise would have stopped working without access to paid leave.
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