



Research

How Children Benefit from Paid Family Leave Policies

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Executive Summary

- In the ongoing debate over a federal paid family leave (PFL) program, many studies have estimated the potential cost, while few have examined the potential benefits. Those that have looked at the benefits tend to focus on the benefits for parents; this paper more broadly considers the benefits of such a program.
- Besides the economic benefits for parents, there are myriad health benefits for children whose parents receive PFL, primarily stemming from the increased regularity of well-baby check-ups, greater rates of immunization, increased likelihood and duration of breastfeeding, and increased parental care and engagement.
- The effects of early childcare and parental interaction can last long into adulthood and into many aspects of adult well-being and social and economic productivity.
- As Congress works to develop a federal PFL program, it is important to ensure the benefits will outweigh the costs, and the benefits to children—not just to parents—should be included in that analysis.

Introduction

While the coronavirus pandemic has sidelined other policy concerns for the moment, broad support still exists for a federal paid family leave program. While proponents are quick to point out how the United States' current family leave policy is an outlier among developed nations, more skeptical policymakers will point to the significant cost of a new, paid-leave program. Often missing from the debate is an in-depth consideration of the benefits of such a program.

While [numerous studies](#) have shown the benefits of paid leave for parents, this paper surveys the literature on the benefits of paid family leave—specifically maternity and paternity leave—that accrue to children. It finds that the overall benefits are significant and should be considered in addition to the benefits provided to parents in any cost-benefit analysis used for policy development.

Background

The Family and Medical Leave Act

The only national family leave policy in the United States is the Family and Medical Leave Act (FMLA), which offers 12 weeks annually of unpaid, job-protected leave that can be used to care for newborn or newly adopted children, sick family members, or an employee's own medical condition.^[1] Originally implemented in 1993, the FMLA covers about 60 percent of the workforce due to employer size limitations and employee work requirements.^[2] Because parents are less likely to take leave without pay, the FMLA does not have as significant a take-up rate as paid leave policies.^[3] Americans who do receive PFL must get it either through their employer or a state PFL policy. The data is lacking, but somewhere between 19 and 51 percent of workers

in the United States have access to paid parental or family leave.[4]

Paid Parental Leave for Federal Employees

In December 2019, President Trump signed into law the [Federal Employees Paid Leave Act](#) (FEPLA) as part of the National Defense Authorization Act for Fiscal Year 2020.[5] The legislation provides 12 weeks of paid parental leave following the birth, adoption, or foster placement of a child for United States federal employees who meet FMLA employee work requirements.[6] The law will be implemented beginning October 1, 2020.

Several members of Congress—including [Rep. Phil Roe](#) (R-TN), and [Reps. Carolyn Maloney](#) (D-NY) and [Carol Miller](#) (R-WV)—have since introduced bills to cover federal employees left out of the original FEPLA provision.

State-Level PFL Policies in the U.S.

Eight states—California, Connecticut, Massachusetts, New Jersey, New York, Oregon, Rhode Island, and Washington—and the District of Columbia have passed laws mandating paid family and medical leave with partial wage replacement.[7] In Connecticut, Oregon, and the District of Columbia, the legislation has yet to be implemented.[8] Similar to the FMLA, all existing state programs cover parental, family care, and long-term medical leave for employees, and they each have some form of minimum work requirements for employee eligibility. Only four state policies currently offer job protection for individuals who take PFL.[9] State PFL programs are mainly funded through payroll taxes on employees, although for larger businesses in Washington state and Washington, DC, the payroll tax is shared between employees and employers.[10]

Currently, more than 20 states have [pending legislation](#) related to PFL, demonstrating the increasing momentum for such policies. Of course, imposing uniform mandatory policies that require increased taxes could result in existing benefits becoming less generous.

Current PFL Policy Proposals

[Research](#) shows Americans [broadly support](#) the offering of paid family leave benefits for both mothers and fathers, and generally believe it should be paid for by employers. Republicans and Democrats alike recognize the potential benefits of and support for PFL policies, and members of both parties have proposed their own legislation. Introduced by Rep. Rosa DeLauro (D-CT), the [FAMILY Act](#) would create a national insurance fund through additional payroll taxes on employees and employers. The [New Parents Act](#), introduced by Rep. Ann Wagner (R-MO), and the [CRADLE Act](#), introduced by Sens. Lee (R-UT) and Ernst (R-IA), would both allow parents to claim early Social Security benefits in exchange for the delay of Social Security benefit payments at retirement. In addition to these proposals, there is a bill with bipartisan support, endorsed by President Trump—the [Advancing Support for Working Families Act](#)—that would allow new parents to advance the refundable Child Tax Credit for which they would be eligible; as a result, the funds would be available when a baby is born or adopted rather than the following year when tax refunds are issued.

AAF has done extensive research on many of these and similar proposals, finding mixed levels of benefits and consequences. For example, the option to take [early Social Security benefits](#) is expected to cost nearly \$230 billion and hasten the insolvency of the Social Security trust funds by six months. [Analysis of the FAMILY Act](#) shows that it would be extremely costly, significantly underfunded, and poorly targeted, with only [12.5 percent of the benefits](#) going to households with income under 200 percent of the federal poverty rate.

An alternative proposal from Ben Gitis, former Director of Labor Policy at AAF—the [Earned Income Leave Benefit](#)—would be much less costly while providing substantial new benefits to an estimated 8.4 million low-income full-time workers, the most vulnerable of whom would receive a benefit larger than what would be provided by the FAMILY Act. Providing the EILB to all full-time workers is expected to cost between \$1.5 and \$17.9 billion annually, depending on the take-up rate. An estimated 8.4 million workers would gain access to paid leave, and 92.6 percent of the benefits would be paid to individuals with household income of less than 200 percent of the federal poverty level.

The Social and Economic Benefits of Paid Parental Leave

The following highlights many of the benefits to children when their parents are able to spend sufficient time with them following their birth. Being able to do so primarily depends on the parent’s ability to afford to not be at work, which paid leave can enable. Overall, these health and educational benefits to children—by helping to foster [the conditions for individual wellbeing](#)—have long-term social and economic benefits.

In 2004, California became the first state to implement a PFL policy, and this policy has by now enabled more than 15 years of research. Evidence suggests that California’s PFL policy doubled the average length of leave taken by new mothers, and the greatest impacts were felt among Black, Latina, and unmarried women.^[11] Health improvements in California were the greatest among children from lower socioeconomic backgrounds, consistent with the idea that PFL legislation would have the greatest effects for families with parents who previously could not afford time off.^[12]

Health Benefits

Increased Immunization Rates and Well-Baby Checkups

Infants are less likely to be late on their vaccinations when their parents received paid parental leave, especially among children in low-income families.^[13] Some vaccines are provided at birth in the hospital but require second doses within two to six months to ensure their effectiveness. California’s PFL policy increased the likelihood of an infant receiving on time the second Hepatitis B injection by more than 5 percentage points (from 31 percent), and it increased on-time second doses of the Diphtheria, Tetanus, and Pertussis (DTP) and Haemophilus Influenza Type B (HIB) vaccines by 1.4 percent points (from 13 percent), compared to infants in states without a PFL policy; children from poor families saw even greater improvements, ranging from 5 to 7 percentage points.^[14] Data from the U.S. National Longitudinal Survey of Youth 79—a study that surveyed over 12,000 individuals annually from 1979 to 1994 and biannually since then—found that children with mothers who returned to work within 0 to 6 weeks after birth were less likely to receive the DTP immunization.^[15]

Increased vaccination rates have significant economic benefits: It is estimated that for each dollar spent on immunization, there are \$44 in economic benefits, on average; for HIB, the rate of return on investment (ROI) is \$9.60 and for Hepatitis B, it is \$9.40.^[16] For those vaccines supposed to be administered [within the first 2 months](#)

of a baby's birth, according to the Centers for Disease Control and Prevention (CDC), immunization rates range from 73 percent to 94 percent in the United States.[17] The total cost per dose to the CDC of these six vaccines is roughly \$272 per child.[18] With roughly 3.8 million babies born per year in the United States, if immunization rates for these six vaccines increased 2 percentage points, costs would increase by an estimated \$20.7 million. Using an ROI of \$9.50 per dollar spent, the net benefits are valued at \$196.4 million.

In addition to having higher immunization rates, children whose mothers have access to PFL are more likely to go to well-baby checkups in their first year.[19] A study found California's PFL policy was correlated with a reduction in the prevalence of obesity, ADHD, and hearing problems, all three of which are inversely correlated with increased regular medical checkups and increased breastfeeding.[20] One historical study found that increased access to well-child checkups that included the provision of information pertaining to adequate infant nutrition was correlated with lower rates of obesity (1.6 percent), hypertension (1.8 percent), and cardiac risk (1.0 percent) when those children reached age 40.[21] Given that these conditions are some of the [most costly and fatal](#) in the United States, reducing the prevalence of such diseases can have significant economic benefits.

For example, obesity is estimated to be associated with nearly \$4,000 in additional annual health care costs per affected individual.[22] With roughly 103 million obese adults in the United States, reducing the obesity rate by 1.6 percent could yield savings of \$6.2 billion annually.[23] Individuals with hypertension have health care costs roughly \$2,000 greater than those without.[24] Reducing the number of individuals with hypertension (108 million) by 1.8 percent could save nearly \$3.9 billion.[25] Slightly more Americans are [at risk for heart disease](#), which is the leading cause of death in the United States and associated with roughly \$3,000 in annual health care costs per affected individual.[26] Reducing the number of people with heart disease by 1 percent could save more than \$3.4 billion.

Increased Likelihood and Duration of Breastfeeding

Multiple studies show that PFL increases both the likelihood and duration of breastfeeding an infant.[27] According to the World Health Organization, the American Academy of Pediatrics, and the CDC, breastfeeding, when possible, has numerous health benefits for infants, including strengthening an infant's immune system, stimulating positive brain development, and decreasing the risk of infections.[28] Increased duration of breastfeeding has also been linked to fewer ear infections and decreased risk of childhood obesity, respiratory illness, diabetes, and sudden infant death syndrome. [29], [30], [31], [32] California's PFL policy almost doubled the median number of weeks that new mothers breastfed.[33]

Increased Parental Care and Engagement

Longer duration of PFL increases parental engagement with children, allowing for more predictable family routines and establishing stronger, positive parental relationships with infants.[34] Routines provide an important sense of security and help children develop good habits.[35] In addition, PFL policies that allow mothers to wait at least 12 weeks before returning to work after childbirth reduce the likelihood of depressive symptoms and stress in the mother, which indirectly benefits their child's health.[36] Although men are less likely to take paid parental leave than women, fathers who take at least two weeks of leave are more likely to carry out childcare-related activities when children are young, leading to greater balance of household chores (which also benefits the mother's mental health) and stronger connections with their children.[37] There is weak initial evidence to suggest that children with highly involved fathers may perform better on cognitive tests.[38] One study showed that lower paternal involvement in infancy increased the child's risk of poor mental health in middle school.[39] Longer paternity leave increases the chances that the mother is able to return to full-time work, increasing female participation in the labor force and usually increasing household income.[40]

Parents without PFL often must rely on non-parental care for their children once returning to work, but non-parental care can negatively affect a child's behavioral development. The earlier a child starts spending time at a childcare center, the larger the negative impacts are on behavior across all distributions of family income.[41] For middle-class and affluent families, children in center-based care for more than 30 hours a week experience significant negative behavioral effects.[42] PFL policies help offset these negative behavioral outcomes by increasing parents' time at home with their children and delaying the need for childcare centers. Of course, these studies do not reflect impacts of infant care performed by family members or other in-home providers.

Decreased Prevalence of Low Birth Weight Infants and Pre-term Births

Temporary disability insurance (TDI) can be used as a form of paid parental leave, in which benefits can be used in the period immediately before and after birth, and the availability of paid time off during pregnancy can reduce maternal physical and mental stress. Poor physical and mental maternal health are both associated with adverse effects on birth outcomes such as birth weight and gestational age.[43] [44] In a large-scale study, paid leave decreased the rate of low birth weight infants by 3.2 percent and decreased the likelihood of pre-term births by 6.6 percent. [45] [46] This reduction was strongest for unmarried mothers in the study. As a result of fewer pre-term and low-weight births, a PFL policy could reduce long-term medical costs because full-term babies have better health outcomes than early-term infants and are less likely to need intravenous treatment or respiratory support in the neo-natal intensive care unit.[47] In addition, PFL significantly decreases infant mortality, while unpaid leave or leave without job protection has no significant effect on birth outcomes.[48]

According to the Agency for Healthcare Research and Quality, the average cost of a hospital stay for a newborn in 2016 was \$5,000, but the cost for a premature baby *without* major problems was \$7,200; the cost of a hospital stay for a premature baby with major problems averaged \$26,700, compared with \$10,700 for a full-term baby with major problems.[49] The cost of hospitalization for babies with extreme immaturity or respiratory distress averaged nearly \$70,000. Babies born premature are likely to incur significantly more medical costs throughout their lives, particularly during the early years of life: Based on data from 2016, it is estimated that lifetime medical costs for a preterm baby average \$44,116; such babies may also require thousands of dollars of early intervention and special education costs and will earn less over their lifetimes for an estimated lifetime cost of prematurity of \$64,815 per birth or \$25.2 billion to society.[50]

In 2018, nearly 380,000 babies were born preterm and 314,000 babies were considered to be of low birth weight. [51] Reducing the number of pre-term births or babies of low birth weight by 6.6 percent and 3.2 percent, respectively, would result in more than 25,000 fewer pre-term births and 10,000 fewer low birth weight babies. Assuming the same share of premature babies had major problems as in 2016 (23 percent), this would result in

5,300 fewer preterm babies with major problems and nearly 9,700 fewer preterm births without major problems but still requiring a complicated hospitalization for an estimated cost savings at birth of \$142.7 million (after adjusting for inflation). Over the lifetimes of these babies, societal savings could total \$1.7 billion as a result of such a reduction in the number of preterm births in a single year.

Decreased Avoidable Hospital Visits

Reduced hospitalizations among infants from paid leave extends beyond preterm and low birth weight babies. In the year following the implementation of California's paid leave policy, total hospitalizations among infants decreased 6 percent.[52] Avoidable infant hospitalizations across all categories decreased by 8.1 percent for children whose parents were covered by the PFL policy (after controlling for changes in other states without a paid leave policy); avoidable hospitalizations for upper respiratory infections and gastrointestinal diseases decreased 24.7 percent and 14.8 percent, respectively.[53] In 2016, there were 4.2 million hospitalizations among infants across the United States.[54] While the average cost of an infant's hospital stay was \$5,900 in 2016, the average cost of a hospitalization for pediatric respiratory infections was \$11,600, while the average cost for digestive issues was \$12,600.[55] If all infant hospitalizations (excluding those of preterm babies so as to not double-count) were reduced 6 percent, given an average cost of \$5,900, the country would have saved more than \$1.4 billion that year.

In the absence of parental leave, early exposure to childcare centers or group care with other children can increase the risk of communicable diseases and respiratory infections.[56] It is likely that the reduced time in group care facilities contributed to the observed decrease in avoidable hospital visits.

Educational Benefits

PFL also provides educational benefits for children, which is often critical to long-term economic wellbeing.[57] When Norway expanded its paid leave program in 1977—an increase in mandatory paid leave from 0 to 4 months—an extensive study followed groups of children (born directly before and directly after the reform was implemented) from birth until the age of 33, and found that high school graduation rates increased by 2 percentage points, college attendance rates increased 3.5 percent, and children's earnings at age 30 rose by 5 percent; gains were largest for children with less-educated mothers and children with mothers in the bottom two quartiles in terms of length of leave before reforms.[58]

With 3.7 million students expected to graduate from high school this year and 66 percent expected to enroll in college, increasing the high school graduation rate by 2 percentage points would result in 87,000 more graduates, and increasing the share of students going to college by 3.5 percentage points would result in nearly 86,000 more students college-bound.[59] Data show 60 percent of college students graduate within six years, suggesting 51,000 more students would graduate from college.[60] An individual with a high school diploma earns, on average, \$7,700 more annually (assuming 50 weeks of work) than a high school dropout.[61] An individual with some college education earns, on average, \$4,400 more per year than someone with only a high school diploma, and a college graduate earns \$20,750 more per year than an individual with just some college.[62] Based on these earnings rates, increasing the level of education by this much would increase annual earnings, collectively, by more than \$1.2 billion.

Further, the health benefits from PFL can lead directly to educational benefits, since healthy children are less likely to miss days of school due to illness. Another Norwegian study found that access to well-child visits in the first year of life—which increase with the provision of PFL—raised completed years of schooling by nearly

two months and increased lifetime earnings by 2 percent; again, positive effects were stronger for children from low socioeconomic backgrounds.[63]

Conclusion

Many analyses have estimated the costs of a national paid family leave program, but few have estimated the quantifiable benefits, particularly to the children of would-be leave-taking parents. This paper, while not exhaustive nor perfect in its estimates, attempts to do that. The evidence makes clear that the potential benefits to children, particularly in terms of reduced health care costs and increased economic growth, are substantial. Whether a program's benefits will outweigh the costs, however, depends on the generosity of the policy implemented: Who is eligible, and what is the level of wage replacement? The costs also depend on the take-up rate and the extent to which the new program displaces rather than supplements existing leave programs. Ultimately, as Congress works to develop a paid family leave program, policymakers should strive to ensure the benefits will outweigh the cost, and the benefits to children should be considered in addition to the benefits to parents.

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