



## EXECUTIVE SUMMARY

# Newborn Family Leave: Effects on Children, Parents, and Business

BY DEANNA S. GOMBY AND DOW-JANE PEI

The arrival of a new baby changes the world for parents. In addition to all of their pre-baby responsibilities, parents now have the awesome responsibility of guiding the growth and development of another human being. As congratulations wane and the business of parenting begins, many new parents find themselves torn between their need and desire to nurture a new baby and their need or desire to return to work and provide for their family. Some employers provide parents of newborns with the option of taking time off of work to care for their new child. Others do not.

Many employers provide newborn leave of their own accord, but there is no one policy in the United States for leave for parents of newborns. Paid family

leave policies are not in place in states (except for California and New Jersey), nor nationally (except for federal employees). The 1993 Family Medical Leave Act (FMLA) provides up to 12 weeks annually of unpaid, but job-protected, leave for some employees. Leave under FMLA can be used both to care for a newborn, foster, or adopted child, as well as to take care of a seriously ill family member.

This document summarizes a longer report that reviews more than 150 studies on the impact of family leave for parents of newborns. The full report, which can be found at [www.packard.org/newbornleave](http://www.packard.org/newbornleave), considers the effects of such leave on parents, children, and the businesses that extend those leaves to their employees.

## SUMMARY OF FINDINGS

The top findings of this literature review are as follows:

- 1. Newborn family leave has significant positive effects** on the health of young children, rates of breastfeeding, and fathers' involvement with their babies.
- 2. The two most important determinants of whether parents take leave are if the leave is paid and job-protected** – options that are not available to many mothers and fathers. Similarly, benefits for children are greater when leaves are paid and job-protected. When leaves are unpaid or not job-protected, benefits such as child health improvements may disappear altogether.
- 3. Lower-income workers and part-time workers are less likely to have access to either paid or unpaid leave.**
- 4. Businesses report no major problems in complying with the federal Family and Medical Leave Act,** and some studies suggest that leave policies can benefit companies through increased employee retention and job satisfaction.

### Newborn family leave has significant positive effects

Newborn family leave has significant positive effects on the health of young children, rates of breastfeeding, and fathers' involvement with their babies. The size of the benefits often depend on factors such as the length of the leave, the extent to which it is paid, and other factors in the mother's lives.

- **Child mortality.** International studies suggest that newborn leave is associated with lower infant and child mortality rates, so long as the leave is paid, job-protected, and of sufficient duration.<sup>1</sup>
- **Breastfeeding.** Women are less likely to breastfeed exclusively, and they breastfeed their infants for a shorter period of time the sooner they return to work after giving birth.<sup>2</sup>
- **Child development.** Early maternal employment (e.g., within the first year of the child's life) is associated with decrements in children's development. Negative effects are worse if mothers return to work early and full-time.<sup>3</sup> The negative effects of early maternal employment are less likely among disadvantaged, single-parent families, perhaps because such employment leads to higher family income – which is associated with better child development.<sup>4</sup>
- **Paternal involvement.** Fathers who take time off for leave spend more time with and are more involved with their children, both around the time of birth and in later months.<sup>5</sup>
- **Maternal depression or anxiety.** Generally, shorter leaves are associated with more symptoms of maternal depression or anxiety, and longer leaves are associated with better mental health, with these effects seen as early as 6 weeks postpartum. This effect is influenced by factors such as mothers' satisfaction with their jobs and the presence of marital concerns.<sup>6</sup>

## The two most important determinants of whether parents take leave are if the leave is paid and job-protected

Several factors may influence whether or not an employee takes leave:

- **Paid and job-protected leave.** Most studies suggest that the two most important determinants of whether parents will take leave and the duration of the leaves they take are if the leaves are paid and job-protected. For example, in a national survey in 2000, 77.6% of those employees who wanted leave but did not take it reported that they did not take leave because they could not afford to go without pay.<sup>7</sup>
- **Awareness of eligibility.** Nationally, in 2000, close to 60% of employees had heard of the FMLA, but about half did not know whether they were covered by it.<sup>8</sup> Surveys of California's families indicate that more than half know about the FMLA and State Disability Insurance programs,

but only a little more than one-quarter know about California's Paid Family Leave.<sup>9</sup> This suggests that public awareness campaigns may be beneficial, especially when federal and state benefits differ.

## Lower income workers and part-time workers are less likely to have access to paid or unpaid leave

The 2007 National Compensation Survey, conducted by the Department of Labor, provides the most current picture of the percentage of workers with access to family leave benefits – whether provided by employers because of FMLA or not. Unpaid leave is more widely available than paid leave; workers in state and local government are more likely to have access to leave than private industry employees; and professional, higher wage, and full-time workers are more likely to have access to family leave (See Table 1).



TABLE 1

## Percentage of U.S. workers with access to paid or unpaid family leave, by public and private sector (2007)

Characteristic	State and Local Government Workers		Private Industry Workers	
	PAID	UNPAID	PAID	UNPAID
All Workers	15	93	8	83
<b>WORKER CHARACTERISTIC</b>				
Management, professional, and related	16	94	14	90
Service	14	92	5	79
Full-time	16	97	9	86
Part-time	9	75	5	73
Union	19	97	7	90
Non-union	12	90	8	83
Average Wage < \$15/hr	12	87	5	80
Average wage >=\$15/hr	16	96	11	88
<b>ESTABLISHMENT CHARACTERISTIC</b>				
1-99 workers	13	85	6	75
100 workers or more	15	95	10	93

**NOTE** The sum of paid and unpaid family leave may exceed 100 percent because some workers have access to both types of leave.

**SOURCE** Bureau of Labor Statistics. (March 2008). National Compensation Survey: Employee Benefits in State and Local Governments in the United States, September 2007 and National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2007.

The FMLA expanded the share of new parents who were eligible for job-protected leave and increased parents' leave-taking, but access to leave continues to vary across employees and companies. Most companies offer 12 or more weeks of leave to their employees, but close to half of companies do not offer any replacement pay during maternity leaves. Companies are more likely to offer replacement pay to women for maternity leaves than they are to men for paternity leaves, and large companies are more likely than small companies to offer some pay for maternity leave. Since 1998, employers have become less likely to offer full pay to employees for maternity-related disability.<sup>10</sup>

### Effects of the federal Family Medical Leave Act (FMLA) on business appear to be modest

Most employers participating in a 2000 federal survey concerning the FMLA report that its effects on business productivity, profitability, and growth had either not been noticeable or had been positive.<sup>11</sup> Indeed, many employers implement work-life initiatives (including caregiving leaves) to decrease costly employee turnover,<sup>12</sup> and studies indicate that leave can improve employee retention. Women giving birth post-FMLA were more likely to return to the same employer than those who gave birth pre-FMLA.<sup>13</sup>

Several studies suggest that whether leave is job-protected and paid influences both employee retention and the duration of leave an employee takes before returning to work.<sup>14</sup> Paid, job-protected leave can provide a floor for the amount of leave taken. With paid, job-protected leave, women tend to take at least the 6-8 weeks of leave post-birth that is recommended by physicians. Beyond this, leaves may increase the commitment of women to their employers and to the labor force, so they do in fact take leave rather than quitting their jobs and taking a chance at finding new employment later. The extent of wage replacement may then drive the total length of leave taken beyond the 6-8-week floor.

The most common approach to handling leaves among employers is to shift work to other

employees,<sup>15</sup> and, among small businesses, to family members.<sup>16</sup> In general, businesses appear to have had few problems implementing the FMLA, although the percentage reporting that implementation was easy has declined somewhat over the years.<sup>17</sup> (Note that these results pertain to implementation of the FMLA generally and not just newborn leaves.) According to a 2007 publication from the U.S. Department of Labor, the single area of most difficulty appears to be the implementation of intermittent leaves – when employees claim scattered days throughout the year, rather than in a single block of time.<sup>18</sup> This would probably not be a big problem for leaves related to newborns.

## RESEARCH REVIEWED FOR THIS REPORT

The paper draws on more than 150 studies from both United States and international research literature, primarily from two research approaches:

- **Research that focuses specifically on leave and its effects.** Such studies, for example, examine the percentage of employers and employees affected by provisions of the FMLA, or the effects of long versus short leave on maternal or infant health; and
- **Research that focuses on early return of mothers to the workforce.** If mothers or children of mothers who return to work very soon after giving birth show short- or long-term ill effects, then those findings suggest the importance of providing extended leave that would permit new parents to stay home with their babies.

Studies from these two lines of research have addressed several key questions concerning leave:

- **Access:** Which and how many employers offer access to paid or unpaid newborn leave, and which and how many employees have access to paid or unpaid newborn leave?
- **Utilization:** Which and how many employees take paid or unpaid newborn leave? What factors affect employee take-up of leave?
- **Effects:** What is the effect of leave on business, parents, the parent-child relationship, and children?

Given the broad range of questions that they address, these studies consider a wide variety of possible effects and outcomes of leave. For many of these studies, it is not possible to control completely for the effects of choices that parents make, which may mean that the studies over- or under-estimate the effects of leave.

**ACKNOWLEDGEMENTS** This report was prepared for The David and Lucile Packard Foundation by Deanna Gomby Consulting. The authors gratefully acknowledge the comments and insights provided by Steve Barnett, Heather Boushey, Netsy Firestein, Ellen Galinsky, Sandra Hofferth, Sheila Kamerman, Ross Thompson, and Jane Waldfogel, all contacted during early stages of preparation of this review and Linda Schurmann Baker, at The David and Lucile Packard Foundation. The views expressed in this paper are those of the authors.

**AUTHORS** **Deanna S. Gomby** Ph.D., M.S., is a consultant specializing in helping foundations, nonprofits, and government agencies design and evaluate programs for young children. Clients have included the Cleveland Foundation, the Annie E. Casey Foundation, the William and Flora Hewlett Foundation, The David and Lucile Packard Foundation, and the California Endowment. Gomby previously worked at The David and Lucile Packard Foundation, where she managed the Foundation's grantmaking program on behalf of children and oversaw publication of the Foundation's journal, *The Future of Children*. **Dow-Jane Pei** received her Master in Public Policy from UC Berkeley's Goldman School of Public Policy in May 2009 with a focus on child, youth, and family policy. She has interned at The David and Lucile Packard Foundation, Children Now, and the Alameda County Child Care Planning Council.

*For a comprehensive list of footnotes and full author biographies, please see the full report which can be found at [www.packard.org/newbornleave](http://www.packard.org/newbornleave).*

<sup>1</sup> Winegarden, C.R. & Bracy, P.M. (1995). Demographic consequences of Maternal-leave programs in industrial countries: evidence from fixed-effects model. *Southern Economic Journal*, 61 (4), 1020-1035; Ruhm, C. (2000). Parental leave and child health. *Journal of Health Economics*, 19, 931-960; and Tanaka, S. (2005). Parental leave and child health across OECD countries. *The Economic Journal*, 115(February), F7-F28.

<sup>2</sup> Berger, L.M., Hill, J., & Waldfogel, J. (2005). Maternity Leave, Early Maternal Employment and Child Health and Development in the US. *The Economic Journal*, 115 (February), F29-F47; Guendelman, S., Kosa, J.L., Pearl, M., Graham, S., Goodman, J., & Kharrazi. (2009). Juggling work and breastfeeding: Effects of maternity leave and occupational characteristics. *Pediatrics*, 123, e38-346; Hawkins, S.S., Griffiths, L.J., Dezateux, C. & Law, C. (2007). Maternal employment and breast-feeding initiation: Findings from the Millennium Cohort Study. *Paediatric and Perinatal Epidemiology*, 21, 242-247; Hawkins, S.S., Griffiths, L.J., Dezateux, C. & Law, C. (2007). The Millennium Cohort Study Child Health Group: The impact of maternal employment on breast-feeding duration in the UK Millennium Cohort Study. *Public Health Nutrition*, 10 (9), 891-896; Roe, B., Whittington, L.A., Fein, S.B., et al. (1999) Is there competition between breast-feeding and maternal employment? *Demography*, 36, 157-171, as cited in Calnen, G. (2007). Paid Maternity Leave and Its Impact on Breastfeeding in the United States: An Historic, Economic, Political, and Social Perspective. *Breastfeeding Medicine*, 2 (1), 34-44; Ryan, A.S., Zhou, W., & Arensberg, M.B. (2006). The effect of employment status on breastfeeding in the United States. *Women's Health Issues*, 16, 243-251.

<sup>3</sup> Brooks-Gunn, J., Han, W., & Waldfogel, J. (2002). Maternal employment and child cognitive outcomes in the first three years of life: The NICHD Study of Early Child Care. *Child Development*, 73 (4), 1052-1072; Sherlock, R.L., Synnes, A.R., & Koehoorn, M. (2008). Working mothers and early childhood outcomes: Lessons from the Canadian National Longitudinal study on children and youth. *Early Human Development*, 84, 237-242; Berger, L.M., Hill, J., & Waldfogel, J. (2005). Maternity leave, early maternal employment and child health and development in the US. *The Economic Journal*, 115 (February), F29-F47. Hill, J.L., Waldfogel, J., Brooks-Gunn J. & Han, W. (2005). Maternal employment and child development: A fresh look using newer methods. *Developmental Psychology*, 41 (6), 833-850.

<sup>4</sup> Center on the Developing Child at Harvard University. (2007). A science-based framework for early childhood policy: Using evidence to improve outcomes in learning, behavior, and health for vulnerable children. Cambridge: Harvard University. See also, Currie, J. (2003). When do we really know what we think we know? Determining Causality. UCLA and National Bureau of Economic Research.

<sup>5</sup> Kamerman, S.B. (2006). Parental leave policies: The impact on child well-being. In P. Moss & M. O'Brien (Eds.) International review of leave policies and related research 2006. Employment Relations Research Series No. 57. Department of Trade and Industry, United Kingdom; Tanaka, S., & Waldfogel, J. (2007). Effects of parental leave and working hours on fathers' involvement with their babies: Evidence from the UK Millennium Cohort Study. *Community, Work & Family*, 10(4), 409-426; as cited in O'Brien, M., Brandth, B., & Kvande, E. (2007). Fathers, work and family life: Global perspectives and new insights. *Community, Work & Family*, 10(4), 375-386. Nepomnyaschy, L. & Waldfogel, J. (2007). Paternity leave and fathers' involvement with their young children: Evidence from the American ECLS-B. *Community, Work & Family*, 10(4), 427-453.

<sup>6</sup> Hyde, J.S. (1995). Women and maternity leave: Empirical data and public policy. *Psychology of Women Quarterly*, 19 (1995), 299-313; Klein, Hyde, Essex, & Clark, 1998). Hyde, J.S., Essex, J.J., Clark, R., & Klein, M.H. (2001). Maternity leave, women's employment, and marital incompatibility. *Journal of Family Psychology*, 15(3), 476-491.

<sup>7</sup> Cantor, D., Waldfogel, J., Kerwin, J., Wright, M.M., Levin, K., Rauch, J., et al. (2001). *Balancing the needs of families and employers: Family and Medical Leave Surveys, 2000 update*. Rockville, MD: Westat; Commission on FMLA (1996). *A Workable Balance: Report to Congress on Family and Medical Leave Policies*. Washington, D.C.: U.S. Department of Labor, Women's Bureau.

<sup>8</sup> Waldfogel, 2001, citing Cantor et al. 2001.

<sup>9</sup> Milkman, Ruth. 2008. *New Data on Paid Family Leave*. Los Angeles, CA: UCLA Institute for Research on Labor and Employment.

<sup>10</sup> Galinsky, E., Bond, J.T. & Sakai, K. (2008). *2008 National Study of Employers*. New York: Families and Work Institute.

<sup>11</sup> Cantor, D., J. Waldfogel, J. Kerwin, M. McKinley Wright et. Al. 2001. *Balancing the Needs of Families and Employers: Family and Medical Leave Surveys, 2000 Update*. Rockville, MD: Westat.

<sup>12</sup> Galinsky, et al. (2008), Phillips, J.D., & Reisman, G. Turnover and return on investment models for family leave. In *Parental leave and productivity: Current research*; D.E. Friedman, E., Galinsky, and V. Plowden, Eds., New York: Families and Work Institute, 1992, pp. 33-45; BHFS/Mercer study as cited in Friedman, D.E. (2001) Supports for parents with young children. *The Future of Children*, 11(1), 63-77.

<sup>13</sup> Hofferth, S.L. & Curtin, S.C. (2006). Parental Leave Statutes and Maternal Return to Work After Childbirth in the United States. *Work and Occupations*, 33 (1), 73-105.

<sup>14</sup> Glass, J., & Riley, L. (1998). Family responsive policies and employee retention following childbirth. *Social Forces*, 76(4), 1401-1435, as cited in Glass, J. & Finley, A. (2002). Coverage and effectiveness of family-responsive workplace policies. *Human Resource Management Review*, 12 (2002), 313-337; Bond, J.T., Galinsky, E., Lord, M., Staines, G.L., & Brown, K.R. (1991). *Beyond the parental leave debate: The impact of laws in four states*. New York: Families and Work Institute; Hofferth, S.L. & Curtin, S.C. (2006), and Joesch, J.M. (1997). Paid leave and the timing of women's employment before and after birth. *Journal of Marriage and the Family*, 59, 1008-1021.

<sup>15</sup> Marra, R. & Lindner, J. (1992). The true cost of parental leave: The parental leave cost model. In *Parental leave and productivity: Current research*; D.E. Friedman, E., Galinsky, and V. Plowden, Eds., New York: Families and Work Institute, 1992, pp. 55-78; Bond, J.T., et al. (1991).

<sup>16</sup> Barnett, W.S. & Musgrave, G.L. (1991). The economic impact of mandated family leave on small businesses and their employees. The National Federation of Independent Business (NFIB) Foundation.

<sup>17</sup> Cantor, D., Waldfogel, J., Kerwin, J., Wright, M.M., Levin, K., Rauch, J., et al. (2001). *Balancing the needs of families and employers: Family and Medical Leave Surveys, 2000 update*. Rockville, MD: Westat; Commission on FMLA (1996). *A Workable Balance: Report to Congress on Family and Medical Leave Policies*. Washington, D.C.: U.S. Department of Labor, Women's Bureau.

<sup>18</sup> Lipnic, V.A. & DeCamp, P. (2007). Family and Medical Leave Act Regulations: A Report on the Department of Labor's Request for Information: 2007 Update. *Washington D.C.: U.S. Government Printing Office*.