

# A National Paid Parental Leave Policy for the United States

Christopher J. Ruhm



## MISSION STATEMENT

The Hamilton Project seeks to advance America's promise of opportunity, prosperity, and growth.

We believe that today's increasingly competitive global economy demands public policy ideas commensurate with the challenges of the 21st Century. The Project's economic strategy reflects a judgment that long-term prosperity is best achieved by fostering economic growth and broad participation in that growth, by enhancing individual economic security, and by embracing a role for effective government in making needed public investments.

Our strategy calls for combining public investment, a secure social safety net, and fiscal discipline. In that framework, the Project puts forward innovative proposals from leading economic thinkers — based on credible evidence and experience, not ideology or doctrine — to introduce new and effective policy options into the national debate.

The Project is named after Alexander Hamilton, the nation's first Treasury Secretary, who laid the foundation for the modern American economy. Hamilton stood for sound fiscal policy, believed that broad-based opportunity for advancement would drive American economic growth, and recognized that "prudent aids and encouragements on the part of government" are necessary to enhance and guide market forces. The guiding principles of the Project remain consistent with these views.

## NOTE

This policy proposal is a proposal from the authors. As emphasized in The Hamilton Project's original strategy paper, the Project was designed in part to provide a forum for leading thinkers across the nation to put forward innovative and potentially important economic policy ideas that share the Project's broad goals of promoting economic growth, broad-based participation in growth, and economic security. The author(s) are invited to express their own ideas in policy papers, whether or not the Project's staff or advisory council agrees with the specific proposals. This policy paper is offered in that spirit.





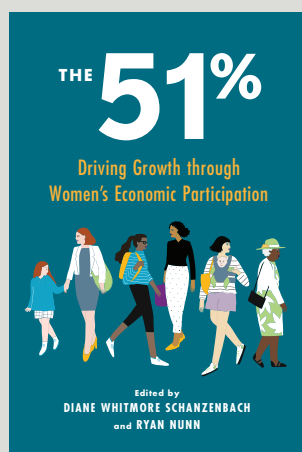
# A National Paid Parental Leave Policy for the United States

Christopher J. Ruhm

*University of Virginia and National Bureau of Economic Research*

OCTOBER 2017

A CHAPTER IN THE RECENTLY RELEASED HAMILTON PROJECT BOOK



## The 51%: Driving Growth through Women's Economic Participation

The U.S. economy will not operate at its full potential unless government and employers remove impediments to full participation by women in the labor market. The failure to address structural problems in labor markets—including tax and employment policy—does more than hold back women's careers and aspirations for a better life. In fact, barriers to participation by women also act as brakes on the national economy, stifling the economy's ability to fully apply the talents of 51 percent of the population. By acting to remove barriers to women's participation, we can realize stronger economic growth that will be more broadly shared by the American people.

# Abstract

Prior research indicates that entitlements to paid parental leave following the birth of a child provide substantial labor market and health benefits. Despite widespread public support for paid leave, the United States is almost alone in being without a national paid leave policy, although a number of states have adopted such programs. A national paid leave program is proposed here that is designed to promote gender equity through entitlements to 12 weeks of paid time off work for both mothers and fathers. It is modest in comparison to other countries' programs in both duration and generosity; this is in recognition of the uncertainty involved in applying international experiences to the United States. Additional program elements include: job protection during the leave and broad eligibility to parents with minimal employment histories; a wage replacement rate of 75 percent for low earners and 50 percent at higher earnings, up to a maximum; financing through a stable stream of general revenues; administration through a new office established within the Social Security Administration; and careful evaluation of the program three to five years after initial implementation.

# Table of Contents

ABSTRACT	iv
INTRODUCTION	2
THE CHALLENGE	3
A NEW APPROACH	6
QUESTIONS AND CONCERNS	9
CONCLUSION	10
APPENDIX	10
AUTHOR	12
ENDNOTES	13
REFERENCES	14

---

# Introduction

---

The United States is the only industrialized country without a national policy providing mothers with rights to paid leave following the birth of a child (Addati, Cassirer, and Gilchrist 2014). Most industrialized countries also offer fathers paid time off work, although often much less than they offer mothers. The International Labour Organization recommends that women be provided with at least 14 weeks of paid leave surrounding the birth of a child, a standard met by 98 countries (Rossin-Slater forthcoming). The United States does offer 12 weeks of *unpaid* leave to some new parents, but the ability to take time off without pay is limited for many workers, particularly those who are economically disadvantaged (Han, Ruhm, and Waldfogel 2009). By contrast, paid leave entitlements result in increased leave use among these employees (Rossin-Slater, Ruhm, and Waldfogel 2013).

Research conducted over the past two decades indicates that entitlements of up to six to nine months of paid leave provide substantial labor market and health benefits, with particularly large gains that are probably associated with the initial establishment of leave rights (rather than lengthened durations of existing programs).<sup>1</sup> The strongest evidence pertains to labor market gains for women. California's first-in-the-nation paid leave program increased maternal employment after the leave period (Baum and Ruhm 2016; Rossin-Slater, Ruhm, and Waldfogel 2013). Turning to international evidence, data from nine European countries over the 1969–93 period indicated that rights to three months of paid job-protected leave raised women's employment-to-population ratios by around 3 percent while having little effect on wages (Ruhm 1998). Other research uncovers evidence that paid leave increases job continuity (e.g., Baker and Milligan 2008a for Canada) and the likelihood of employment after the leave period (e.g., Kluge and Tamm 2013 for Germany). On the other hand, leave entitlements of more than one year could be associated with lower wages (e.g., Lalive and Zweimüller 2009; Schönberg and Ludsteck 2014).

The clearest evidence that parental leave entitlements improve child health comes from the study of birth outcomes such as birthweight or infant mortality rates (Heymann, Raub, and Earle 2011; Rossin 2011; Ruhm 2000; Tanaka 2005), or practices such as maternal breastfeeding that are known to advance child health and well-being (Baker and Milligan 2008b). For long-

run outcomes, such as child educational attainment, there is generally little indication of either positive or negative effects of parental leave, possibly because other factors are more significant. An important exception is Carneiro, Løken, and Salvanes's (2015) finding that the introduction of a four-month paid leave program in Norway (in 1977) reduced subsequent high school dropout rates and increased adult wages. Researchers have also examined a variety of other outcomes—such as parental health or paternal engagement with children—although often with empirical designs that make it difficult to determine whether the observed statistical associations represent causal relationships.

While paid leave appears to improve employment and health outcomes, voluntary provision by employers in the U.S. is relatively rare. In 2014 just 14 percent of U.S. workers had employer-sponsored paid family leave coverage, with considerably lower rates for part-time, less-skilled, and low-wage workers, or for those employed in small firms (Department of Labor 2016). These results are not surprising: there are several reasons why the private sector is unlikely to provide socially optimal levels of paid leave. Probably most important is that employers offering paid leave might attract a disproportionate share of workers with high probabilities of using it, which would be costly to the firm unless the associated expenses are sufficiently offset by reduced wages or higher productivity. Given this, it is no surprise that paid leave is most often offered to high-skill workers in sectors where competition for employees is intense; it is important to note, however, that employer provision of paid leave has been increasing over time (Stroman et al. 2017).

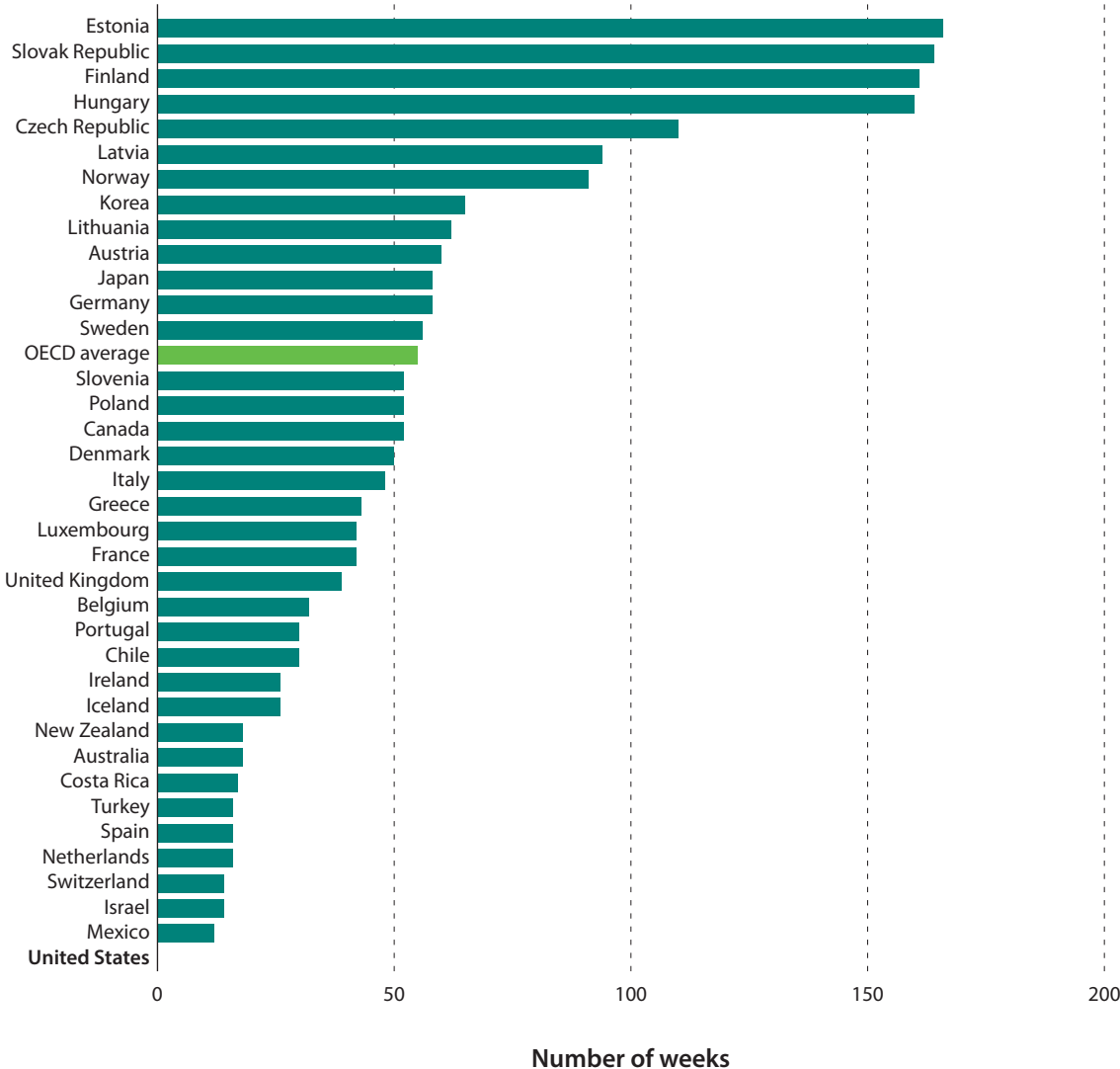
State policies can fill a portion of the gap but are unlikely to make paid leave available to all or even most U.S. workers. There is widespread public support for paid parental leave, including majorities of both political parties and among small businesses that are often thought to oppose it (Grodin 2016; Horowitz et al. 2017; Small Business Majority and Center for American Progress 2017). Both 2016 presidential candidates advocated for some type of paid leave policy, and additional proposals are being discussed in Congress. For all of these reasons, the time is right for the United States to establish a national paid parental leave program.

# The Challenge

The United States is an outlier among industrialized countries in not providing mothers or fathers with rights to job-protected paid leave following the birth of a child. This is illustrated in figure 1, which shows the maximum number of weeks of paid leave available to

mothers.<sup>2</sup> The OECD country average is 52.5 weeks, with the shortest entitlements outside the United States being 12 to 14 weeks in Mexico, Switzerland, and Israel, and the longest entitlements exceeding 100 weeks in several Eastern European countries. These durations should be interpreted

FIGURE 1.  
Total Duration of Paid Leave Entitlement for Mothers after Childbirth, 2016



Source: OECD 2016a.

Note: Data are for OECD countries (or those with accession plans to join it). Total duration includes job-protected maternity and parental leave.



TABLE 1.

## State Paid Parental or Family Leave Programs

	California	New Jersey	Rhode Island	New York	District of Columbia
<b>Enactment/ Effective Dates</b>	2002/2004	2008/2009	2013/2014	2016/2018	2017/2020
<b>Duration (weeks)</b>	6	6	4	8 (2018) 10 (2019) 12 (2021)	8 (parental) 6 (family) 2 (own health)
<b>Wage Replacement (maximum)</b>	55% (\$1,173), 60%–70% as of 2018	66% (\$615)	60% (\$817)	50% (2018) 55% (2019) 60% (2020) 67% (2021) <sup>2</sup>	90% up to 150% of min. weekly wage, 50% above that (\$1,000)
<b>Financing: Payroll Tax</b>	Employees (0.9% of SDI taxable wage) <sup>1</sup>	Employees (0.1% of taxable wage)	Employees (1.2% up to \$66,300 wage base) <sup>1</sup>	Employees (rate TBD)	Employer (0.62%)
<b>Coverage</b>	Private sector, some public sector, and self-employed	Private and public sector	Private sector and some public sector	Private sector, some public sector, and self-employed	Private sector and some self-employed
<b>Eligibility</b>	\$300 in base quarter (5–18 months before claim)	20 weeks covered earnings ≥ \$168 during year preceding claim	\$1,920 earnings in base quarter and other conditions	26 weeks with covered employer	50% of work time is for DC employer
<b>Job Protection (other than FMLA)</b>	No	No	Yes	Yes	No

Sources: National Partnership for Women & Families (2017); New York State (n.d.); Rhode Island (2017); State of California (2017); State of New Jersey (n.d.).

Note: SDI = state disability insurance.

1. The payroll tax is for the entire state SDI program, and not just the parental leave portion.

2. Replacement rates are up to a specified percentage of state average weekly wage.



with caution because wage replacement rates are often low for at least a portion of the leave period (see appendix table 1). For example, Finland offers 161 weeks of leave but at an average wage replacement rate of 26.5 percent, and the United Kingdom provides 39 weeks at a 31.3 percent average replacement rate. Worker uptake of low-paid leaves is likely to be relatively small.<sup>3</sup> Notably, no OECD country other than the United States provides fewer than eight full-pay-equivalent weeks of leave (defined as the number of weeks multiplied by the average wage replacement rate).

The situation is very different in the United States. Prior to enactment of the Family and Medical Leave Act (FMLA) in 1993, there was no entitlement to parental leave. Under the FMLA, qualifying workers are entitled to 12 weeks of unpaid leave that they can use following the birth or adoption of a child, as well as to care for sick relatives (family leave) or their own serious health condition (medical leave). However, more than 40 percent of private sector workers do not qualify for FMLA leave, often because they do not meet the employment history requirements (1,250 work hours in the preceding year

with a qualifying employer) or because they work for a small employer (fewer than 50 employees within a 75-mile radius) that is exempt from the law (Klerman, Daley, and Pozniak 2012). Another distinction between the FMLA and leave programs in many other countries is that the FMLA provides an individual rather than family entitlement. The latter would allow for an overall period of leave, most of which could be split between mothers and fathers as the household decides.

Although the United States does not have a national paid leave policy, three states—California, New Jersey, and Rhode Island—currently have programs in place; in addition, New York and the District of Columbia have enacted programs to take effect in 2018 and 2020, respectively. It is important to note that four of the five locations (the District is the exception) have layered paid family leave on top of existing state temporary disability insurance (TDI) systems. Under TDI women (but not men) are already entitled to receive six to eight weeks of paid leave to prepare for and recover from childbirth. However, other states will generally not be able to replicate these models because Hawaii is the only other state with TDI.



Table 1 summarizes characteristics of the state programs. By international standards, the parental leave rights are modest. Durations range from four to eight weeks, except in New York, where they will reach 12 weeks in 2021. Wage replacement varies from 55 percent to 67 percent, up to a maximum dollar amount, excluding DC where low-wage workers will receive up to 90 percent of previous wages.<sup>4</sup> Job protection, beyond that provided under the FMLA, is supplied in Rhode Island and New York but not in California, New Jersey, or Washington, DC. However, private sector workers are generally eligible for the state leave: there are no exemptions for small firms, and coverage for family and medical leaves is the same as for births and adoptions (except in DC). The programs are financed by payroll taxes on employees in all locations except DC, where the tax is levied on employers.

There have been a number of proposals to implement paid leave policies at the national level. Most notably, the Family and Medical Insurance Leave (FAMILY) Act, sponsored by Representative Rosa DeLauro (D-CT) and Senator Kirsten Gillibrand (D-NY), has been introduced to Congress several times. It would guarantee workers 12 weeks of paid leave at a replacement rate of 66 percent (with minimum and maximum

monthly benefits of \$580 and \$4,000 in its most-recent version) for job absences related to childbirth or adoption, or one's own or a relative's serious medical condition.<sup>5</sup> All private workers would be covered, regardless of employer size. The Act would be administered through a newly established Office of Paid Family and Medical Leave within the Social Security Administration (SSA), and the program would be financed by 0.2 percent payroll tax contributions by both employees and employers (0.4 percent on the self-employed) paid into a dedicated trust fund; questions have been raised about whether this source of financing would be sufficient, however (e.g., see Gitis 2016).

Both 2016 presidential candidates endorsed some form of paid leave. Hillary Clinton's proposal was similar to the FAMILY Act in providing 12 weeks of paid family and medical leave, at a 66 percent replacement rate, but with financing coming from tax increases on high-income individuals rather than payroll taxes. Donald Trump's proposal would have made available six weeks of unemployment insurance to mothers (but not fathers) following childbirth, to be financed by reducing fraud in the unemployment insurance system.<sup>6</sup>

---

# A New Approach

---

As discussed, international evidence suggests that paid parental leave programs with generous wage replacement and durations of six to nine months impose few costs while offering substantial labor market and health benefits. However, we cannot be confident how transferable these outcomes are to the United States and its political, social, and economic institutions. With this in mind, I propose starting with a paid parental leave program that is modest by international standards and that should be evaluated and possibly modified a few years after implementation. Such ongoing evaluation and modification is consistent with international practices. Many countries have changed their policies over time, usually moving toward increased generosity (see appendix figure 1). Large improvements in female labor market outcomes, along with possible improvements in child health, appear to accrue from initial implementation of even a fairly limited program, meaning that the first step proposed here is expected to be beneficial.

The proposal is more generous on some dimensions—particularly duration—than most state programs. This is possible because a federal program is able to avoid a race to the bottom, whereby states offer less-than-desirable paid leave levels out of a fear that over-generous levels might create an uncompetitive business environment relative to states offering even-less-generous leave benefits (or none at all).

The proposal focuses on paid parental leave and not work absences for one’s own or a relative’s serious medical condition. These programs would ideally be kept separate, since the issues and trade-offs involved are different. For instance, the timing of parental leave is more predictable and the triggering event (birth or adoption of a child) is easily verifiable. Employers might have greater concern about their ability to substantiate the need for other types of leave, and generous benefits could result in dramatic increases in use, raising program costs.

## DETAILS OF PROPOSED NATIONAL PAID PARENTAL LEAVE PROGRAM

This section discusses characteristics of the proposed national paid parental leave program including eligibility, duration, wage replacement rate, financing, and administration. While these components are all interrelated, I discuss them sequentially.

### Eligibility: Paid parental leave would be broadly available to all individuals meeting minimal qualification conditions.

The FMLA covers only around 60 percent of new parents because of relatively stringent work history requirements and because small employers are exempt. Both limitations are undesirable. Employees in small establishments have been excluded under the assumption that leave is more disruptive to their employers. However, the (admittedly incomplete) evidence provides little empirical support for this view, and the benefits of leave to workers do not depend on employer size.<sup>7</sup>

Under the current proposal, all employees qualifying for the minimum benefit level would be eligible for paid leave. Specifically, there would be no exclusion for small employers. The self-employed would also be eligible according to the same criteria. The leave would be an individual (rather than family) right, equally available to both parents. Providing equal rights to mothers and fathers helps to establish the principle of gender equality in employment opportunity and family responsibilities. This is consistent with a view that the optimal amount of leave could be higher for mothers than for fathers, as mothers would likely make more use of the benefit than would fathers. However, equality in the provision of leave does increase its use by fathers (e.g., see Bartel et al. 2015; Baum and Ruhm 2016; Patnaik 2016).

### Duration: Twelve weeks of paid leave would be available during the 12 months following childbirth.

As mentioned, many European countries offer rights to six months or a year off work (or more) following birth or adoption of a child. Canada provides for a full year of leave. However, this proposal is for a much shorter 12 weeks of paid leave in the United States. This is longer than the four to six weeks in the three states with paid leave programs already in place; importantly, though, those state programs are layered on top of TDI systems that provide mothers with an additional six to eight weeks of paid leave. Thus, the effective duration proposed for the national program is similar to what mothers in these states currently receive. It is noteworthy that state programs might be moving toward longer leave periods, with 12 weeks to be offered in New York once the program is fully phased in, and eight weeks in Washington, DC.

In most cases, the leave would be fully job-protected. Job-protection is important because many new parents might be hesitant to take time off work without an assurance that their job will be available upon return. Leave would therefore be job-protected except in the case of workers with very limited histories with the firm, given the unfairness of asking employers to hold a job for an individual who has only recently been hired.

The leave could be taken at any time during the year after childbirth. Among other benefits, this provides parents with the option to coordinate leave-taking (e.g., allowing them to stagger their time at home with the infant). However, to reduce administrative costs to employers, there would be a one-week minimum duration for any leave spell, with advance notice provided to employers where possible.<sup>8</sup>

**Wage replacement rate: Seventy-five percent of the first \$400 of weekly wages would be replaced, and 50 percent of additional wages (up to the Social Security taxable earnings cap) would be replaced.**

Two basic principles motivate this design detail. First, the national leave program should replace some but not all lost wages: balancing the needs of work and family is a shared responsibility, yielding benefits for the country and the household. Thus, it is desirable to provide significant assistance to new parents but also appropriate for families to bear some of the economic costs. In addition, this shared burden recognizes that some job expenses, like commuting costs, are avoided when the individual is on leave. Second, offering higher replacement rates for the first dollars of earnings targets the benefits to the less well-off, while offering additional assistance to the middle-class. This structure also reduces the amount of crowd-out of paid parental leave currently offered by private employers, since those benefits are concentrated among relatively highly paid workers who will derive proportionally smaller benefits from the federal program.<sup>9</sup>

The wage replacement rate would be calculated based on Social Security taxable earnings during a 12-month period ending three months prior to the birth. Use of the 12-month period smooths any short-term fluctuations in work histories, and ending the base period several months before the birth avoids benefit reductions resulting from reduced labor supply (e.g., due to periods of partial or complete bed rest) that sometimes occurs shortly prior to childbirth.

Specifically, I propose that weekly benefit levels during the leave period be computed as follows: total earnings subject to Social Security payroll taxes over the 12-month period would be divided by 52 to provide the weekly wage base; the weekly leave benefit would then be calculated as 75 percent of the first \$400 of wages and 50 percent of any additional wages, up to the Social Security taxable earnings cap.<sup>10</sup> The initial \$400 threshold

is based on 40 hours per week of work at \$10 per hour, but could be adjusted upward or downward as desired.

Some examples help illustrate how wage replacement would be calculated. An individual averaging 40 hours per week at \$10/hour, over the full 12-month period, would receive a weekly leave benefit of \$300, or a cumulative maximum of \$3,600 if the full 12 weeks of leave were used. A low-wage, part-time worker averaging 20 hours per week at \$10/hour over the 12 months would qualify for weekly leave benefits of \$150. The highest possible benefit would be earned by an employee receiving the maximum Social Security payroll tax earnings (\$127,200 in 2017); the weekly benefit would be \$1,323.<sup>11</sup> The benefit schedule extends federal support throughout the income distribution, making the program available to the large majority of workers with children. The structure also allows for those with limited work histories to receive benefits. The parental leave payments would be fully subject to federal income taxes.

**Financing: The paid leave program would be financed by general revenues.**

The most desirable form of financing would be from general revenues, with the paid leave program treated as an entitlement despite the absence of a dedicated trust fund. The use of general revenues creates the broadest financing base, and one that is separated from employment decisions. By contrast, taxes on employees or employers drive a wedge between productivity and compensation that might inordinately discourage employment, particularly for low-wage workers. However, financing through general revenues introduces two challenges. First, there might be strong political opposition to this source of funding since it requires a combination of general tax increases, spending cuts in other programs, or higher budget deficits. Second, unless the paid leave program were treated as an entitlement, there would be the risk of it receiving inadequate appropriations for successful operation.

**Administration: The program would be administered through a newly established Office of Paid Parental Leave within the Social Security Administration (SSA).**

There are several advantages to administering the program through a newly established office within the SSA. First, SSA already has experience and expertise in most of the important administrative aspects of the program, including the determination of benefit levels and dissemination of payments. Second, the leave benefits will be calculated using data on payroll taxable earnings that the SSA already possesses.

Other administrative structures are possible, particularly if the program were financed by general revenues rather than payroll taxes. For example, leave payments could be made by employers who would then be reimbursed by the Internal Revenue Service for the cost of benefits plus

program administration (Glynn 2015). This is similar to the approach used in Australia. However, such an administrative structure is likely to be considerably more complex and expensive. For instance, many employers would still need to receive information from the Social Security Administration to calculate leave benefits (e.g., for workers who were not employed at the same firm during the entirety of the 12-month base period) and there would be additional difficulties related to the payment of benefits to the self-employed or individuals holding multiple jobs.

## PROGRAM EVALUATION

Existing research strongly supports the introduction of a federal paid leave policy, but it does not supply the full array of information required to design the ideal paid leave program for the United States. The generosity of the proposed program is intentionally low by international standards in terms of duration and wage replacement rates, in part because we have an incomplete understanding of the costs that the program might impose on employers, their responses to the program, and how the leave provisions might interact with other employer mandates.

For these reasons, the program should be carefully assessed three to five years after initial implementation. Some components of this evaluation include measuring leave take-up rates among eligible parents in total and for subsamples defined by sex, age, other demographic characteristics (e.g., education, race/ethnicity, and marital status), firm size, industry, and occupation. Estimates of the average duration of leave-taking and the distribution of leaves would also be made, both for the total population of eligible parents and for the subsamples just defined. In addition, the evaluation would investigate barriers to leave use among people who choose not to use the leave entitlement, as well as program effects on hiring, retention, and promotion of groups most often using the paid leave benefits. The examination should also carefully consider employer attitudes toward the program; effects on productivity, turnover, absenteeism, and profitability; and specific problems potentially faced by employers (e.g., coordinating work schedules or holding jobs open for workers on leave). This second part of the evaluation should cover all employers but also provide information specific to subsamples based on firm size, industry, and employer share of part-time and female workers. Finally, the evaluation should examine issues related to program administration and changes in state and private provision of leave.

---

# Questions and Concerns

---

## ***1. Are there ways to finance the paid leave program other than from general revenues?***

Financing could occur through payroll taxes (possibly paid into a dedicated trust fund), which is the mechanism used by all state programs and most other countries. In this case, there remains the question of whether the payroll taxes are paid by employers or by employees, or whether the taxes would be split between the two. In a simple economic model, the ultimate burden of the tax is independent of who it is levied on. In practice, because of institutional constraints like wage floors and other factors, the distribution of burden may depend on how the tax is divided across employers and employees.

## ***2. Why not have a set of state programs rather than a single federal program?***

Requiring each state to develop its own program would increase administrative costs and potentially create unfunded mandates for states. Program administration might also be burdensome in many states. The three states currently operating paid leave programs (California, New Jersey, and Rhode Island) have layered them on top of existing TDI administrative structures. Only two other states have TDI (New York and Hawaii). All other states would have to develop new administrative structures or use existing ones, such as their unemployment insurance systems. Under the current proposal, states would certainly be permitted to supplement the federal program with more-generous benefits.

## ***3. If other forms of family and medical leave were bundled with parental leave, how should this be accommodated?***

The proposal in this paper does not address paid leave to care for one's own or a relative's serious medical condition. Covering these types of leave separately would be desirable since the incentives, issues, and complicating factors are quite different.

However, if the other forms of family and medical leave were combined with parental leave into a single program, several changes in program structure should be considered. First, it might be desirable to offer lower replacement rates and/or a shorter duration for family and medical leave than for parental leave. The District of Columbia's program will do this by providing eight weeks of parental leave, six weeks of family leave, and two weeks of medical leave. Second, wage replacement rates could be lower for leave other than parental leave. Third, a waiting period (during which leave is unpaid) could be imposed for family or medical leave, which would limit worker usage to affordable levels. Waiting periods, typically one week long, are already used in some state programs.

## ***4. How would the federal leave program affect existing state and private parental leave benefits?***

Several states and many private employers currently offer paid leave benefits. Nothing in the national program would prevent them from continuing to do so and it would be up to them to decide how to coordinate their benefits with it, although it is anticipated that most would provide a full or partial top-up to the federal benefits. Inevitably, the establishment of a national program will result in some crowd-out of benefits that were previously provided by states or employers. As discussed, since relatively few workers currently receive paid parental leave, the extent of crowd-out will likely not be large (although in principle employers could reduce other types of leave benefits such as sick leave or vacation). In addition, the 50 percent replacement rate, after the first \$400 of weekly wages, and the maximum threshold on the earnings base imply the lowest overall wage replacement rates for the high-skill and highly paid workers currently most likely to receive benefits. Thus, companies employing these workers are often likely to continue providing at least some private parental leave benefit.

---

# Conclusion

---

The proposed parental leave program is—by design—modest compared with programs in other countries. Maternal rights to leave following the birth of a child would still be more limited—in duration or replacement rates, or both—than in all other OECD countries.<sup>12</sup> This limited generosity is intentional, motivated by the uncertainty involved with the introduction of any new program, as well as concerns about the impact on employers. Evaluating the program after it has been in place for several years will be of great value.

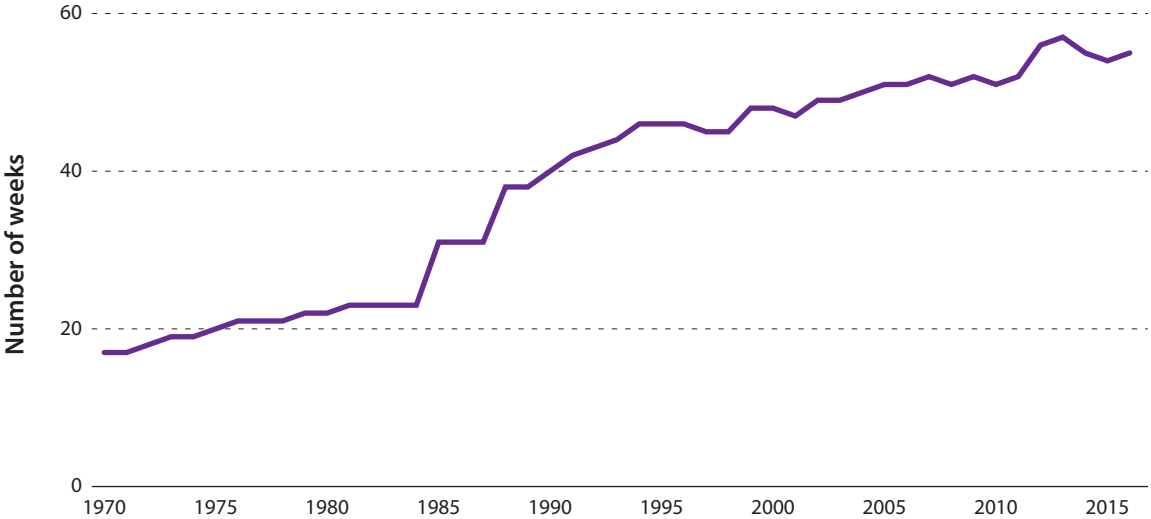
Even at the proposed level of generosity, a national paid parental leave policy represents an important step toward helping U.S. workers balance the competing responsibilities of jobs and families. The proposal calls for higher rates of wage replacement for the least advantaged workers and provides equal treatment of mothers and fathers. It embodies the principle that paid parental leave is a family value that promotes labor market opportunities for mothers and provides health benefits for children, while recognizing that the promotion of such family values represents a shared responsibility between families and society at large.

---

# Appendix

---

APPENDIX FIGURE 1.  
OECD Average Duration of Paid Leave Entitlement for Mothers after Childbirth, 1970–2016



Source: OECD 2016a.



APPENDIX TABLE 1.

## Paid Leave Entitlement for Mothers after Childbirth, 2016

	Paid maternity leave			Paid parental and home care leave available to mothers			Total paid leave available to mothers		
	Length, in weeks	Average payment rate (percent)	Full-rate equivalent, in weeks	Length, in weeks	Average payment rate (percent)	Full-rate equivalent, in weeks	Length, in weeks	Average payment rate (percent)	Full-rate equivalent, in weeks
	(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1)+(4)	(8)	(9)
Australia	6.0	42.3	2.5	12.0	42.3	5.1	18.0	42.3	7.6
Austria	16.0	100.0	16.0	44.0	80.0	35.2	60.0	85.3	51.2
Belgium	15.0	64.1	9.6	17.3	20.2	3.5	32.3	40.6	13.1
Canada	17.0	48.4	8.2	35.0	54.9	19.2	52.0	52.8	27.4
Chile	18.0	100.0	18.0	12.0	100.0	12.0	30.0	100.0	30.0
Czech Republic	28.0	62.6	17.5	82.0	43.4	35.6	110.0	48.3	53.1
Denmark	18.0	53.6	9.6	32.0	53.6	17.1	50.0	53.6	26.8
Estonia	20.0	100.0	20.0	146.0	44.5	65.0	166.0	51.2	85.0
Finland	17.5	78.5	13.7	143.5	19.7	28.2	161.0	26.1	41.9
France	16.0	94.2	15.1	26.0	14.5	3.8	42.0	44.9	18.8
Germany	14.0	100.0	14.0	44.0	65.0	28.6	58.0	73.4	42.6
Greece	43.0	54.2	23.3	0.0	0.0	0.0	43.0	54.2	23.3
Hungary	24.0	70.0	16.8	136.0	40.4	55.0	160.0	44.9	71.8
Iceland	13.0	59.7	7.8	13.0	59.7	7.8	26.0	59.7	15.5
Ireland	26.0	34.3	8.9	0.0	0.0	0.0	26.0	34.3	8.9
Israel	14.0	100.0	14.0	0.0	0.0	0.0	14.0	100.0	14.0
Italy	21.7	80.0	17.4	26.0	30.0	7.8	47.7	52.7	25.2
Japan	14.0	67.0	9.4	44.0	59.9	26.4	58.0	61.6	35.8
Korea	12.9	79.5	10.2	52.0	28.5	14.8	64.9	38.6	25.0
Latvia	16.0	80.0	12.8	78.0	51.9	40.5	94.0	56.7	53.3
Luxembourg	16.0	100.0	16.0	26.0	38.4	10.0	42.0	61.9	26.0
Mexico	12.0	100.0	12.0	0.0	0.0	0.0	12.0	100.0	12.0
Netherlands	16.0	100.0	16.0	0.0	0.0	0.0	16.0	100.0	16.0
New Zealand	18.0	42.6	7.7	0.0	0.0	0.0	18.0	42.6	7.7
Norway	13.0	97.9	12.7	78.0	41.3	32.2	91.0	49.4	45.0
Poland	20.0	100.0	20.0	32.0	67.5	21.6	52.0	80.0	41.6
Portugal	6.0	100.0	6.0	24.1	59.6	14.4	30.1	67.7	20.4
Slovak Republic	34.0	70.0	23.8	130.0	23.0	29.9	164.0	32.7	53.7
Slovenia	15.0	100.0	15.0	37.1	90.0	33.4	52.1	92.9	48.4
Spain	16.0	100.0	16.0	0.0	0.0	0.0	16.0	100.0	16.0
Sweden	12.9	77.6	10.0	42.9	57.7	24.7	55.7	62.3	34.7
Switzerland	14.0	56.4	7.9	0.0	0.0	0.0	14.0	56.4	7.9
Turkey	16.0	66.0	10.6	0.0	0.0	0.0	16.0	66.0	10.6
United Kingdom	39.0	30.9	12.1	0.0	0.0	0.0	39.0	30.9	12.1
United States	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>OECD average</b>	<b>17.7</b>	<b>-</b>	<b>-</b>	<b>37.5</b>	<b>-</b>	<b>-</b>	<b>55.2</b>	<b>-</b>	<b>-</b>
Costa Rica	17.3	100.0	17.3	0.0	0.0	0.0	17.3	100.0	17.3
Bulgaria	58.6	78.4	45.9	51.9	37.7	19.6	110.4	59.3	65.5
Croatia	30.0	100.0	30.0	26.0	33.6	8.7	56.0	69.2	38.7
Cyprus	18.0	75.2	13.5	0.0	0.0	0.0	18.0	75.2	13.5
Lithuania	18.0	100.0	18.0	44.0	100.0	44.0	62.0	100.0	62.0
Malta	18.0	87.0	15.7	0.0	0.0	0.0	18.0	87.0	15.7
Romania	18.0	85.0	15.3	38.7	85.0	32.9	56.7	-	-
<b>EU average</b>	<b>21.8</b>	<b>-</b>	<b>-</b>	<b>43.8</b>	<b>-</b>	<b>-</b>	<b>65.6</b>	<b>-</b>	<b>-</b>
<b>Eurozone average</b>	<b>19.1</b>	<b>-</b>	<b>-</b>	<b>41.4</b>	<b>-</b>	<b>-</b>	<b>60.4</b>	<b>-</b>	<b>-</b>

Source: OECD 2017.

Note: The table refers to paid leave entitlements in place as of April 2016. Data reflect entitlements at the national or federal level only, and do not reflect regional variations or additional/alternative entitlements provided by states/provinces or local governments in some countries (e.g., Québec in Canada, or California in the United States). See OECD (2017) for additional details.



---

# Author

---

## Christopher J. Ruhm

*Professor of Public Policy and Economics, University of Virginia*

Christopher J. Ruhm is Professor of Public Policy and Economics at the University of Virginia. He received his doctorate in economics from the University of California at Berkeley. Prior to joining UVA, he held faculty positions at the University of North Carolina at Greensboro and Boston University. During 1996–97, he served as Senior Economist on President Clinton’s Council of Economic Advisers. He is currently a Research Associate at the National Bureau of Economic Research and a Research Fellow at the Institute for the Study of Labor (IZA).

Professor Ruhm’s recent research focuses on how various aspects of health are produced—including the rise in drug deaths and obesity, and the relationship between macroeconomic conditions and health—and on parental leave and other work-family policies. He is co-author of two books and has more than 80 pieces published as book chapters and articles in academic journals. His research has been cited in media outlets including *The New York Times*, *Washington Post*, *Wall Street Journal*, *USA Today*, *Business Week*, CNN, ABC, CBS, BBC and NPR.

Ruhm has received external research funding from a diverse set of organizations. He is currently associate editor of the *Journal of Health Economics* and the *Southern Economic Journal*, on the editorial board of the *American Journal of Health Economics*, *Economics Letters* and the *Journal of Labor Research*, President-Elect of the Southern Economic Association, on the Board of Directors of the American Society of Health Economists and a steering committee member of the Southeastern Health Economics Study Group.

## Acknowledgments

I would like to thank Jane Waldfogel, Maya Rossin-Slater, Ann Bartel and members of the AEI-Brookings Project on Paid Family Leave for many discussions that have influenced my thinking about paid family leave policies, as well as Pivotal Ventures for financial support. All views expressed here are solely my own.

---

# Endnotes

---

1. AEI-Brookings Working Group on Paid Family Leave (2017) and Rossin-Slater (forthcoming) provide recent and fairly comprehensive summaries of the research on the consequences of paid leave.
2. This includes *maternity* leave, which is available only to mothers, as well as parental leave, which is generally available to either parent but in practice is used most often by mothers. I combine both in my discussion of parental leave in this proposal.
3. For example, approximately 90 percent of Austrian mothers with infants—whose leave is highly paid—were on leave during a 2013 survey reference week compared with about 30 percent of corresponding French mothers, whose paid leave is much lower (OECD 2016b).
4. San Francisco recently passed an ordinance requiring employers to top up the leave wage replacement rate to 100 percent (to a maximum of \$1,173/week) for six weeks following the birth of a child, with exceptions for small employers. See San Francisco Office of Labor Standards Enforcement (2016) for details. Washington state has also just (in July 2017) enacted a paid family leave program, which will start in 2020 and is not discussed here.
5. See National Partnership for Women & Families (2017) for a summary of the FAMILY Act, and U.S. Congress (2017b) for text of the proposed law.
6. For further details on the Clinton and Trump plans, see Sholar (2016). President Trump has since modified his proposal to include fathers as well as mothers. Other congressional proposals include the Strong Families Act (U.S. Congress 2017c), which would provide employer tax credits to employers providing paid leave, and the Working Families Flexibility Act (U.S. Congress 2017a), which would allow workers to receive paid leave in lieu of overtime pay.
7. The majority of small employers are supportive of the FAMILY Act (U.S. Congress 2017b). Evidence from Rhode Island indicates that 61 percent of small employers (10 to 99 employees) favor or strongly favor that state's parental leave program, while just 24 percent oppose or strongly oppose it (Bartel et al. 2016).
8. Some employers report difficulties created by short leaves such as those taken for a day or two at a time (Falcone 2010). The advance notice provision could apply to leaves taken in periods not immediately following childbirth and with exceptions made for emergencies.
9. In 2016 just 4 percent of workers in occupations that make up the lowest decile of occupation average income received paid family leave benefits, compared to 23 percent of workers in the top decile. Similarly, 27 percent of management employees received paid leave benefits versus 8 percent of service and 6 percent of production workers (Department of Labor 2016).
10. The minimum weekly benefit would be \$50, requiring annual earnings over the 12-month period of \$3,467. All specific dollar amounts in this proposal refer to 2017 and would increase with cost-of-living or average wage increases in later years.
11. Average weekly earnings for this individual, over the base period, are \$2,446 ( $\$127,200/52$ ). The leave benefit is then calculated as  $(\$400 \times 0.75) + (\$2,446 - \$400) \times 0.5$ .
12. One exception is that the U.S. program would be very slightly (about one full-pay-equivalent week of leave) more generous than that in Switzerland for the lowest-earning mothers.

---

# References

---

- Addati, Laura, Naomi Cassirer, and Katherine Gilchrist. 2014. *Maternity and Paternity at Work: Law and Practice Patterns across the World*. Geneva, Switzerland: International Labour Organization.
- AEI-Brookings Working Group on Paid Family Leave. 2017, June 6. "Paid Family and Medical Leave: An Issue Whose Time Has Come." AEI-Brookings Working Group on Paid Family Leave, Washington, DC.
- Baker, Michael, and Kevin Milligan. 2008a. "How Does Job-Protected Maternity Leave Affect Mothers' Employment?" *Journal of Labor Economics* 26 (4): 655–91.
- . 2008b. "Maternal Employment, Breastfeeding, and Health: Evidence from Maternity Leave Mandates." *Journal of Health Economics* 27 (4): 871–87.
- Bartel, Ann, Maya Rossin-Slater, Christopher Ruhm, Jenna Sterns, and Jane Waldfogel. 2015, November. "Paid Family Leave, Fathers' Leave-Taking, and Leave-Sharing in Dual-Earner Households." Working Paper 21747, National Bureau of Economic Research, Cambridge, MA.
- Bartel, Ann, Maya Rossin-Slater, Christopher Ruhm, and Jane Waldfogel. 2016, January. "Assessing Rhode Island's Temporary Caregiver Insurance Act: Insights from a Survey of Employers." Chief Evaluation Office, U.S. Department of Labor, Washington, DC.
- Baum, Charles L., and Christopher J. Ruhm. 2016. "The Effects of Paid Family Leave in California on Labor Market Outcomes." *Journal of Policy Analysis and Management* 35 (2): 333–56.
- Carneiro, Pedro, Katrine V. Løken, and Kjell G. Salvanes. 2015. "A Flying Start? Maternity Leave Benefits and Long-Run Outcomes of Children." *Journal of Political Economy* 123 (2): 365–412.
- City and County of San Francisco. 2016. "Paid Parental Leave Ordinance." Office of Labor Standards Enforcement, City and County of San Francisco, San Francisco, CA.
- Falcone, Paul. 2010, October. "Curbing Intermittent FMLA Leave Abuse: Don't Be Held Hostage by an Employee Who Takes Advantage of FMLA Leave." *HR Magazine*.
- Family and Medical Leave Act of 1993 (FMLA), Pub. L. 103-3, 107 Stat. 6 (1993).
- Gitis, Ben. 2016, January. "Paid Leave Proposals: The Numbers Don't Add Up." American Action Forum, Washington, DC.
- Glynn, Sarah J. 2015, November. *Administering Paid Family and Medical Leave: Learning from International and Domestic Examples*. Washington, DC: Center for American Progress.
- Groden, Claire. 2016, April. "An Overwhelming Majority of Americans Support Paid Parental Leave." *Fortune*.
- Han, Wen-Jui, Christopher Ruhm, and Jane Waldfogel. 2009. "Parental Leave Policies and Parents' Employment and Leave-Taking." *Journal of Policy Analysis and Management* 28 (1): 29–54.
- Heymann, J., Amy Raub and Alison Earle. 2011. "Creating and Using New Data Sources to Analyze the Relationship Between Social Policy and Global Health: The Case of Maternal Leave." *Public Health Reports* 126 (3): 127–34.
- Horowitz, Juliana M., Kim Parker, Nikki Graf, and Gretchen Livingston. 2017, March. "Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies." Pew Research Center, Washington, DC.
- Klerman, Jacob A., Kelly Daley, and Alyssa Pozniak. 2012. "Family and Medical Leave in 2012: Technical Report." Prepared for the U.S. Department of Labor, Washington, DC. Abt Associates, Cambridge, MA.
- Kluge, Jochen, and Marcus Tamm. 2013. "Parental Leave Regulations, Mothers' Labor Force Attachment and Fathers' Childcare Involvement: Evidence from a Natural Experiment." *Journal of Population Economics* 26 (3): 983–1005.
- Lalive, Rafael, and Josef Zweimüller. 2009. "How Does Parental Leave Affect Fertility and Return to Work? Evidence from Two Natural Experiments." *Quarterly Journal of Economics* 124 (3): 1363–402.
- National Partnership for Women & Families. 2017. "The Family And Medical Insurance Leave Act (The FAMILY Act): Fact Sheet." National Partnership for Women & Families, Washington, DC.
- New York State. n.d. "New York State Paid Family Leave." New York State, Albany, NY.
- Organisation for Economic Co-operation and Development (OECD). 2016a. "Length of Maternity Leave, Parental Leave and Paid Father-specific Leave." Gender Equality, Organisation for Economic Co-Operation and Development, Paris, France.
- . 2016b. "PF2.2: Use of Childbirth-related Leave by Mothers and Fathers." OECD Family Database, Organisation for Economic Co-Operation and Development, Paris, France.
- . 2017. "PF2.1: Key Characteristics of Parental Leave Systems." OECD Family Database, Organisation for Economic Co-Operation and Development, Paris, France.
- Patnaik, Ankita. 2016, January. "Reserving Time for Daddy: The Short and Long-Run Consequences of Fathers' Quotas." Working Paper, Social Science Research Network, Rochester, NY.

- Rhode Island Government. 2017. "Temporary Disability Insurance / Temporary Caregiver Insurance." Department of Labor and Training, Rhode Island Government, Cranston, RI.
- Rossin, Maya. 2011. "The Effects of Maternity Leave on Children's Birth and Infant Health Outcomes in the United States." *Journal of Health Economics* 30 (2): 221–39.
- Rossin-Slater, Maya. Forthcoming. "Maternity and Family Leave Policy." In *Handbook on the Economics of Women*, edited by Susan L. Averett, Laura Argys, and Saul D. Hoffman. New York, NY: Oxford University Press.
- Rossin-Slater, Maya, Christopher J. Ruhm, and Jane Waldfogel. 2013. "The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes," *Journal of Policy Analysis and Management* 32 (2): 224–45.
- Ruhm, Christopher J. 1998. "The Consequences of Parental Leave Mandates: Lessons from Europe." *Quarterly Journal of Economics* 113 (1): 285–318.
- . 2000. "Parental Leave and Child Health." *Journal of Health Economics* 19 (6): 931–60.
- Schönberg, Uta, and Johannes Ludsteck. 2014. "Expansions in Maternity Leave Coverage and Mothers' Labor Market Outcomes after Childbirth." *Journal of Labor Economics* 32 (3): 469–505.
- Sholar, Megan. 2016, September. "Donald Trump and Hillary Clinton Both Support Paid Family Leave. That's a Breakthrough." *The Washington Post*.
- Small Business Majority and Center for American Progress. 2017, March. "Small Businesses Support Paid Family Leave Programs." Small Business Majority, Washington, DC.
- State of California. 2017. "Paid Family Leave." Employment Development Department, State of California, Sacramento, CA.
- State of New Jersey. n.d. "State Plan Family Leave: Worker Information." Department of Labor and Workforce Development, State of New Jersey, Trenton, NJ.
- Stroman, Trish, Wendy Woods, Gabrielle Fitzgerald, Shalini Unnikrishnan, and Liz Bird. 2017. "Why Paid Family Leave Is Good Business." The Boston Consulting Group, Boston, MA.
- Tanaka, Sakiko. 2005. "Parental Leave and Child Health Across OECD Countries." *Economic Journal* 115 (501): F7–F28.
- U.S. Congress. 2017a. "H.R.1180: Working Families Flexibility Act of 2017: Latest action 05/03/2017." Congress.gov, U.S. Congress, Washington, DC.
- . 2017b. "S.337: FAMILY Act: Latest action 02/07/2017." Congress.gov, U.S. Congress, Washington, DC.
- . 2017c. "S.344: Strong Families Act: Latest action 02/08/2017." Congress.gov, U.S. Congress, Washington, DC.
- U.S. Department of Labor. 2016. "National Compensation Survey: Employee Benefits in the United States, March 2016." Bulletin 2785. Government Publishing Office, Washington, DC.



## ADVISORY COUNCIL

GEORGE A. AKERLOF  
University Professor  
Georgetown University

ROGER C. ALTMAN  
Founder & Senior Chairman  
Evercore

KAREN ANDERSON  
Senior Director of Policy,  
Communications, and External Affairs  
Becker Friedman Institute for  
Research in Economics  
The University of Chicago

ALAN S. BLINDER  
Gordon S. Rentschler Memorial Professor of  
Economics & Public Affairs  
Princeton University  
Nonresident Senior Fellow  
The Brookings Institution

ROBERT CUMBY  
Professor of Economics  
Georgetown University

STEVEN A. DENNING  
Chairman  
General Atlantic

JOHN DEUTCH  
Emeritus Institute Professor  
Massachusetts Institute of Technology

CHRISTOPHER EDLEY, JR.  
Co-President and Co-Founder  
The Opportunity Institute

BLAIR W. EFFRON  
Co-Founder  
Centerview Partners LLC

DOUGLAS W. ELMENDORF  
Dean & Don K. Price Professor  
of Public Policy  
Harvard Kennedy School

JUDY FEDER  
Professor & Former Dean  
McCourt School of Public Policy  
Georgetown University

ROLAND FRYER  
Henry Lee Professor of Economics  
Harvard University

JASON FURMAN  
Professor of Practice  
Harvard Kennedy School

MARK T. GALLOGLY  
Cofounder & Managing Principal  
Centerbridge Partners

TED GAYER  
Vice President & Director  
Economic Studies  
The Brookings Institution

TIMOTHY F. GEITHNER  
President  
Warburg Pincus

RICHARD GEPHARDT  
President & Chief Executive Officer  
Gephardt Group Government Affairs

ROBERT GREENSTEIN  
Founder & President  
Center on Budget and Policy Priorities

MICHAEL GREENSTONE  
The Milton Friedman Professor in  
Economics and the College  
Director of the Becker Friedman Institute  
Director of the Energy Policy Institute  
at Chicago  
University of Chicago

GLENN H. HUTCHINS  
Chairman  
North Island

JAMES A. JOHNSON  
Chairman  
Johnson Capital Partners

LAWRENCE F. KATZ  
Elisabeth Allison Professor of Economics  
Harvard University

MELISSA S. KEARNEY  
Professor of Economics  
University of Maryland  
Nonresident Senior Fellow  
The Brookings Institution

LILI LYNTON  
Founding Partner  
Boulud Restaurant Group

HOWARD S. MARKS  
Co-Chairman  
Oaktree Capital Management, L.P.

MARK MCKINNON  
Former Advisor to George W. Bush  
Co-Founder, No Labels

ERIC MINDICH  
Chief Executive Officer & Founder  
Eton Park Capital Management

SUZANNE NORA JOHNSON  
Former Vice Chairman  
Goldman Sachs Group, Inc.

PETER ORSZAG  
Managing Director & Vice Chairman of  
Investment Banking  
Lazard  
Nonresident Senior Fellow  
The Brookings Institution

RICHARD PERRY  
Managing Partner & Chief Executive Officer  
Perry Capital

PENNY PRITZKER  
Chairman  
PSP Capital Partners

MEEGHAN PRUNTY  
Managing Director  
Blue Meridian Partners  
Edna McConnell Clark Foundation

ROBERT D. REISCHAUER  
Distinguished Institute Fellow  
& President Emeritus  
Urban Institute

ALICE M. RIVLIN  
Senior Fellow, Economic Studies  
Center for Health Policy  
The Brookings Institution

DAVID M. RUBENSTEIN  
Co-Founder & Co-Chief Executive Officer  
The Carlyle Group

ROBERT E. RUBIN  
Former U.S. Treasury Secretary  
Co-Chair Emeritus  
Council on Foreign Relations

LESLIE B. SAMUELS  
Senior Counsel  
Cleary Gottlieb Steen & Hamilton LLP

SHERYL SANDBERG  
Chief Operating Officer  
Facebook

DIANE WHITMORE SCHANZENBACH  
Margaret Walker Alexander Professor  
Director  
The Institute for Policy Research  
Northwestern University  
Nonresident Senior Fellow  
The Brookings Institution

RALPH L. SCHLOSSTEIN  
President & Chief Executive Officer  
Evercore

ERIC SCHMIDT  
Executive Chairman  
Alphabet Inc.

ERIC SCHWARTZ  
Chairman and CEO  
76 West Holdings

THOMAS F. STEYER  
Business Leader and Philanthropist

LAWRENCE H. SUMMERS  
Charles W. Eliot University Professor  
Harvard University

LAURA D'ANDREA TYSON  
Professor of Business Administration and  
Economics  
Director  
Institute for Business & Social Impact  
Berkeley-Haas School of Business

---

JAY SHAMBAUGH  
Director

## Highlights

Despite widespread public support for paid parental leave, the United States is the only industrialized country without a national policy providing mothers with rights to paid leave following the birth of a child. Christopher Ruhm of the University of Virginia proposes a national parental paid leave program to improve both women's labor market outcomes and children's health outcomes.

## The Proposals

**Introduce a federal paid parental leave program.** Ruhm proposes an entitlement to 12 weeks of paid time off work for both mothers and fathers, offering job protection during the leave and broad eligibility to parents with minimal employment histories.

**Finance the program through a stable stream of general revenues.** Ruhm recommends a wage replacement rate that falls from 75 percent to 50 percent as earnings increase, up to a capped total benefit.

**Establish an Office of Paid Family and Medical Leave within the Social Security Administration.** This office would be responsible for program administration and would ensure careful evaluation of the program three to five years after initial implementation.

## Benefits

Paid parental leave promotes labor market opportunity for mothers and provides health benefits for children. By helping parents balance work and early child-care responsibilities, paid leave would increase labor force participation.



1775 Massachusetts Ave., NW  
Washington, DC 20036

(202) 797-6484

BROOKINGS



Printed on recycled paper.

[WWW.HAMILTONPROJECT.ORG](http://WWW.HAMILTONPROJECT.ORG)