



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

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Introduction and summary

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

The reality is that most workers also have caregiving responsibilities at one time or another. Mothers are breadwinners or co-breadwinners in two-thirds of families and with an aging population, more and more workers need time off to care for an ailing loved one. Together, paid family and medical leave makes it easier for employees facing the need to take time to provide care for a family member to transition back into their jobs. Our analysis in this paper finds that a federal paid family and medical leave program would most likely have positive effects on employment and lifetime income. National data consistently show that access to any form of parental leave, paid or unpaid, makes women more likely to return to work after giving birth.¹ Estimates are that these effects would be largest for less-educated and lower-income families, who currently have the lowest levels of access to any form of leave, paid or unpaid. The benefits would be particularly strong for single mothers, who are more likely to be lower income and who do not have a spouse to take over caregiving responsibilities.²

Further, it is not unreasonable to suspect that the effects of staying in the labor force for workers needing medical leave would be similar to those of workers who need caregiving leave. The reason: A not-insignificant share of bankruptcies follow a worker missing two or more weeks of work due to illness, or the illness of a family member.³ Without a doubt, today's lack of paid family and medical leave certainly threatens the employment security for millions of workers because it reduces the chances that a caregiver will stay employed at their current job.

Workers who have a new child, experience a personal medical emergency, or have an ailing family member often either have to quit their jobs to provide short-term intensive care or lose their jobs because they are unable to take job-protected leave.

When workers have to quit or are fired as a result of needing time off from work, it can take them significantly longer to find another job, compared to workers who are able to remain connected to the labor force. Our proposed paid family and medical leave program, Social Security Cares, would establish a nationwide program for paid family and medical leave for nearly all U.S. workers and would be administered through the Social Security Administration.⁴ The implementation of this program would in all likelihood increase employment security and economic security—particularly among the most vulnerable workers, whose economic contributions are often vitally important for the economic well-being of their families.

Social Security Cares also would improve retirement security and help close the gap in pay between women and men. Paid family and medical leave would help reduce the gender pay gap because access to paid leave will increase the job tenure rates, lifetime earnings, and economic security in retirement for women, who are currently the most likely to take unpaid leave or drop out of the workforce when family caregiving responsibilities present themselves. Further, paid leave will encourage more men to take caregiving leave, thus reducing the stigma around leave-taking while providing men with greater access to the work-life balance they increasingly desire.⁵

Our proposal builds on the success of the Family Medical Leave Act of 1993. This was the first national policy recognizing that most workers have times when they cannot be at work in order to be able to provide care to their families. This law led to increases in job tenure for workers who had access to Family and Medical Leave, but it has been limited in its effectiveness in establishing economic security and employment stability because it is unpaid.⁶ Further, it is not universal, with half the workforce ineligible due to their current job tenure or the size of the company for which they work (companies with less than 50 workers are exempt from the law). Workers who are not covered by the federal law are more likely to be people of color and young adults in their childbearing years. Without access to reasonable family and medical leave policies, workers are forced to choose between their jobs and their families or their health. This issue is especially salient in these tough economic times. Once a worker has to quit in order to provide care or recover from an illness, their chances of finding work in this economy are quite low. In January 2012 there were 3.7 unemployed people seeking work for every job opening, and 42.9 percent of job seekers had been unemployed for more than six months.⁷

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