

# US: Do paid family leave policies help fix the gender pay gap? This study found the opposite. <sup>[1]</sup>

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Access online <sup>[2]</sup>

## EXCERPTS

Paid family leave policies are often touted as a way to fix the nation's gender pay gap. By encouraging women to take time off work in the short term, rather than leave the labor force entirely, supporters argue, paid family leave policies should ultimately help women's careers.

But in a new study, economists have found little evidence of this.

Instead, the study found, paid family leave policies may end up reducing gender equality in the workforce.

The study analyzed the short- and long-term effects of California's 2004 Paid Family Leave Act, which offered parents six weeks of partially paid leave.

For first-time mothers, taking advantage of the paid leave policy reduced employment by 7 percent and lowered annual wages by 8 percent six to 10 years after they gave birth, the study found. Cumulatively, new mothers with access to the paid leave could expect a net 10-year loss of about \$24,000.

"As an economist, I've always wondered whether or not these policies work as well as billed," said Martha Bailey, an economics professor at the University of Michigan and lead author of the study. "The fact that we can document that these effects persist for a decade was surprising to me."

As lawmakers increasingly consider paid family leave laws, and as the District of Columbia prepares for its own paid leave law to take effect next year, the study could provide insights into the unintended consequences of such policies — and how to avoid them.

Some studies have shown that California's 2004 law, the first such paid leave policy passed in the United States, improved women's employment and wage outcomes in the short term. But little was previously known about the long-term cumulative impact of U.S. paid leave policies on women's careers.

Bailey and her team sought to paint a clearer picture of those effects over time, using tax data from the Internal Revenue Service, including data about the month when a child was born. The researchers compared the careers of women who were able and unconstrained from taking California's six weeks of paid leave to women who were eligible but constrained from taking it because they gave birth in the first quarter of 2004. The law went into effect in July of that year.

The researchers found that, in both the short term and long term, the women with access to paid leave were no more likely to stick with the same employer than women without it. The negative employment and wage effects surfaced across different ages and wages, and whether new mothers were married or unmarried, among other factors. The effects, however, were much larger for new mothers, compared with mothers who had given birth a second or later time.

These outcomes appear to be driven by "reductions in mothers' work intensity," the study's authors wrote, such as a drop in the number of hours worked or a move to a job with lower wages. These shifts could include a move to self-employment, due to a more flexible schedule.

But what's less clear, Bailey said, is the reason for these shifts. Were new mothers being pushed out by their employers? Or were they making calculated choices to spend more energy on their children and less on their work?

Additional analysis seems to support the latter theory, Bailey said. Surveys in California showed that greater access to paid leave lowered the number of children born, but led parents to invest more time in their children, such as reading to them or taking them out for activities.

So perhaps, the study suggests, additional leave time may be encouraging women to spend more time with their children and less time working.

The researchers examined whether this meant that the male spouses of women taking paid leave were working more outside of the home, making more money than the spouses of women who didn't take paid leave. But they found little evidence that this was the case.

However, the authors wrote that the longer paid leave “may encourage greater specialization in childcare by the partner taking leave.”

Paid leave policies, Bailey said, are “subsidizing something that women have always done a lot more of ... and are tending to increase that gender division rather than narrow it.”

“We need to think very carefully how we implement paid leave policies so that they don’t have these consequences,” she added.

Annie Sartor, campaigns director for Paid Leave for the United States, a national campaign focused on achieving paid family leave by 2022, cautioned against “using this single study as definitive.” But she said it does shed light on the need to make sure men are increasing their use of paid leave.

While California’s paid leave act applied to both men and women, women are more likely to take advantage of it than men. More than a decade ago, less than 25 percent of claims were filed by men, according to figures from the California Employment Development Department, cited by the Sacramento Bee. In recent years, that figure rose to nearly 40 percent.

The United States is the only industrialized country in the world that does not guarantee workers paid leave. But even in countries with some of the most generous paid family leave policies, gender norms remain entrenched in the home.

For example, in Sweden, parents are allowed to take 480 days of paid parental leave per child. Three of the paid months are reserved for each parent and cannot be transferred. Even so, Swedish fathers still only use less than 30 percent of the total amount of parental leave days.

Vicki Shabo, a senior fellow on paid leave policy and strategy at New America’s Better Life Lab, said the study could provide lessons to other states in the process of rolling out their own paid leave policies. D.C.’s program, which offers private-sector workers eight weeks of paid time off for new parents, is set to take effect in July 2020.

“I think this really speaks to the need to think about paid family leave in a broader context,” Shabo said.

She said the study underscores the need to also couple paid leave laws with policies that make child care more affordable and accessible. It also raises questions about how employers can make sure that women and men are welcomed and reintegrated back into the workplace after taking leave, she said.

But the findings also send an important message to dads, she said: “It’s important to step up and take leave in the same numbers and with the same duration as moms.”

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