

# Economic and Health Impacts of Paid Parental, Caregiving, and Medical Leave: A review of existing literature and evidence

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## Executive Summary

A growing body of evidence demonstrates that providing at least partial pay for workers to attend to major caregiving responsibilities and to their own medical needs can safeguard the health and economic well-being of workers and their families, while having minimal negative and perhaps even positive impacts on the overall business ecosystem. Because women, particularly women of color, tend to bear a disproportionate share of caregiving responsibilities in the U.S., paid leave policies can also be critical to addressing inequities across gender and race.

Commissioned by the State of Michigan, this report provides context and analysis regarding the potential impacts of a paid family leave policy to inform evidence-based conversations around the merits and potential limits of such a policy.

### Key Takeaways:

- 1) Thirteen states and the District of Columbia have passed state paid family and medical leave laws.
- 2) Paid parental leave, caregiving leave, and medical leave — each individually and when combined — have demonstrated positive economic impacts and positive health impacts for employees and their families.
- 3) A large evidence base finds that the potential benefits of paid leave outweigh expected costs. Michigan's workers and employers alike would benefit from a comprehensive paid leave policy covering parental, family caregiving, and medical leave.
- 4) Paid leave policies could address gender and racial inequities, particularly benefiting women and women of color who bear a disproportionate share of caregiving responsibilities.

## Introduction

Paid family and medical leave cover longer absences from work to care for a family member, including the arrival of a new child, and to address one's own health needs. The United States created unpaid family and medical leave in the 1993 Family and Medical Leave Act (FMLA). This federal policy provides eligible workers with the right to take 12 weeks of unpaid parental, medical, or caregiving leave without the risk of losing their job or health insurance benefits, but it does not guarantee them pay when they take leave. FMLA applies only to private sector workers with 50 or more employees and all public sector employees and teachers, which accounts for 60% of the national workforce.<sup>1</sup>

In the absence of federal policy providing access to paid family and medical leave, 13 states and the District of Columbia have enacted their own paid leave laws.<sup>2</sup> These FMLA-type laws are typically managed through a state fund to distribute costs more broadly and thus reduce the financial burden on any one employer as well as to reduce the potential for bias in hiring. All of the United States' peer nations fund these types of workplace leaves through social insurance to partially replace wages. They also require employers to allow workers to take job-protected leave.

Family and medical leave consists of parental leave, family caregiving leave, and own medical leave. While these three types of leave are typically grouped together, they serve different purposes and potentially have different implications for employers and the economy.

**Paid parental leave** gives parents time off from work to care for and bond with a newborn or adopted child without forgoing their pay. It includes maternity leave for mothers and paternity leave for fathers. When that leave is paid, families have a financial cushion while bringing a new child into their family. Parental leave policies facilitate an easier return to work post-leave and support long-term labor force attachment among parents, and through these mechanisms improves the financial well-being of families and employers alike. Studies find that paid parental leave policies support a better postpartum recovery for mothers, which is not only beneficial for their well-being but also contributes to longer-run improved family financial outcomes. Finally, paid parental leave policies support a healthy start to life for babies and are thus an important investment in the next generation.<sup>3</sup>

**Paid family caregiving leave** provides workers time to care for a seriously ill family member without losing income or needing to step out of the labor force. Having access to the informal familial care that paid leave supports can improve health outcomes for family members including elders and children and reduces reliance on state and federal programs to provide needed care. Paid family caregiving leave helps keep workers attached to the labor force. While only half of those providing caregiving to an adult are employed, the vast majority are of working age and might be employed if they were better able to manage their caregiving responsibilities.<sup>4</sup> Helping caregivers return to, or remain in, the labor force brings experienced and often highly skilled workers into the pool of workers available to Michigan businesses.<sup>5</sup>

**Paid medical leave** ensures that workers can take paid time off to address their own serious illness without losing their job or their earnings. These programs keep people attached to the labor force by helping them return to work after they have recovered. Paid medical leave is a form of short-term disability leave. Currently, three-fifths of workers are not offered short term disability leave by their employer, and these workers tend to be lower-income and more vulnerable.<sup>6</sup> By helping people return to work as their health improves, access to short-term disability leave keeps people better connected to the labor force, potentially reducing the burden on other public assistance programs. These policies are also linked to positive impacts for worker health and well-being.<sup>7</sup>

Despite widespread public support for paid leave policies,<sup>8</sup> the U.S. lags behind other peer nations in providing paid leave. The U.S. is the only country in the Organisation for Economic Co-operation and Development (OECD) without government-sponsored paid maternity leave. Half of OECD countries also offer paid paternity leave.<sup>9</sup> While parental leave programs in other countries are often distinct from other types of leave, all OECD countries with the exception of the United States require employers to provide some form of paid leave.<sup>10</sup> Most OECD countries ensure that workers have access to paid sick leave in addition to their annual vacation leave.<sup>11</sup> In addition, the United States is the only one among its peer nations that does not mandate that workers have access to paid vacation.<sup>12</sup>

Many U.S. employers offer paid leave as a benefit to some fraction of their workforce, but access is inequitable. Data from the 2018 American Time Use Survey indicates that 64% of workers could access paid leave for eldercare, and 78% had access for illness of a family member.<sup>13</sup> According to an analysis of the Urban Institute's 2021 Well-Being and Basic Needs Survey (WBNS), paid leave tends to be most accessible for higher-income, more educated, full-time workers. The study also finds that white workers are more likely to be covered by paid leave policies than Hispanic, Latiné and Black workers; and women 18-34 years of age have the lowest reported rate of access to all types of leave, while being the most likely segment of the workforce to give birth. The study notes the implications of these disparities, concluding that "[w]orkers without access to paid leave are more likely than those with paid leave to experience financial and material hardships."<sup>14</sup>

State paid leave laws active in [10 states and the District of Columbia](#) (and four states with programs commencing in 2026) are designed to give workers access to job-protected paid leave for family and medical reasons. Most of these states expanded coverage to include smaller businesses that are not bound by FMLA to give job-protected leave. In addition to expanding who is covered, many states include specific reasons to take medical and family leave, such as to deal with a bias crime, to recover from sexual assault or violence, and to spend time with a military spouse about to be deployed or returning from deployment. If Michigan were to adopt a state paid family and medical leave policy, the state would need to make decisions about coverage and usage, including whether to follow the model offered by these other states in building a more comprehensive and equitable system to support workers navigating significant caregiving needs. Appendix Table 1 provides an outline of existing state paid family and medical leave policies.

The remainder of this report details the evidence about the economic and health impacts of paid parental, caregiving, and medical leave individually followed by a review of the evidence of the business impacts of paid leave. Based on existing evidence about leave policies broadly and the experience of other states, a paid leave policy in Michigan could help advance gender and racial equity as well as the economic and physical well-being of Michigan families, while having neutral or even positive impacts for businesses.

## **Paid Parental Leave**

Across the country and in Michigan, shifting dynamics of family structures and workforce participation underscore the urgency of implementing paid parental leave. Prior to the pandemic, the labor force participation rate of mothers with young children in the United States was at its highest point historically, as was the labor force participation rate of all women ages 25 to 54.<sup>15</sup> While labor force participation rates of women declined more than men during the pandemic, the post pandemic recovery saw women's labor force participation rates surge, including labor force participation among mothers, to new highs. Today, more than ever, women are working, and their share of household earnings are rising. And yet in Michigan, labor force participation among women and mothers lags near the bottom of the country.

The rise of dual-earning families and the increase in single-parent households mean that most children live in households in which all parents work.<sup>16</sup> In 2022, 68% of children under age 6 in the U.S. lived in families in which all parents worked. In Michigan, the percentage was 66%.<sup>17</sup> Working parents may experience challenges in balancing work and family responsibilities, particularly in single parent households and families where both parents work. Paid parental leave policies can help working families meet their caregiving obligations and support them in remaining in the workforce in the long-term, which has positive economic impacts for families and their employers. Paid parental leave also has important health benefits for both parents and children.<sup>18</sup>

## **Economic Impacts**

Following the birth or adoption of a child, parents without access to paid leave often face a difficult choice to temporarily or permanently leave the labor force to care for their child. Long-term departures from work can negatively impact a worker's earning potential and impose significant costs on employers and the broader economy.<sup>19</sup> Career departures to care for a new child are more common for women than men,<sup>20</sup> contributing to a well-documented gender wage gap in the U.S.<sup>21</sup> Thus, paid parental leave policies that help caregivers maintain employment over the long-term play an important role in addressing economic inequities across gender.

Paid parental leave policies have demonstrated positive impacts on labor force attachment, particularly for new mothers, contributing to both the short- and long-term economic well-being of families. Research using administrative data to measure the impact of California’s paid family leave policy finds that the policy increased leave use and leave length among mothers and fathers and also made it more likely that mothers were employed or seeking work before and after childbirth.<sup>22</sup> Additionally, the state’s paid leave policy has contributed to increases in the average weekly hours worked by women in the years following childbirth.<sup>23</sup>

Paid parental leave policies play an important role in addressing economic inequities across gender. Gender wage gaps persist in both Michigan and the U.S as a whole. Women in Michigan earn 78 cents for every dollar earned by men.<sup>24</sup> Many factors contribute to this wage gap, but many researchers consider the “motherhood penalty” —which describes the decrease in salary many women face following childbirth — to be a key driver.<sup>25</sup> By keeping mothers in the workforce and potentially working more than they otherwise would, paid parental leave can reduce the “motherhood penalty,” because continuous labor force participation is associated with higher earning trajectories over time. These benefits could be particularly significant for less-advantaged women, as research on California’s paid family leave policy demonstrates that the policy has helped to reduce poverty for mothers following birth, particularly among single mothers and mothers with less education.<sup>26</sup>

A study of parental leave policies in 193 countries finds that when such policies include paid paternity leave, families have a more equitable division of caregiving responsibilities between men and women, further supporting women’s earnings and family income.<sup>27</sup> This research underscores the importance of adequate and equal access to paid parental leave for both parents in helping to promote gender equity in caregiving patterns that last over the long-term. Paid paternity leave is associated with fathers spending more time with their children, and fathers who take time off work to bond with a new child are more likely to be involved in child care activities long after the leave has ended.<sup>28</sup>

Many fathers want to spend more time caring for young children, but their ability to do so may be limited by gendered expectations around paid work and family caregiving as well as laws and policies that support those norms.<sup>29</sup> Fathers are as likely as mothers to say that being a parent is central to their identity, but fathers are less likely than mothers to self-report that they are doing a very good job as a parent. And it is worth noting that fathers have increased the amount of time they are dedicating to parenting activities compared to previous generations.<sup>30</sup>

Paid parental leave policies for both mothers and fathers can combat those restrictive gender norms around caregiving. California’s paid family leave policy, for example, has been successful in increasing parental leave taking and duration among men.<sup>31</sup>

Additionally, there are important economic reasons for businesses to retain their employees, and paid leave can help. When businesses (and economies) lose employees, they also lose talent, skill, and institutional knowledge that can be costly to replace. It costs an employer an estimated 21% of a person’s salary to replace them.<sup>32</sup> As described previously, paid parental leave can increase labor attachment for parents who would have otherwise exited the labor force. Elisabeth Jacobs, from the Urban Institute, shared in 2020 testimony before the U.S. House of Representatives that “[e]arly research from the states with paid leave programs [that have included parental leave] suggest that paid leave can reduce worker turnover, which, in turn, means lower costs and higher productivity for business.”<sup>33</sup>

## Health Impacts

Parental leave policies are associated with numerous health benefits for both children and parents. Policies have been associated with:

- A reduction in the prevalence of babies born at a low birth weight and lower rates of infant and child mortality.
- Improved cognitive and physical health among babies via longer durations of breastfeeding, increased early parent-child bonding, higher vaccination rates, and a reduction in certain preventable neonatal fatalities.
- Improved maternal mental and physical health (depending on the length of leave).<sup>34</sup>

California's paid family leave policy has increased leave taking and duration for all women, and particularly for women of color.<sup>35</sup> These policies, therefore, could be important in advancing racial equity in health outcomes given higher rates of maternal mortality and pregnancy complications among Black women relative to women of any other race.<sup>36</sup> Currently, Black babies are at most risk for infant infant mortality among all racial and ethnic groups.<sup>37</sup>

Additionally, evidence suggests that paid paternity leave increases fathers' involvement in care for younger children<sup>38</sup> and that higher quantity and quality of father-baby interactions contribute to cognitive development that lasts over the child's lifetime.<sup>39</sup> For all parents, paid parental leave can reduce financial and emotional stress, allowing them to devote more energy to caring for their child and themselves.<sup>40</sup> It also allows mothers to recover physically and emotionally following birth, reducing depression and increasing overall maternal health.<sup>41</sup>

## Paid Caregiving Leave

Paid caregiving leave allows employees to take paid time away from their jobs to care for a family member with a serious health condition. Under existing family caregiving leave policies the definition of "family member" typically includes children, spouses, and parents.

The need for paid caregiving leave is increasing. The population is aging, with the U.S. seeing "unprecedented" growth in the population 65 and older, "driven by the large baby boom generation"<sup>42</sup> — meaning more of the workforce is likely to have parents in need of care. Many middle-aged workers are part of "the sandwich generation," meaning they are caring for their parents and their own children at the same time.<sup>43</sup> Children can also have long-term and/or serious health conditions that require intensive care.<sup>44</sup> Additionally, with people working into their older years,<sup>45</sup> workers are more likely to have an aging spouse who needs their care, with women being more likely to provide that care than men.<sup>46</sup> With more women in the workforce, an aging population, and employees working into their later years, families are more likely to struggle to balance work and caregiving obligations without paid caregiving leave to ease the burden.

Job protection for unpaid leaves for family caregiving is provided by the federal FMLA to qualifying<sup>47</sup> workers. Private sector paid leave policies specifically for family caregiving are less common than paid parental leave, even among high-paid workers. While some workers rely on other forms of paid time off such as paid vacation or general-purpose paid time off, the most vulnerable workers are the least likely to have access to any form of paid time off. Moreover, less educated and lower income workers are less likely to be eligible for unpaid, job-protected leave under FMLA and are least able

to afford to take it when they are. According to national data, most people who took family or medical leave in 2012 were able to receive some pay by piecing together general forms of paid time off, but less than half of workers with family incomes below the median were able to receive paid leave for these purposes.<sup>48</sup> Some workers may use flexible work arrangements to help accommodate their family caregiving needs. However, such flexibility is more likely to be available to higher income workers.<sup>49</sup> In many ways, the pandemic gave insight into which workers can work from home or work flexibly — a benefit that can be extremely valuable to those caring for a sick child, spouse, or other adult.

## Economic Impacts

Formalizing and providing paid caregiving leave could have significant and positive financial impacts for families. When workers take unpaid time off to care for family members, they face an opportunity cost in the form of forgone wages, with one study finding “an opportunity cost of \$522 billion annually to caregivers.”<sup>50</sup> Moreover, another report found that “full-time caregivers are more than three times as likely to report financial difficulty as those who provide no care.”<sup>51</sup> Paid caregiving leave would mitigate some of these opportunity costs and financial strains on caregivers by supporting their wages until they are able to return to the jobs after extended time away doing so.

Paid caregiving policies could also contribute to closing existing racial wealth gaps in the U.S. and in Michigan. Households of color tend to experience more caregiving responsibilities than white households and are more often challenged with balancing those responsibilities with paid work duties.<sup>52</sup> Additionally, half of households of color live in “liquid asset poverty,” meaning they are twice as likely as white households to become economically insecure in the event of loss of income, like an unpaid leave from work.<sup>53</sup> Workers of color are more likely to work in jobs that are excluded from FMLA’s qualifying criteria for existing unpaid leave, such as working part-time or for a small employer. Therefore, more comprehensive paid family and medical leave policies across employers regardless of size and employment type would help provide critical time and financial stability to help all families, particularly families of color, care for loved ones and withstand potential economic shocks triggered by long-term absences from work for caregiving.

Employers face significant costs when they must replace existing talent. Paid caregiving leave can contribute to improved long-term labor force attachment among caregiving workers. Evidence from the first seven years after California’s implementation of a paid family and medical leave policy points to increased labor force participation among California’s caregivers, having particularly positive impacts for lower-income workers in the longer-term.<sup>54</sup>

## Health Impacts

By providing paid caregiving leave, Michigan could improve the health of its population. A review of literature on the impacts of paid sick day policies in 22 countries, finds that “when sick adults receive support from family members, they have substantially better health outcomes from conditions such as heart attacks and strokes” and that “[e]lderly individuals also live longer with family support.”<sup>55</sup> This type of familial support would be made more possible through job-protected, paid caregiving leave. The AEI-Brookings Working Group on Paid Family Leave shared that “parents’ access to paid parental leave and children’s health outcomes are closely linked: Sick children have shorter recovery periods and fewer symptoms when their parents can afford time off from work to care for them.”<sup>56</sup>

## Paid Medical Leave

Paid medical leave allows workers to take extended time off to care for their own serious illness. Medical leave is different from sick leave, which is typically for short-term illness or preventative care and may be covered by employers via sick leave and vacation time.<sup>57</sup> Longer-term disabilities lasting 12 months or more (or expected to result in death) tend to prohibit someone from engaging in substantial work activity and may be covered by Social Security Disability Insurance (SSDI), Supplemental Security Income (SSI), or employer-sponsored long-term disability insurance programs. For the purposes of this report, we consider medical leave to cover workers' own non-work-related illnesses that require more time (weeks or months) than sick leave would generally provide but would not remove them from the workforce for a year or more. "The most common reasons for using medical leave include pregnancy, musculoskeletal problems, injuries, digestive disorders, and mental health conditions."<sup>58</sup>

Nationally and locally, a relatively large proportion of workers and residents are in poor health. Moreover, the US trails other countries in workforce participation and worker health.<sup>59</sup> This is a particular issue in Michigan, as the state "ranks below most states in life expectancy, self-reported health status and number of days impacted by poor physical or mental health."<sup>60</sup> As older Americans become a larger share of the labor force across the country, our workforce is likely to be more prone to health conditions requiring access to medical leave.<sup>61</sup>

Currently, employees receive unpaid or paid medical leave through a variety of sources. Michigan has enacted the Paid Medical Leave Act that requires employers with 50 or more workers to provide up to 40 hours of paid medical leave each year. However, serious medical conditions often last more than a week's worth of work time. Beyond those 40 hours, unless their employer offers a voluntary paid medical leave policy, an employee would need to use FMLA for unpaid leave. However, as described earlier in this report, FMLA's coverage is patchy, missing the most disadvantaged workers and an unaffordable option for many lower-income workers.<sup>62</sup> In 2017, about 39% of workers had access to paid medical leave through short-term disability plans offered by their employer, their state, or through commercial insurance. However, short term disability insurance tends to be least accessible for "low-income workers, part time workers and workers in small firms," according to the AEI-Brookings Working Group on Paid Family Leave.<sup>63</sup>

## Economic Impacts

In contrast to other types of leave, limited evidence exists about the economic effects of paid medical leave on individuals, employers, and the economy at large. However, the existing evidence suggests these impacts would be minimal and potentially positive. A 2020 review of available evidence suggests that return-to-work programs, which set standard processes and guidelines to assist workers in safely rejoining the workforce after an illness or injury, are important to moderate work disincentives and possibly improve labor force outcomes. This review suggests that a federal, employer-sponsored short-term disability insurance program would "likely have only modest work disincentives while possibly improving labor force outcomes if accompanied by a robust Return-to-Work (RTW) emphasis." Thus, a Michigan policy with a robust RTW emphasis could impact the labor force similarly. Law and economics Professor Christine Jolls looked at the economic impacts to states following the roll-out of the federally mandated FMLA policy to gain an understanding of employment effects of state mandates for employer sponsored short-term disability benefits. Jolls finds that the most common reason for taking unpaid leave under FMLA in its earliest years was for medical



reasons and that the unpaid leave policy slightly reduced employment in the short run. However, the negative employment impacts dissipated over the long term.

Experts theorize that paid medical leave could lead to taxpayer savings by preventing costs of medical care from shifting to public programs. If paid medical leave policies encourage workers to get the care they need, these policies could help reduce health care costs over the long run, saving taxpayers money via reduced pressure on Medicare and Medicaid.<sup>64</sup> Additionally, some researchers suspect that by supporting workers with disabilities to remain at work, paid medical leave policies could prevent workers who are “on the margin of entry into SSDI” from entering this program, which tends to discourage labor force attachment and to be costly to taxpayers.<sup>65</sup>

## Health Impacts

Paid medical leave supports employee health by giving workers the time and financial security to step away from work to get proper medical treatment. In the U.S. and in Michigan, there are persistent racial and ethnic disparities in health, well-being, and life expectancy.<sup>66</sup> Lower-income Americans, too, tend to have worse health outcomes than Americans with higher incomes.<sup>67</sup> As previously described, existing access to paid leave in the U.S. is concentrated among higher-income, more educated workers, and white workers.<sup>68</sup> A more comprehensive paid medical leave policy would reach workers across race, ethnicities, and incomes, and paid medical leave could contribute to addressing inequities in health outcomes.

By enabling and encouraging workers to get proper treatment for an illness or injury, paid medical leave reduces the likelihood that an ill or injured worker comes to work and may be unproductive as a result.<sup>69</sup> Getting needed treatment and staying at home when unwell can prevent the spread of illness to coworkers. Additionally, evidence shows that having ill or injured employees at work reduces productivity among employees and that the overall economic burden tends to exceed the medical costs of a person’s condition.<sup>70</sup> Rested and refreshed employees can focus better, make fewer mistakes, and bring more creativity and energy to their tasks.<sup>71</sup>

## Evidence of the Business Impacts of State-Mandated Paid Leave Policies

One of the most common arguments against paid leave policies is that they impose excessive costs to participating employers that could outweigh any benefits they may derive via improved worker health and labor force attachment.

In particular, employers may be concerned about (1) disruptions to work productivity from leave taking, (2) record-keeping costs, and (3) direct costs from contributions that Michigan may ask employers to make to the paid leave program. Perhaps the most costly aspect of paid medical and family leave is the risk an employer faces of losing an employee for an extended period while they are out on leave. Indeed, this cost is what made the unpaid Family and Medical Leave Act so challenging to pass; employers were nervous about being required to hold a job for someone who is out on family or medical leave. Because of FMLA, many employers in Michigan already face a federal requirement to allow workers to take job-protected leave. As a result, the incremental cost from leave taking comes from workers who were ineligible for federal FMLA or who were unable to take advantage of it because it is unpaid. Record-keeping costs can be substantial, and so every effort should be

made to simplify the bureaucratic processes around leave taking. Finally, employers in every state that offers paid family and medical leave are asked to contribute to the financing of the program through collecting, and contributing to, a payroll tax. While this can increase compensation costs by a small amount (typically less than 1% a year), research shows that much of the cost to employers is ultimately passed onto workers in the form of slower wage growth.<sup>72</sup>

The experience of other states with paid leave policies can offer evidence about concerns raised by employers.

Below is a summary of evidence on the business-impacts of paid leave policies:

- A study of employers' and individuals' experiences with California's paid family leave policy finds that the vast majority of employers surveyed reported no noticeable or a positive impact on productivity, profitability/performance, turnover and employee morale. Employers did not believe the program imposed serious burdens for small businesses, and even after five years, most businesses reported minimal impacts of the policy on their operations. Most surveyed employers were not aware of abuse of California's paid leave program by their employees. The program was credited with increasing employee retention.<sup>73</sup>
- Another report found roughly 90% or more of California businesses experienced a positive or neutral effect of California's paid leave policy on productivity and business morale, and no increased costs.<sup>74</sup> In 2017, San Francisco enacted the first fully funded paid leave policy. The vast majority of covered employers saw no negative change in profitability, productivity, employee retention, customer service, or employee morale, while nearly one-fifth of employers reported increased retention, and 30% reported improved morale. Interestingly, approximately 40% of employers reported difficulties understanding legal requirements and administratively complying.<sup>75</sup>
- An analysis of Rhode Island's Temporary Caregiver Insurance Act finds little evidence of significant changes in employer reports of worker productivity, morale, or attendance in firms impacted by the paid leave law.<sup>76</sup> Most Rhode Island firms (61%) surveyed supported the law, and support was widely expressed across firm sizes.<sup>77</sup>
- Bartel et al. conducted a 2016 survey data of over 2,400 employers in New Jersey, where paid leave laws had been enacted, and in New York, where paid leave laws were to go into effect the next year. Their research indicates that most (63%) of small and medium firms surveyed in New Jersey strongly supported the program. Sixty-three percent of New York employers were either "very supportive" or "somewhat supportive" of the forthcoming paid leave program for their state.<sup>78</sup>

## Conclusion

A common concern in U.S. policy discussions is that government support will reduce incentives to work, and yet the reality is that Americans are less likely to work precisely because they lack generous social supports. U.S. labor force participation for both men and women is below the OECD average for 25–64-year-olds and well below participation rates in countries with larger safety nets and greater support for working families.<sup>79</sup> Nearly every state that has enacted a state paid family and medical leave bill has a labor force participation rate higher than Michigan's. Yet, over the past four years, Michigan has had significant growth in labor force participation — faster than most states —

and today has a higher labor force participation rate than it had prior to the pandemic.<sup>80</sup> While Michiganders are working more, changes in demographics and workforce composition are driving increased caregiving responsibilities for Michigan’s workforce. Paid parental, family caregiving and medical leave — each individually and in policies where they’ve been combined — have demonstrated substantial positive impacts on workers’ health and well-being. Studies find that paid leave increases long-term labor force attachment for working parents, which supports business outcomes, while also contributing to improved financial stability for families. Evidence from states that have implemented paid family and medical leave has found that workers and their family members are healthier because of them. These gains have come without harming employers. The large evidence base finds that the potential benefits of paid leave outweigh expected costs and indicates that Michigan’s workers and employers alike would benefit from a comprehensive paid leave policy covering parental, family caregiving, and medical leave.

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## Appendix Table 1: Attributes of States' Paid Family and Medical Leave Policies

State	Timeline <sup>1</sup>	Parental/Family Caregiving	Personal Medical	Wage Replacement Rate	Max Weekly Benefit	Self-employed can opt in?	Job Protection	Eligibility Requirement (Wages or Tenure in One-Year Base Period)	Financing <sup>3</sup>	Cap on Income Subject to Payroll Deduction	Who pays the premium?
California	Enacted 2002, effective 2004	8 weeks	52 weeks <sup>4</sup>	\$50 minimum benefit if highest quarterly earnings (HQE) <\$929 70% of AWW if HQE \$929-\$7,154.32 60% of AWW if HQE >\$7,154.32	\$1,620	Yes	No	\$300	Social Insurance; Payroll tax: 1.1% (combined PFL and disability insurance)	None	Employee
Colorado	Enacted 2020, effective 2023/2024	12 weeks	12 weeks	90% of AWW up to 0.5x SAWW + 50% of AWW >0.5x SAWW	\$1,100 (0.9x SAWW after 2024)	Yes	Yes, if employed by current employer for 180+ days	\$2,500	Social Insurance; Payroll tax: 0.9%	\$168,600	Employee: 50% Employer: 50%
Connecticut	Enacted 2019, effective 2021/2022	12 weeks	12 weeks	95% of AWW up to 40x CT minimum wage (\$627.60) + 60% of AWW >40x CT min wage	\$941.40 (60x CT min wage)	Yes	No	\$2,325 in highest-earning quarter	Social Insurance; Payroll tax: 0.5%	\$168,600	Employee
Delaware	Enacted 2022, effective 2025/2026	12 weeks <sup>2</sup>	6 weeks <sup>2</sup>	80% of AWW	\$900 (indexed to inflation after 2026)	Yes	Yes	Tenure with employer of ≥12 months -AND- ≥1,250 hours of work in last 12 months	Social Insurance; Payroll tax: 0.8% (2025-2026) (0.4% medical + 0.08% family + 0.32% parental)	None	Employee: 50% Employer: 50%
District of Columbia	Enacted 2017, effective 2020	12 weeks	12 weeks	90% of AWW up to 1.5x DC minimum wage (\$1,020) + 50% of AWW \$1,021-1,325	\$1,118 (indexed to inflation)	Yes	No	Any income in one base period quarter	Social Insurance; Payroll tax: 0.26%	None	Employer
Maine	Enacted 2023, effective 2025/2026	12 weeks	12 weeks	90% of AWW that is ≤ 50% of SAWW + 66% of AWW > 50% of SAWW	\$1,104 (SAWW)	Yes	Yes, if employed by current employer for 120+ days	Earned 6x the SAWW over a designated 12-month base period	Social Insurance; Payroll tax: TBD	\$168,600	Employee: 50% Employer: 50%
Maryland	Enacted 2022, effective 2024/2026	12 weeks	12 weeks	90% of AWW up to 0.65x SAWW + 50% of AWW >0.65x SAWW	\$1,000 (indexed to inflation after 2025)	Yes	Yes	680 hours of work over the 12-month period immediately preceding the date on which the leave is scheduled to begin	Social Insurance; Payroll tax: 0.45%	Social Security Taxable Wage Base (\$168,600 in 2024)	Employee: 50% Employer: 50%
Massachusetts	Enacted 2018, effective 2019/2021	12 weeks	20 weeks	80% of AWW up to 0.5x SAWW + 50% of AWW >0.5x SAWW	\$1,144.90 (0.64x SAWW)	Yes	Yes	\$6,300 -AND- 30x benefit amount	Social Insurance; Payroll tax: 0.88% (0.7% medical + 0.18% family)	\$168,600	Employee: 100% (family) 40% (medical) Employer: 0% (family) 60% (medical)
Minnesota	Enacted 2023, effective 2026	12 weeks	12 weeks	90% of AWW for those making up to 50% of the SAWW + 66% of AWW for those making more than 50% of the SAWW but less than 100% of the SAWW + 55% of AWW for those making over 100% of the SAWW	\$1,337 (SAWW)	Yes	Yes, if employed by current employer for 90+ days	Earned 5.3% of the SAWW in total over a designated 12-month base period	Social Insurance; Payroll tax: 0.7% (0.4% medical + 0.3% family)	Social Security Taxable Wage Base (\$168,600 in 2024)	Employee: 50% Employer: 50%
New Jersey	Enacted 2008, effective 2009	12 weeks	26 weeks <sup>4</sup>	85% of AWW	\$1,055 (0.7x SAWW)	No	No	20 weeks of work earning at least \$260 weekly -OR- \$13,000	Social Insurance; Payroll tax: 0.09%	\$161,400	Employee
New York	Enacted 2016, effective 2018	12 weeks	26 weeks <sup>4</sup>	67% of AWW	\$1,151.16 (0.67x SAWW)	Yes	Yes	With a single employer: 26 consecutive weeks of full-time (20+ hours) employment -OR- 175 part-time working days	State mandated insurance that can be privately obtained with insurance rates set by the state; Payroll tax: 0.37%	\$89,343	Employee
Oregon	Enacted 2019, effective 2023	12 weeks	12 weeks	100% of AWW up to 0.65x SAWW + 50% of AWW >0.65x SAWW	\$1,523.63 (1.2x SAWW)	Yes	Yes, if they worked for an employer for 90+ days	\$1,000	Social Insurance; Payroll tax: 1%	\$168,600	Employee: 60% Employer: 40%
Rhode Island	Enacted 2013, effective 2014	6 weeks	30 weeks <sup>4</sup>	60% of AWW in highest-paid quarter	\$1,007	No	Yes	\$14,700 -OR- total wages ≥\$4,900 AND \$2,450 in one quarter AND total wages ≥1.5x highest quarter of earnings	Social Insurance; Payroll tax: 1.1%	\$84,000	Employee
Washington	Enacted 2017, effective 2019/2020	12 weeks	12 weeks	100% of AWW up to \$100 + 90% of AWW \$100-0.5x SAWW + 50% of AWW >0.5x SAWW	\$1,427 (0.9x SAWW)	Yes	Yes	820 hours of work	Social Insurance; Payroll tax: 0.74%	\$168,600	Employee: 100% (family) 45% (medical) Employer: 0% (family) 55% (medical)

SAWW: State Average Weekly Wage, refer to each state's actual policy page

AWW: Leave taker's base period avg weekly wage

1) Multiple effective dates denote effective dates for premiums/benefits

2) Family caregiving, personal medical, and military care leave in Delaware are limited to one period of leave of up to 6 weeks in any 24-month period

3) In all social insurance states, except Washington D.C. and Rhode Island, employers can choose to apply for an equivalent private/voluntary plan to provide their employees with.

4) Medical coverage is provided through the state's disability insurance program.

## Endnotes

- 1 “To qualify for FMLA-protected leave, an employee must have worked with his or her employer for at least 12 months and worked at least 1,250 hours in the past year. Small employers are exempt from the FMLA, as it applies only to firms with 50 or more employees within 75 miles of the workplace.” AEI-Brookings Working Group on Paid Family Leave. (2017, May). *Paid Family and Medical Leave: An Issue Whose Time has Come*. American Enterprise Institute and the Brookings Institute. p. 5.
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