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## Paid parental leave in the United States

Emma Caspar

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The United States provides no federal paid leave to new parents; however, four states have implemented payroll-tax-funded paid family leave programs that provide wage replacement during time off from work to care for and bond with a new child. In the absence of such paid leave, employed new parents must either take unpaid leave, quit their job, or return to work sooner than they may have preferred. See text box for a glossary of parental leave terms. While some employers do provide paid parental leave, relatively few employees have access to it. Low-wage workers are particularly unlikely to have access to paid leave through their employers. Both Democrats and Republicans have expressed support for national legislation to address the issue of paid parental leave, and in his January 2018 State of the Union address to Congress, President Trump said,

“let us support working families by supporting paid family leave.”<sup>1</sup> In an effort to help inform the policy discussion, the articles in this issue, which follow this general introduction to the topic, present findings from two studies related to paid parental leave.

### Paid leave provisions in the United States

As Figure 1 illustrates, the United States is unique among Organization for Economic Cooperation and Development (OECD) countries in not providing paid family leave. All other OECD countries have some paid maternal leave ranging from 12 to 166 weeks. In fact, over three-quarters of OECD countries also provide paid paternity leave. In this country, access to paid and unpaid leave varies greatly on a number of factors including type of work, work history, and state of residence. Unpaid job protection is provided through the Family and Medical Leave Act of 1993 to qualifying individuals nationwide. However, because of

#### Parental Leave Terms

Family and Medical Leave Act (FMLA)	Federal legislation passed in 1993 guaranteeing employees with qualified family and medical reasons up to 12 weeks of job-protected unpaid leave each year.
Paid Family Leave	Paid leave, including paid maternity or paternity leave, allowing an employee to care for a family member. May be provided through a state-mandated program or by employers.
Short-Term Disability Benefits	Paid leave due to a temporary disability, including pregnancy and recovery from childbirth. May be provided through a state-mandated program or by employers.
Sick Leave	Employer-provided paid leave allowing employees to care for themselves or an ill family member.
Temporary Assistance for Needy Families (TANF)	Federal block grant to states providing time-limited cash assistance to low-income families with children, generally including families with infants/newborns.

eligibility restrictions, just under 60 percent of employees are estimated to be covered by this protection, with coverage largely concentrated among professional workers.<sup>2</sup>

Paid family leave may be provided by employers, and is mandated in several states, but is not available to most American workers. In 2017, only 15 percent of civilian workers in the United States had access to paid family leave. Short-term disability benefits, which could be used to cover time off for a pregnancy or to recover from childbirth, were accessible to 39 percent of employees, while 72 percent had access to paid sick leave.<sup>3</sup> Low-wage workers have even less access to these benefits. For example, in 2017, among workers with wages in the bottom quartile, only 6 percent had access to paid family leave, 19 percent to short-term disability benefits, and 46 percent to paid sick leave.<sup>4</sup>

### State-provided paid leave

To date, six states and Washington, D.C., have adopted paid parental leave programs, either through paid family leave to care for a new child, or temporary disability insurance when a mother is unable to work during pregnancy and recovery from childbirth, or both. Table 1 summarizes the provisions available in the five states that have implemented such programs so far. Washington, D.C. and Washington State will be implementing paid family leave programs in 2020.

Most states also provide an exemption from Temporary Assistance for Needy Families (TANF) work requirements to allow mothers of young children to receive benefits while they care for an infant. The article in this issue by Chris Herbst examines the effects of these work requirements on children's cognitive ability. The other article, by Marci Ybarra, Alexandra Stanczyk, and Yoonsook Ha examines the relationships between state-provided paid family leave and temporary disability insurance, TANF generosity, welfare participation, and material hardship.

### State-provided paid family leave

Paid family leave programs provide wage replacement during time off from work to care for a family member, including caring for and bonding with a new child. As of 2018, wage replacement rates range from 50 percent in New York to 70 percent for the lowest-earning parents in California. Paid leave lasts from four weeks in Rhode Island, to eight weeks in New York; the leave period in New York will be extended to 12 weeks in 2021. Washington State's paid family leave program is expected to provide a wage replacement rate of 90 percent for the lowest-income workers, and a leave period of 12 weeks.

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### State-provided temporary disability insurance

Unlike paid family leave programs that provide paid leave for caregiving purposes, temporary disability insurance programs provide wage replacement (generally half to two-thirds of pre-leave earnings) for leave due to a disability, including pregnancy and recovery from childbirth. Temporary disability insurance programs typically provide 6 to 10 weeks of leave for a normal birth and generally require a determination of need by a health-care provider.

### TANF and low-income women with infants

Low-income single mothers often rely on TANF after the birth of a child. While those receiving TANF benefits are required to participate in work-related activities (including subsidized or unsubsidized employment, job training, GED or postsecondary course-taking, or community service) for at least 30 hours per week, states may grant exemptions from these requirements. Of the 50 states and Washington, DC, all but four provide work exemptions for mothers of

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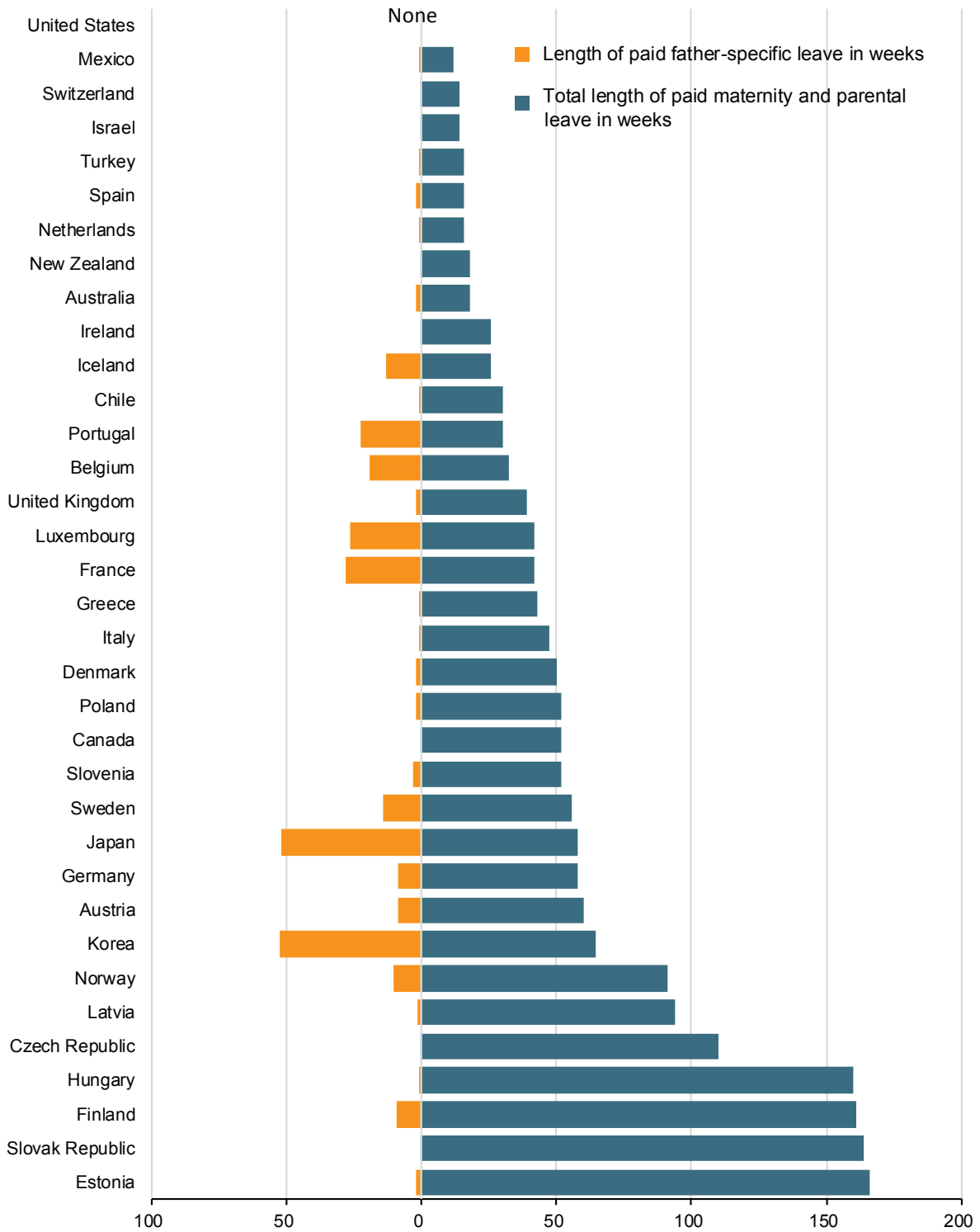


Figure 1. Paid family leave provisions are available in other OECD countries, but not in the United States.

**Table 1**  
**Provisions of Paid Parental Leave Programs in Five States, 2018**

	California	Hawaii	New Jersey	New York	Rhode Island
State Offers Paid Family Leave (PFL) Program?	Yes	No	Yes	Yes	Yes
State Offers Temporary Disability Insurance (TDI) Program?	Yes	Yes	Yes	Yes	Yes
Year Programs Were Enacted or Implemented	TDI enacted in 1946; PFL implemented in 2004	TDI enacted in 1969	TDI enacted in 1948; PFL implemented in 2009	TDI enacted in 1949; PFL implemented in 2018	TDI enacted in 1942; PFL implemented in 2014
Length of PFL Period to Bond With a New Child <sup>a</sup>	6 weeks	n/a	6 weeks	8 weeks, rising to 12 weeks in 2021	4 weeks
Length of Temporary Disability Paid Leave When Mother is Unable to Work During Pregnancy and Recovery From Childbirth	For a normal pregnancy, 4 weeks before expected delivery date and 6 weeks after the actual delivery	Up to 26 weeks as determined by physician; typically 6–8 weeks after giving birth	For a normal pregnancy, 4 weeks prior to birth and 6 weeks after	For a normal pregnancy, 4 weeks prior to giving birth and 4–6 weeks after	Up to 30 weeks as determined by qualified healthcare provider; typically 6 weeks
Wage Replacement Rate	In 2004–2017: 55%  Beginning January 1, 2018: ranges from 60 percent for highest earners to 70 percent for lowest earners	58% <sup>b</sup>	67%	For TDI: 50%  For PFL: 50% in 2018, 55% in 2019	4.62% of wages paid during the highest quarter of worker's base period (equivalent to approximately 60% of average weekly wage)
Minimum Weekly Payment	\$50 as of January 1, 2018	No minimum <sup>b</sup>	No minimum	No minimum	\$89 as of January 3, 2016
Maximum Weekly Payment	\$1216 as of January 1, 2018	\$620 as of January 1, 2018 <sup>b</sup>	\$637 as of January 1, 2018	For TDI: \$170  For PFL: 50% of New York State average weekly wage, \$653 in 2018	\$817 as of July 3, 2016
Eligibility Criteria	Earnings of \$300 in past year	14 weeks in the past year of at least 20 hours/week employment and total earnings of at least \$400	Earnings of \$8,500 in past year, or at least \$169 a week for 20 weeks	26 consecutive weeks of employment for those working at least 20 hours/week; 175 days of work for those working less than 20 hours/week	Earnings of \$12,120 in past year or \$4,040 in past year and at least \$2,020 in one quarter, with total earnings at least 1.5 times the highest quarter earnings
Is PFL Job-Protected?	No: Workers may be covered by federal and state unpaid leave programs	No: Workers may be covered by federal and state unpaid leave programs	No: Workers may be covered by federal and state unpaid leave programs	Yes	Yes

**Notes:**

<sup>a</sup>Leave to bond with a new child includes newborn, adopted, and foster children in California, New York, and Rhode Island, and newborn or adopted children in New Jersey.

<sup>b</sup>Hawaii provisions shown are the minimum required benefit standards. Hawaii employers have the option to either purchase insurance that meets these standards, or to self-insure by offering a paid leave program that is equivalent to or better than the minimum standards.

young children. These exemptions are based on the age of the youngest child, and range in length from 3 to 24 months.

## **Effects of TANF and paid parental leave provisions on low-income families**

The two articles in this issue look at the effects of TANF and state paid parental leave provisions on low-income women and their children.

First, Chris Herbst looks at the causal effects of TANF work requirement policies on the cognitive development of disadvantaged children. He concludes that maternal work during the first year of life has negative effects on children's cognitive ability scores, with the effects decreasing for later returns to work until about the eighth month of life.

Second, Marci Ybarra, Alexandra Stanczyk, and Yoonsook Ha examine the relationships between state-provided paid leave (including both paid family leave and temporary disability insurance), TANF generosity, welfare participation, and material hardship. They provide evidence that paid leave programs, most notably temporary disability insurance, may act as economic buffers for low-income single mothers and their children following a birth.

Together, these articles provide additional evidence that a national paid parental leave policy could help address the inequities inherent in the current patchwork of leave options, which are particularly limited for low-income parents.■

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<sup>1</sup>Available at <https://www.whitehouse.gov/briefings-statements/president-donald-j-trumps-state-union-address/>

<sup>2</sup>J. A. Klerman, K. Daley, and A. Pozniak, *Family and Medical Leave in 2012: Technical Report*. Washington, DC: U.S. Department of Labor; K. R. Phillips, *Getting Time Off: Access to Leave among Working Parents*, Washington, DC: Urban Institute, 2004.

<sup>3</sup>Bureau of Labor and Statistics, Employee Benefits Survey, March 2017.

<sup>4</sup>Bureau of Labor and Statistics, Employee Benefits Survey, March 2017.

# How do parental welfare work requirements affect children?

Chris M. Herbst

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Although paid family leave can provide needed income for families after a birth, workers with less education and lower wages—those with the greatest need—are the least likely to have access to paid leave. One alternative that may be available to low-income families is cash assistance through Temporary Assistance to Needy Families (TANF). Welfare reform legislation of 1996, called the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), replaced Aid to Families with Dependent Children (AFDC) with TANF, which added work requirements for those receiving cash assistance to reduce single mothers' dependence on cash assistance and increase their labor force participation. TANF rules vary by state. In some states the work requirement applies almost universally, even to parents of newborns. While research has shown that welfare reform, which also limited benefit receipt to five years, has been moderately effective at reducing welfare participation and increasing employment for single mothers, and has influenced a variety of adult outcomes including material well-being, marriage and divorce, fertility, and health, less attention has been paid to effects on child well-being.<sup>1</sup> The work I describe in this article adds to the literature by looking at the effects of TANF work requirement policies on young children.<sup>2</sup> Specifically, I make use of variation in the amount of time that women are exempt from TANF's work requirements in order to care for an infant or toddler, to assess the causal effects of such requirements on the cognitive development of disadvantaged children. This analysis is also relevant to the discussion of the effects of paid leave on mothers' post-birth employment and on child well-being.

## Women's labor force participation and TANF work requirements

As Figure 1 shows, women's labor force participation rose steadily from 43 percent in 1970 to a high of 60 percent in 1999, then decreased slightly to 57 percent in 2017. Mothers, particularly those with young children, have experienced an even steeper rise. Some of this increase can be attributed to welfare reform, in particular the imposition of work requirements on those receiving cash assistance. While work requirements did exist under AFDC, most recipients were exempt from these rules. Under TANF, however, approximately 60 percent of adult recipients are subject to work requirements. Those who are subject to these requirements must participate in work-related activities for

at least 30 hours per week; these activities could include subsidized or unsubsidized employment, job training, GED or postsecondary course-taking, or community service. Many of the families subject to work requirements are also balancing the need to care for young children; nearly half of all children in families receiving TANF benefits are under age 6. Because these early years of life are critical for children's cognitive and social-emotional development, it is important to understand the effect on children's well-being of increases in early maternal employment resulting from welfare work requirements.

## Past research on early maternal work and child well-being

There is a large literature on the relationship between early maternal employment and child development. In general, this research finds that mothers' employment in the first year after birth has negative effects on children, while employment in subsequent years has neutral or even positive effects.<sup>3</sup> However, most studies use economically diverse samples, making the results less applicable to low-income families. Another concern is that working and nonworking mothers may differ in ways that influence children's cognitive ability, so that differences in child outcomes between the two groups may not be attributable to employment itself, but to unobserved characteristics. Therefore, results from the early maternal employment literature may not be entirely informative about how welfare work requirements influence child well-being.

Evidence from previous welfare reform research indicates that such reforms may have had negative effects on child well-being. For example, an early study of PRWORA that examined the relationship between various welfare reforms

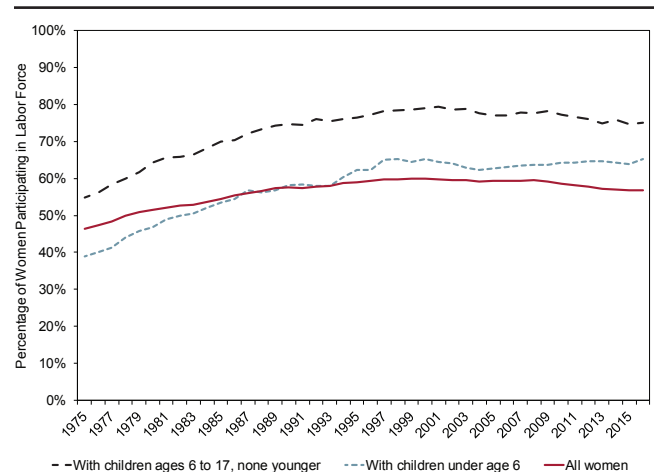


Figure 1. Women's Labor Force Participation, 1970 to 2017.

Source: U.S. Bureau of Labor Statistics, Current Population Survey, 1975–2016 Annual Social and Economic Supplement.



and several measures of child maltreatment found that the implementation of a work requirement immediately upon applying for benefits is associated with an increase in the number of children placed in foster care.<sup>4</sup> Another early study found that moderate to strict work requirements are associated with reductions in breast feeding.<sup>5</sup> A more recent study looked directly at the effects of welfare reform as a whole on child well-being, finding small declines in the use of prenatal care during the first trimester and increases in the incidence of low birth weight.<sup>6</sup> Finally, an evaluation of the effects of how much time children spent in child care rather than with their mothers as a result of welfare reform found that each year of work and childcare exposure reduced children's scores on mental ability tests by 2.1 percent.<sup>7</sup> Although this work consistently finds negative effects of welfare reform—and therefore perhaps of work requirements—it does not isolate the effects of work requirements from those of the many other policy changes implemented under welfare reform.

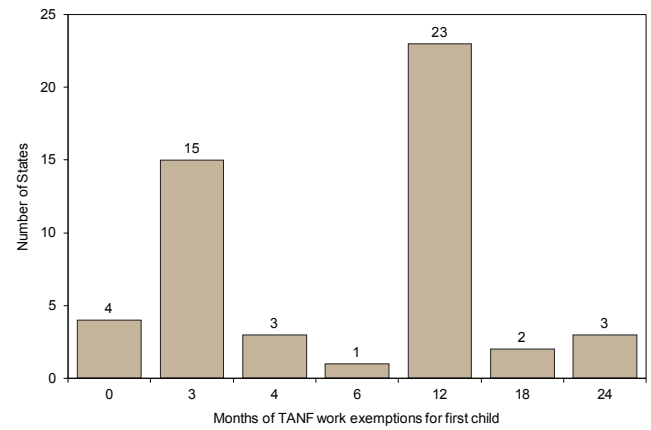
### Age-of-youngest-child exemption

States have the authority to grant exemptions from work requirements for a variety of reasons, including to allow mothers to remain at home to care for an infant or toddler. Collectively these provisions are known as age-of-youngest-child exemptions (or AYCEs). Prior to the PRWORA, most states set this exemption at 36 months, meaning that mothers could receive cash assistance without having to fulfill the work requirement until the youngest child was 3 years old. The 1996 welfare reform legislation gave states much more flexibility in deciding whether and for how long to exempt mothers with young children from participating in work-related activities. This both reduced the average, and increased variation, in the length of the exemption across states. The analysis described here makes use of this variation across states to examine the effects of welfare work requirements on mothers' labor market involvement early in their children's lives, and the effects of such early work on children's well-being.

Figure 2 summarizes state provisions for AYCEs for the first child as of 2001, the year of birth for children included in the study described here. Table 1 details AYCE provisions in all 50 states and the District of Columbia. Of the 50 states and the District of Columbia, four do not provide an exemption to care for a young child, 19 provide an exemption for mothers of children under 12 months of age, and 28 provide an exemption for mothers of children between 12 and 24 months. In addition, 13 states give shorter exemption periods (in all but one case, no exemption at all) for children born after the first child. Finally, three states specify a lifetime limit of 12 months of exemption for which mothers are eligible; in these states, the age-of-youngest-child exemption ends at 3 or 4 months.

### Assessing the effect on child well-being of welfare work requirements for parents of infants

I use data from the Birth Cohort of the Early Childhood Longitudinal Study, a large nationally representative study



**Figure 2. States' exemptions from TANF work requirements to care for a young child, for first child.**

Source: Urban Institute, *The Welfare Rules Database*. <http://anfdata.urban.org/wrd/Query/query.cfm>.

of children born in 2001, to estimate the effect of increases in early maternal employment as a result of TANF work requirements on children's cognitive skills and other measures of family well-being. I divide the sample into those who are potentially eligible for welfare and those who are not, based on mothers' educational attainment and marital status.

The child outcomes I examine are a measure of children's early cognitive ability (assessed when the child was 9 and 24 months old) and teacher-reported behavior assessments done when the child was 5 years old. The cognitive ability outcome measures memory, preverbal communication, vocabulary, reasoning and problem solving, and concept attainment. In addition to estimating the effects of increases in mothers' employment as a result of work requirements on child well-being, I investigate some of the possible mechanisms by which these effects may operate. I do this by assessing family income and material resources, maternal health, parent-child interactions and parental time investments, and participation in nonparental childcare. While early maternal employment could increase family income, it is also possible the income available to invest in child development remains flat or even declines as welfare benefits are phased out and some resources must be used to pay for work-related expenses. Work requirements could also decrease the quantity and quality of maternal time spent with children, while simultaneously increasing the amount of time children spend in lower quality nonmaternal care. Finally, given that women who are eligible for welfare often have little work experience or job skills, and may have substance abuse or mental health issues, maternal physical and mental health could be negatively affected if work requirements are inflexible or if support services are lacking.

### How does the length of exemption from work requirements affect child well-being?

I find first that decreases in the number of AYCE months are strongly related to mothers' employment decisions, in particular increasing both the probability of a mother

**Table 1**  
**Summary of U.S. Age-of-Youngest-Child Exemption Policies for 2001, from Most to Least Generous**

Exempt from TANF Work Requirements:	States	
Until youngest child is 24 months old (3 States)	Massachusetts New Hampshire	Texas
Until youngest child is 18 months old (2 states)	Vermont Virginia	
Until youngest child is 12 months old (9 states and D.C.)	Colorado Connecticut Washington, D.C. Illinois Kansas	Minnesota Missouri Ohio Rhode Island South Carolina
Until first child is 12 months old, and subsequent children are 6 months old (1 state)	West Virginia	
Until first child is 12 months; no exemption for subsequent children (12 states)	Alaska California Georgia Kentucky Louisiana Maine	Maryland Mississippi Nevada New Mexico North Carolina Pennsylvania
Until youngest child is 6 months old (1 state)	Hawaii	
Until youngest child is 4 months old (2 states)	North Dakota Tennessee	
Until youngest child is 4 months old, lifetime limit of 12 months exempt (1 state)	Washington	
Until youngest child is 3 months old (13 states)	Alabama Arkansas Delaware Florida Indiana Iowa Michigan	Nebraska New Jersey New York Oregon South Dakota Wisconsin
Until youngest child is 3 months old, lifetime limit of 12 months exempt (2 states)	Oklahoma Wyoming	
No Exemption (4 states)	Arizona Idaho	Montana Utah

**Source:** Urban Institute, The Welfare Rules Database, accessed February 5, 2018 at <http://anfdata.urban.org/wrd/Query/query.cfm>.

working during the first year after childbirth, and the number of months employed. For example, each one-month reduction in the age-of-youngest-child exemption increases the amount of work by nearly half a month.

Looking next at child outcomes, I find that children’s cognitive ability scores are lower among children of working mothers, with the effect of an additional 3 months of maternal work equivalent to one-third of the test score gap between children from the bottom and top quartiles of family socioeconomic status. I also find adverse effects in the second year after childbirth, although they fade by the time of entry into kindergarten.

Although I find that any maternal return to work during the first year of life is associated with negative effects on children’s cognitive development, the timing of a return to work does matter. Later returns to work result in smaller test-

score reductions, but only until about the eighth month of life, after which the negative effects remain stable. Starting work during the fourth quarter of a child’s first year of life produces substantially smaller negative test score effects than doing so during the first or second quarters.

Teacher reports of behavior outcomes were collected at age 5. The reports measured aggressive and impulsive behaviors, friendly and empathic behaviors, whether the child was attentive in school, happiness, worrying, and shyness. I find fairly consistent evidence that early maternal work is associated with worse behavior, less happiness, and more worrying, but none of these effects were statistically significant.

There are some differences by subgroup in how early maternal work affects cognitive ability. Among white children, having a mother employed at any time during



the first year of life reduced cognitive test scores by 14.4 percent, compared to a 4.2 percent decrease among African American and Hispanic children. Among children with low birth weight, any employment in the first year lowered test scores by 24.1 percent, compared to a 3.2 percent reduction for children of normal birth weight; this suggests that early maternal work may exacerbate the adverse effects associated with low birth weight. Finally, I find that first-year employment is associated with larger negative effects for children whose mothers had not worked prior to childbirth (11.2 percent) than those with mothers who had worked (7.4 percent). It may be that women who worked prior to the birth of their child experience fewer family disruptions and find it easier to transition back to work than do those who have not worked prior to childbirth.

### **What are the mechanisms through which maternal employment affects child outcomes?**

Finally, I explore the means by which early maternal employment could result in negative child outcomes. Increases in family income may improve the physical and mental health of both parents and children, and could allow parents to invest resources in goods and services that enhance child well-being. While I could not directly measure family income in this study, I find that shorter exemption times (that is, more months subject to welfare work requirements) were associated with a lower likelihood of the family falling below the federal poverty threshold during the first year of the child's life. The finding that reductions in welfare work exemptions are associated with both negative cognitive outcomes for children and lower poverty rates appears inconsistent with earlier work that showed increases in family income to be associated with improvements in cognitive ability.<sup>8</sup> However, it is possible that families with incomes just above the poverty line still have insufficient incomes to improve the child's cognitive ability. The other mechanisms described below may explain the connection between maternal work and children's cognitive ability.

Looking at mothers' health outcomes, I find no effects of early work on overall health, but there is suggestive evidence of an increase in symptoms of depression. With regard to the relationship between mother and child, working mothers are less likely to breastfeed and read to their children, and more likely to report increased behavioral difficulties, including that their child "demands attention and company constantly" or "needs a lot of help to fall asleep."

Finally, children of working mothers are more likely than children of nonworking mothers to receive childcare through informal arrangements than through center-based care. This suggests that mothers are utilizing convenient and affordable childcare options in order to fulfill work requirements. Recent work suggesting that informal childcare settings may have negative effects on early test scores while formal settings have neutral or positive effects corroborates the possibility that nonparental childcare may be a mechanism through which work requirements influence child outcomes.<sup>9</sup>

## **Policy implications**

A series of welfare policy reforms that began in the late 1980s and continued into the 2000s moved the United States toward a work-based safety net, where eligibility for public benefits is increasingly conditional on maintaining an attachment to the labor market. Policies such as work requirements, time limits, and childcare subsidies have been shown to be effective policy levers for increasing employment. However, as this analysis illustrates, there are unintended consequences for young children of basing receipt of public supports on work. Any assessment of the success of such policies must consider not only the benefits of increased maternal employment, but also the costs associated with reduced child well-being. Given the recent interest among policymakers in adding work requirements to other safety net programs such as the Supplemental Nutrition Assistance Program and Medicaid, such requirements are likely to become more prevalent. Understanding the full impact of these policy shifts is thus of particular importance in the current landscape.■

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<sup>1</sup>For an extensive review of the welfare reform literature, see J. Ziliak, "Temporary Assistance for Needy Families," in *Economics of Means-Tested Transfer Programs in the United States, Volume 1*, ed. R. A. Moffitt (Chicago: University of Chicago Press, 2016).

<sup>2</sup>This article draws on C. M. Herbst, "Are Parental Welfare Work Requirements Good for Disadvantaged Children? Evidence from Age-of-Youngest-Child Exemptions," *Journal of Policy Analysis and Management* 36, No. 2 (2017): 327–357.

<sup>3</sup>See, for example, J. Waldfogel, W.-J. Han, and J. Brooks-Gunn, "The effects of early maternal employment on child cognitive development," *Demography* 39, No. 2 (2002): 369–392.

<sup>4</sup>C. Paxson and J. Waldfogel, "Welfare Reforms, Family Resources, and Child Maltreatment," *Journal of Policy Analysis and Management* 22, No. 1 (2002): 85–113.

<sup>5</sup>S. Haider, A. Jacknowitz, and R. Schoeni, "Welfare Work Requirements and Child Well-Being: Evidence from the Effects on Breast-Feeding," *Demography* 40, No. 3 (2003): 479–497.

<sup>6</sup>R. Kaestner and W. Lee, "The Effect of Welfare Reform on Prenatal Care and Birth Weight," *Health Economics* 14, No. 5 (2005): 497–511.

<sup>7</sup>R. Bernal and M. P. Keane, "Child Care Choices and Children's Cognitive Achievement: The Case of Single Mothers," *Journal of Labor Economics* 29, No. 3 (2011): 459–512.

<sup>8</sup>See, for example, G. Dahl and L. Lochner, "The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit," *American Economic Review*, 102 (2012): 1927–1956.

<sup>9</sup>See, for example, Bernal and Keane, "Child Care Choices and Children's Cognitive Achievement."

# How do paid leave and TANF generosity affect welfare participation and material hardship around a birth?

Marci Ybarra, Alexandra B. Stanczyk, and Yoonsook Ha

Marci Ybarra is Assistant Professor in the School of Social Service Administration at the University of Chicago. Alexandra B. Stanczyk is Research Associate in the Center on Labor, Human Service, and Population at the Urban Institute. Yoonsook Ha is Assistant Professor of Social Work at Boston University.

Depending on the state they live in, low-income mothers may have access to a range of supports after the birth of a child. Although all states have a cash assistance program through Temporary Assistance for Needy Families (TANF), some states are more generous than others in terms of eligibility and benefit amount. In addition, four states (California, New Jersey, New York, and Rhode Island) currently offer paid family leave (PFL) programs and five states (California, Hawaii, New Jersey, New York, and Rhode Island) offer temporary disability insurance (TDI) that can be used during pregnancy and recovery from childbirth. Researchers, advocates, and policymakers often prefer some type of paid leave over TANF for low-income families in part because it may reduce state costs, does not carry a stigma, and has wide public support. However, recent research suggests that paid leave programs may actually provide fewer resources to these families than TANF. In the study described here,

Using nationally representative data from the 2000 through 2013 American Community Survey, Alexandra Stanczyk finds that California PFL had little effect on either poverty or household income for mothers of infants (children under age one). However, she also finds that for mothers of slightly older children (one-year-olds), the program did significantly improve economic security, with poverty reductions concentrated among single and less-educated mothers.

The author identifies three shortcomings of the California PFL program that, if addressed, may help improve outcomes for economically disadvantaged women: (1) California's program does not offer job protection; (2) at the time of the study, the wage replacement rate was only 55 percent, with a minimum benefit of \$50; and (3) awareness and take-up of the program has been low, particularly among disadvantaged women, including those with lower income and education, and women of color.

Stanczyk's study is detailed in her 2016 doctoral dissertation, "Paid Family Leave, Household Economic Wellbeing, and Financial Resources around a Birth."

we examine post-birth TANF participation and risk of material hardship (such as families' ability to meet basic needs, including essential expenses, housing, and utilities) among low-income single mothers, while also accounting for a variety of individual- and state-level characteristics including TANF generosity and the availability of paid leave across states and over time.<sup>1</sup>

Understanding how best to support low-income mothers and their babies is important, as access to state-provided paid leave around the time of a birth has been associated with improvements in child health, increases in mothers' labor force attachment after a birth, and decreases in the receipt of public assistance around a birth. Past research on disparities between low-income single mothers and more advantaged families, and on the long-term consequences of early deprivation for children's development, suggests that paid leave may be a particularly useful tool in protecting the most vulnerable families against economic deprivation.

## Paid leave provisions in the United States

The Family and Medical Leave Act (FMLA) of 1993 requires covered employers to provide *unpaid job* protected leave to employees for qualified medical and family reasons. However, because of FMLA eligibility restrictions, only about 60 percent of employees are covered by this protection, with coverage largely concentrated among professional workers.<sup>2</sup>

As noted, to supplement the FMLA, individual states can elect to provide mothers with newborns paid leave through a PFL program and through TDI. State PFL programs provide wage replacement during time off from work to care for and bond with a newly born, adopted, or fostered child. The first state to implement a PFL program in the United States was California, in 2004, followed by New Jersey in 2009, Rhode Island in 2014, and most recently New York in 2018. Washington, DC, and Washington State have both adopted PFL programs, to be implemented in 2020. PFL programs are associated with longer work leaves by new mothers and greater job continuity.<sup>3</sup> There is also evidence of modest wage increases over time among mothers who use PFL.<sup>4</sup> However, as Alexandra Stanczyk finds in a study described in the text box on this page, single mother families face an especially high risk of financial insecurity and instability around the time of a birth, and PFL programs as they are structured today may not be sufficient to protect them from economic deprivation immediately after a birth.<sup>5</sup> Research has found that low-income, less-educated, African American

and Hispanic women are much less likely to know about and enroll in PFL programs than their more advantaged peers, so it is possible that improving take-up of PFL would increase the economic security of vulnerable single-mother families during the period around a birth.

Unlike PFL programs that provide paid leave for caregiving purposes, state TDI programs provide payment (generally half to two-thirds of pre-leave earnings) for leave due to a disability, including pregnancy and recovery from childbirth. TDI programs provide 6 to 12 weeks of leave for a normal birth. There has been little research examining the effects of TDI on mothers' employment and income around the time of a birth. Early studies found that women who lived in states that offered TDI were more likely to take maternity leave, tended to take longer leaves, and had a high probability (85 percent) of returning to their pre-birth employer after taking leave supported by the program.<sup>6</sup> Research on the joint effects of TDI, PFL, and the FMLA have generally found that these leave programs increased the amount of leave that mothers took after a birth, and strengthened their attachment to the labor force, although the effects on leave length were larger for college-educated and married women than for single mothers.<sup>7</sup>

## **TANF and low-income women with infants**

Since the implementation of welfare reform in 1997, research has focused on the relationship between TANF and participants' employment and income outcomes, with much less attention paid to whether TANF protects families against economic deprivation around the time of a birth. About 15 percent of the total TANF caseload is made up of women who are pregnant or have infants, representing about a quarter million of the poorest families.<sup>8</sup> Past research suggests that single mothers often rely on TANF after the birth of a child, and that the level of TANF generosity during this period—specifically, work exemptions—has an effect on post-birth employment. For example, one study found that mothers in states that did not provide exemptions from TANF work requirements in order to care for young children were significantly more likely to work full-time in the year following a birth than those in states that did provide such exemptions.<sup>9</sup> In another study using data from Wisconsin, Marci Ybarra found that a majority of women on TANF with infants worked prior to TANF enrollment, and returned to work once their exemption from work requirements ended.<sup>10</sup> Depending on state rules, mothers of young children may be eligible to receive both TANF and paid leave benefits.

## **How does paid leave and TANF generosity affect welfare participation and material hardship around a birth?**

Family well-being can be assessed not just with income-based measures, but also with measures of material hardship such as the ability of families to meet basic needs, including

essential expenses, housing, and utilities. Past research has shown that paid leave can contribute to the economic well-being of single mothers around the time of a birth while also reducing state costs by decreasing TANF use.<sup>11</sup> However, as noted above, recent research suggests that even with public and private supports, single-mother families still may have trouble making ends meet in the period immediately before and after a birth.<sup>12</sup> Our study expands on previous work by addressing the following three research questions:

1. Which low-income single mothers use TANF and report material hardship following a birth?
2. Are paid leave programs associated with decreases in TANF use after controlling for TANF generosity across states?
3. What is the relationship between paid leave availability, state TANF policies, and the likelihood that low-income single mothers experience material hardship in the year following a birth?

To address these questions, we use data from the 1996 to 2008 panels of the Survey of Income and Program Participation, a nationally representative household-based survey conducted by the U.S. Census Bureau to collect monthly, longitudinal data on employment and income, participation in income transfer programs, and other factors related to economic well-being. We limit our sample to single mothers with pre-birth family income at or below 200 percent of the federal poverty threshold. The sample includes births between 1997 and 2011, so some mothers in the sample had access to California's PFL program, which began in 2004, and a smaller number had access to New Jersey's program beginning in 2009.

### **1. Which low-income single mothers use TANF and report material hardship following a birth?**

We find that just over a quarter of low-income single mothers of infants report TANF participation in the three months immediately following a birth. In the year following a birth, TANF participation is slightly higher, 30 percent. Low-income single mothers who participate in TANF following a birth are more disadvantaged than those who do not report post-birth TANF income. They are on average younger, more likely to be black, have lower levels of education and pre-birth employment, and live in households with fewer other adults, but more children.

Over two-fifths of low-income single mothers report that they were unable to meet essential expenses in the year following a birth. About one-fifth did not pay their rent or mortgage, and about a third did not pay a utility bill. Mothers with lower levels of pre-birth employment and more children in their household are more likely to have experienced material hardship in the year following a birth.



**Table 1**  
**Summary of Associations Between State Paid Leave Policies, TANF Generosity, and TANF Use**

State Paid Leave and TANF Policies	Post-Birth TANF Use	
	Immediately Following Birth	One Year After Birth
State offers temporary disability insurance (TDI)	No significant effect	Lower likelihood of using TANF ***
State offers paid family leave (PFL)	No significant effect	No significant effect
Longer exemption from TANF work requirements for mothers of infants	No significant effect	No significant effect
Higher TANF benefit level	Higher likelihood of using TANF ***	Higher likelihood of using TANF ***
Higher earnings allowed for TANF eligibility	Higher likelihood of using TANF ***	Higher likelihood of using TANF **
Higher TANF hassle factor	No significant effect	Higher likelihood of using TANF *

**Notes:** Analyses are weighted using Survey of Income and Program Participation person weights and include individual and household controls, a year fixed effect, and state-level variables including paid leave and TANF policies. \* Significant at the 10% level; \*\* significant at the 5% level; \*\*\* significant at the 1% level.

## 2. Are paid leave programs associated with decreases in TANF use after controlling for TANF generosity?

Table 1 summarizes the associations between TANF use after a birth and state paid leave and TANF policies. After controlling for TANF generosity across states, low-income single mothers who live in a state that offers TDI are significantly less likely than those living in a state without TDI to participate in TANF in the year following a birth, although there is no significant difference between these two groups in TANF use immediately after a birth. In contrast, those living in a state that offers PFL are not significantly more likely than those in a state without PFL to participate in TANF either immediately after a birth or in the year following a birth, after controlling for state-level TANF generosity. The length of exemption from TANF work requirements for mothers of infants (a policy that specifically applies to new parent families) is not significantly related to the likelihood of TANF use following a birth. We do find, however, that both higher TANF benefit amounts and higher levels of earned income permitted while receiving benefits are strongly associated with an increase in the likelihood that low-income single mothers with infants receive TANF both immediately after a birth and in the following year. We also find that a higher hurdle in terms of the documentation requirements in applying for and maintaining TANF benefits is associated with a greater likelihood of receiving TANF in the year after a birth. It may be that some states with higher TANF benefit levels also have relatively onerous documentation requirements (as does California), which may result in more families applying for and receiving TANF in spite of the administrative burden.

## 3. What is the relationship between the availability of paid leave, state TANF policies, and material hardship?

As shown in Table 2, we find inconsistent relationships between paid leave, including both TDI and PFL programs, and material hardship following a birth. For instance, TDI is associated with a significant increase in the probability of meeting essential expenses, but also with a decrease in

the ability to pay housing costs (rent or a mortgage). The availability of PFL is associated with a significant decrease in the ability to meet essential expenses, but is not significantly related to the ability to pay housing costs or utilities.

While it may run contrary to expectations for the availability of paid leave to be associated with a greater incidence in some measures of material hardship following a birth, there are three potential explanations that may account for these results. First, a large share of the mothers in our sample with access to paid leave are from California, which has the lowest work and earnings eligibility thresholds for PFL and TDI of all state paid leave programs (\$300 in earnings in the year prior to birth without hourly or job tenure requirements). California also has the lowest minimum payment of \$50 per week. It may be that a substantial share of the low-income single mothers in our sample participate in paid leave programs but receive relatively low payment amounts, or that mothers who participate in paid leave in California are more disadvantaged than those in other states. It could also be the case that part of the relationship between PFL and material hardship reflects low rates of participation in PFL in California among low-income women, while take-up is less of an issue with TDI. Second, this finding could be in keeping with the recent evidence that PFL in California has resulted in a higher likelihood and longer duration of unemployment spells among young women.<sup>13</sup> Thus while California's policy has improved labor force attachment, the availability of paid leave for these mothers may not decrease material hardship in the period following a birth. Third, some mothers may receive paid leave instead of other means-tested programs, which together could have provided more support than paid leave depending on the level of paid leave payments a mother qualified for based on her work history.

Overall, we find that state TANF policies do not have particularly consistent or strong relationships with the likelihood of post-birth material hardship. However, as shown in Table 2, there is some evidence that TANF generosity—specifically, longer work exemptions, higher

**Table 2**  
**Summary of Associations Between State Paid Leave Policies, TANF Generosity, and Material Hardship in the Year Following a Birth**

State Paid Leave and TANF Policies	Ability to Meet Essential Expenses	Ability to Pay Housing Costs (rent or mortgage)	Ability to Pay Utilities
State offers temporary disability insurance (TDI)	Increase in ability to pay***	Decrease in ability to pay*	Increase in ability to pay*
State offers paid family leave (PFL)	Decrease in ability to pay**	No significant effect	No significant effect
Longer exemption from TANF work requirements for mothers of infants	Increase in ability to pay*	No significant effect	Increase in ability to pay**
Higher TANF benefit level	No significant effect	Increase in ability to pay*	No significant effect
Higher earnings allowed for TANF eligibility	No significant effect	No significant effect	Increase in ability to pay***
Higher TANF hassle factor	No significant effect	No significant effect	Increase in ability to pay**

**Notes:** Analyses are weighted using Survey of Income and Program Participation person weights and include individual and household controls, a year fixed effect, and state-level variables including paid leave and TANF policies. \* Significant at the 10% level; \*\* significant at the 5% level; \*\*\* significant at the 1% level.

earnings allowances for eligibility, and fewer hassle factors—is associated with increases in the ability to pay for utilities in the year following a birth. We also find that longer work exemptions are associated with an increase in the ability to meet essential expenses, and higher monthly TANF benefits are associated with an increased ability to pay for housing.

### Implications for policy and future research

This study shows how state-level paid leave availability and TANF generosity help explain the likelihood of TANF use and of experiencing material hardship among low-income single mothers following a birth. More specifically, we investigated the extent to which TANF generosity and paid leave access influenced post-birth TANF participation within three months and one year of a birth, and material hardship in the year following a birth.

We find that post-birth material hardship (after accounting for TANF generosity) is most common among less advantaged families. However, evidence about the relationship between paid leave and material hardship is less clear, as some measures of hardship decreased while others increased. These mixed findings could be explained by characteristics of the California PFL program, by low take-up of paid leave by low-income women, or by whether mothers chose to substitute or combine paid leave and means-tested benefits. Future research should consider a comprehensive set of available safety net programs around the time of a birth, together with paid leave availability, in order to provide more effectively for family well-being. Research has shown that knowledge of the availability of PFL programs among single mothers is limited; as awareness and use grows, the effects of these programs on the material well-being of low-income single mothers and their families may increase.<sup>14</sup>

While we did not find a strong connection between state TANF policies and the risk of material hardship following a birth, we did find that TANF generosity, in the form of longer exemptions from work requirements, higher earnings allowances for eligibility, and a more streamlined application

process, was significantly associated with increases in the ability to pay for utilities in the year after a birth. These findings show the role that TANF generosity may play in reducing material hardship among low-income single mothers. In addition, our findings illustrate the importance of accounting for TANF generosity when examining the relationship between the availability of paid leave and TANF participation, and the possible effects of paid leave on family well-being.

For low-income single mothers in the year following a birth, both paid leave and TANF can help protect against material hardship. To build on these findings, future work could revisit earlier findings linking paid leave availability and reductions in mothers’ post-birth public benefit use, in light of state variations in TANF generosity.<sup>15</sup> It would also be useful to learn more about the timing of TANF use by low-income single mothers around a birth. TANF use during the first few months following a birth may suggest that low-income single mothers are participating in TANF rather than paid leave, or perhaps using both programs. TANF use later in the year following a birth could indicate difficulties with obtaining employment. At this time, we have little information on how low-income single mothers make decisions about enrolling in, or perhaps combining, TANF and paid leave around a birth, although evidence suggests that many low-income single women with infants are unaware of the availability of paid leave programs.<sup>16</sup> More information on this decision-making process could help policymakers design effective interventions to support low-income single mothers and their children. ■

<sup>14</sup>This article draws from a working paper: M. Ybarra, A. Stanczyk, and Y. Ha, “The Roles of Paid Leave and TANF Generosity in Welfare Participation and Material Hardship around a Birth,” 2018.

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<sup>16</sup>M. Rossin-Slater, C. J. Ruhm, and J. Waldfogel, “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, No. 2 (2013): 224–245.

<sup>4</sup>C. L. Baum and C. J. Ruhm, “The Effects of Paid Family Leave in California on Labor Market Outcomes,” *Journal of Policy Analysis and Management* 35, No. 2 (2016): 333–356.

<sup>5</sup>A. Stanczyk, “Paid Family Leave, Household Economic Wellbeing, and Financial Resources around a Birth,” doctoral dissertation, University of Chicago School of Social Service Administration, 2016.

<sup>6</sup>K. Wever, *The Family and Medical Leave Act: Assessing Temporary Wage Replacement for Family and Medical Leave*, Cambridge, MA: Radcliffe Public Policy Institute, 1996; J. T. Bond et al., *Beyond the Parental Leave Debate: The Impact of Laws in Four States*, Food and Agriculture Organization of the United Nations, 1991.

<sup>7</sup>E. Washbrook, C. J. Ruhm, C. J., J. Waldfogel, and W. J. Han, “Public Policies, Women’s Employment after Childbearing, and Child Well-Being,” *The B.E. Journal of Economic Analysis & Policy*, 11 (2011): 1–48; DOI: 10.2202/1935-1682.2938.

<sup>8</sup>E. Lower-Basch, and S. Schmit, *TANF and the First Year of Life*, Washington, DC: Center for Law and Social Policy, 2015.

<sup>9</sup>H. D. Hill, “Welfare as Maternity Leave? Exemptions from Welfare Work Requirements and Maternal Employment,” *Social Service Review*, 86, No. 1 (2012): 37; DOI:10.1086/665618.

<sup>10</sup>M. Ybarra, “Implications of Paid Family Leave for Welfare Participants,” *Social Work Research*, 37–67 (2013): 375–387.

<sup>11</sup>L. Houser and T. Vartanian. *Policy Matters: Public Policy, Paid Leave for New Parents, and Economic Security for U.S. Workers*, Center for Women and Work at Rutgers, the State University of New Jersey, 2012.

<sup>12</sup>See, for example, Stanczyk, “Paid Family Leave, Household Economic Wellbeing, and Financial Resources around a Birth”; Ybarra, “Implications of Paid Family Leave for Welfare Participants.”

<sup>13</sup>T. Das and S. W. Polachek, “Unanticipated Effects of California’s Paid Family Leave Program,” *Contemporary Economic Policy*, 33, No. 4 (2015): 619–635.

<sup>14</sup>L. Houser and K. White, *Awareness of New Jersey’s Family Leave Insurance Program Is Low, even as Public Support Remains High and Need Persists*, issue brief, Center for Women and Work at Rutgers, the State University of New Jersey, 2012.

<sup>15</sup>See, for example, Houser and Vartanian, *Policy Matters*.

<sup>16</sup>E. Appelbaum and R. Milkman, *Awareness of California’s Paid Family Leave Program Remains Limited, Especially among Those Who Would Benefit from It Most: New Results from the September 2011 Field Poll*, Washington, DC: Center for Economic and Policy Research and the Murphy Institute at the City University of New York, 2011.



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