OCTOBER 2026

WHITE PAPER

EMPLOYERS, EMPLOYEES AND PARENTAL LEAVE

Survey Evidence from Four Heartland States

ARKANSAS · ILLINOIS · MISSISSIPPI · NEBRASKA

3,005 respondents · Surveys by Main Street Analytics

HEALTHY MOMS HEALTHY BABIES AMERICA

EXECUTIVE SUMMARY

There is widespread agreement in the academic literature that paid parental leave benefits parents and babies—and now for employers (of all sizes), too.

For this reason, nearly all countries in the world provide government-sponsored paid parental leave, but this is not true in the US. There is no paid leave at the federal level, and state programs often provide limited coverage, even when they do exist. This leaves employers to fill the gap: while many sectors offer employer-paid leave, employers often argue the cost of covering paid leave outweighs the potential benefits, while employees worry about job security if they take it. There is a lack of information on how this is experienced in practice, on both the employer and employee side—until now.

This research, conducted with large and small employers and parents in four heartland states (Arkansas, Illinois, Mississippi, and Nebraska)—none of which have a statewide paid parental leave mandate covering private-sector workers. The goal was to understand who bears the burden of parental leave-taking in these settings and the findings are surprising for employers.

OUR HEADLINE FINDINGS

$64M

A 10% improvement in new-mother retention could be worth approximately $64M annually across the four states.

This estimate captures only retention-related disruption and does not account for absenteeism, recruitment opportunity costs, or other business impacts—the true number may be higher.

55%

of employers reported no additional cost from covering an employee's leave, and 77% covered the workload with existing staff rather than a temporary hire.

47% vs. 23%

Employers with direct leave experience were roughly twice as likely to say benefits outweighed costs.

53%

of parents said financial need influenced when they returned to work; only 22% returned because they felt ready.

- **Women bear more of the burden of lack of paid leave than men.**
- **There is significant across-state variation in employer-provided leave; Nebraska leads on offering, Illinois leads on take-up.**

The data suggest that providing paid leave may be less costly for businesses than they anticipate, and more beneficial for parents. The gap between what employers expect and what they experience is large, and that gap can be closed.

Businesses stand to benefit from parental leave through improved retention, with value derived from the costs associated with employee turnover and hiring replacements. Employers can shift norms without mandates, and states have low-cost policy levers they can utilize, including small-business education campaigns and a tax incentive modeled on the federal Section 45S credit.

ABOUT THE SURVEYS

This report draws on two independent surveys conducted by Main Street Analytics between February and June 2026 across four states—Arkansas, Illinois, Mississippi, and Nebraska—none of which has a state-funded parental leave mandate. The two surveys were designed as complements: the employer survey captures the business perspective on the costs and benefits of leave, while the parent survey captures what families actually experience after they have a child.

PARENT SURVEY

2,002
respondents

Respondents were screened to be parents with a child under the age of 18 living in their household. The survey covered questions related to employment around childbirth, parental leave-taking, type and duration of leave, pay status during leave, reasons for returning to work when they did, and demographic characteristics including gender, household income, and race/ethnicity.

502	500	500	500
AR	IL	MS	NE

BUSINESS SURVEY

1,003
respondents

Respondents were HR professionals and business decision-makers. The survey covered the employer's experience with parental leave, including the types of leave available to employees, the perceived costs of covering an employee's leave or replacement, and attitudes toward leave among those with and without direct experience providing it.

251	250	250	252
AR	IL	MS	NE

SECTION 1

EMPLOYER EXPERIENCE WITH PAID LEAVE

Parental leave is an understandable concern for employers, especially small ones. Losing an employee for multiple weeks is daunting, as are the possible costs of filling in for them. However, there is widespread agreement in the academic literature that paid parental leave benefits parents and babies. Additionally, studies show that paid parental leave has the potential to benefit employers as well through increased retention of new parents. Because parental leave helps reduce turnover, firms can gain increased productivity in return.[1]

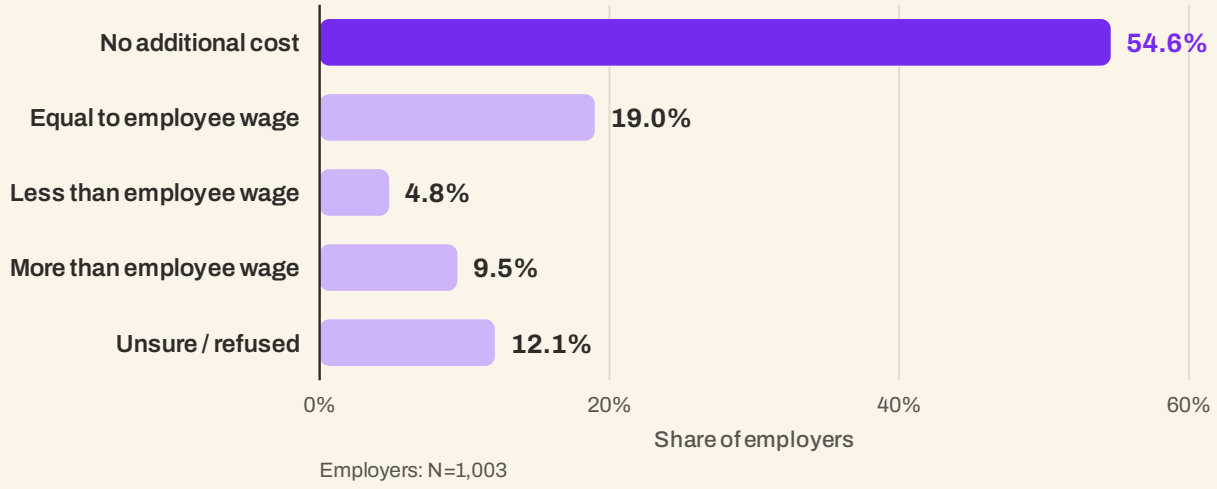
These potential benefits are reflected in our survey responses. We find in the survey data that the experience of employers providing paid leave is much more positive than the narrative of missing an employee for multiple weeks might suggest. We report four key findings.

FINDING 1

The majority of employers report no additional direct costs of covering employee leave.

55% of employers reported *no additional cost* of covering an employee's leave of absence; another 23% said the cost was equal to or less than the employee's wage. In 77% of cases, employers used existing employees to absorb the work, without adding a temporary hire. This suggests that for these short disruptions, most employers have some flexibility.

Reported cost of covering an employee leave of absence



Employers: N=1,003

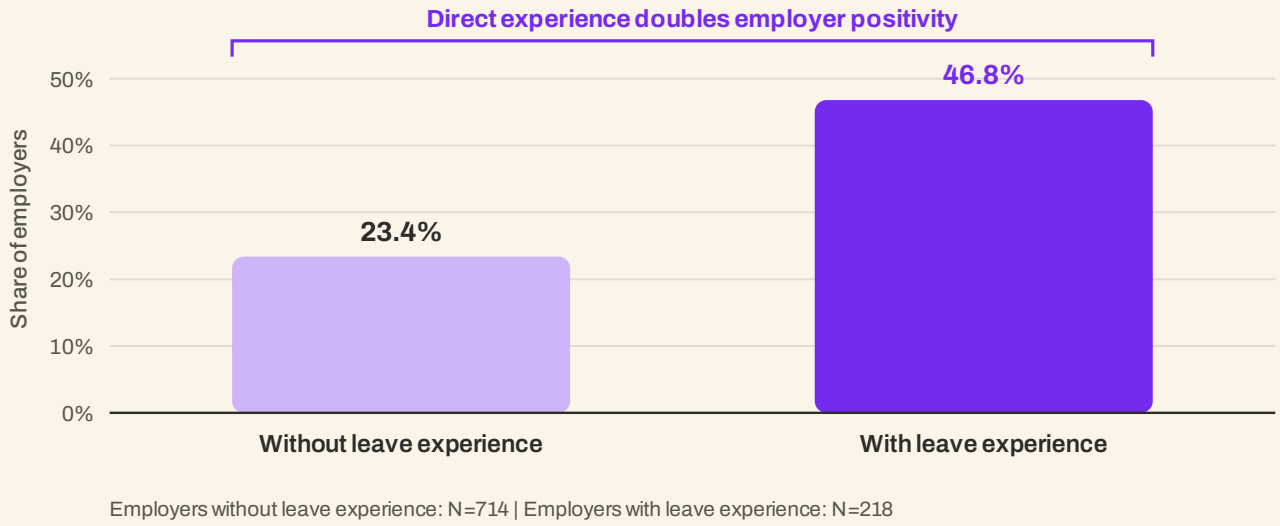
Figure 1. Employers' reported costs to the business of covering an employee's leave of absence, relative to the employee's wage. Source: Business Survey, 2026.

FINDING 2

Once employers experience an employee taking leave, they are even more positive about it.

Among the 218 employers in the sample who reported direct experience providing parental leave, 47% said the benefits outweighed the costs; this was more than 23 percentage points higher than employers with no leave experience, meaning that direct experience providing parental leave nearly doubles the likelihood of an employer reporting greater benefits of leave. Of these 218 employers who have direct experience providing parental leave, only 17% of employers reported significant financial strain from an employee taking parental leave.

Experience changes minds: employers saying benefits outweigh costs



Employers without leave experience: N=714 | Employers with leave experience: N=218

Figure 2. The share of employers who report that the benefits of providing parental leave to employees outweigh the costs of providing parental leave to employees. Source: Business Survey, 2026.

FINDING 3

Employers value keeping their employees.

In qualitative analysis, employers cited the need to support and retain good employees as a reason for providing parental leave.

> **RETAINING GOOD EMPLOYEES.**
>
> **Business owner, beauty industry, Illinois**
> Motivating factor for implementing paid parental leave

> **TAKING CARE OF EMPLOYEES.**
>
> **Business owner, commercial machinery repair, Nebraska**
> Motivating factor for implementing paid parental leave

> **PRODUCTIVITY AND CONTINUITY.**
>
> **Business owner, advertising, Arkansas**
> Motivating factor for implementing paid parental leave

FINDING 4

Replacing employees is expensive.

We asked employers about the cost of replacing an employee. In our survey, 40% of employers reported that a new hire takes three months or more to reach the productivity level of the person they replaced (this accounts for hiring and training time, and ramp-up). 21% reported that it takes more than 6 months.

Time for a new employee to reach their predecessor's productivity

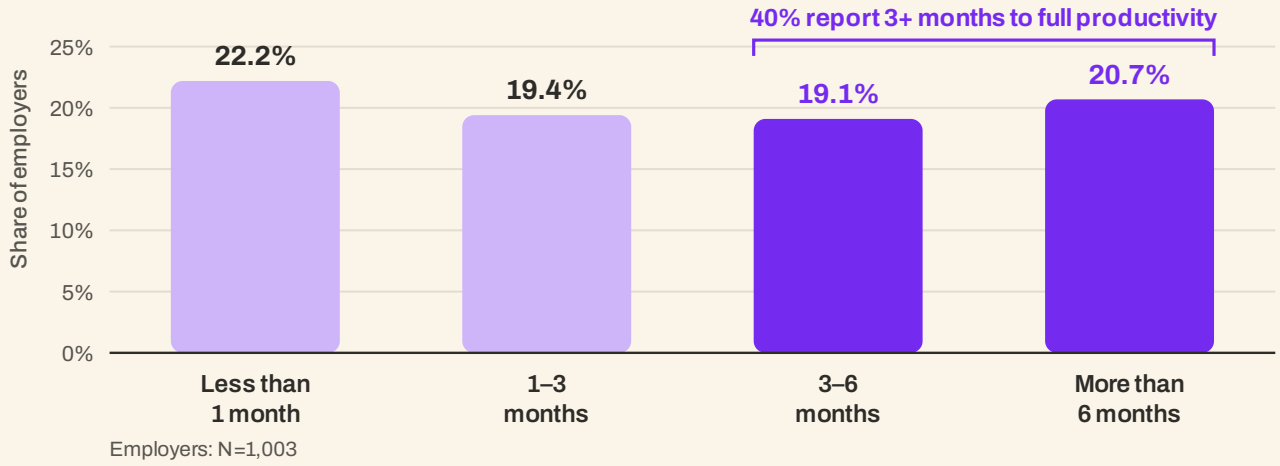


Figure 3. The length of time that employers report it takes for a new employee to be as productive as their predecessor in the same position, including time for hiring and training. Source: Business Survey, 2026.

This suggests a simple financial calculus. Consider a hypothetical employee with an annual salary of $65,000, or $1,250/week. The cost for replacement includes time for hiring, training, and ramp-up. Assume 3 total months for replacement, with 1 month for hiring at 0% productivity and 2 months of training and ramp-up at 50% productivity (see Figure 3). Table 1 below shows the cost of replacing a hypothetical employee, along with the implied value if retention was increased by 10%, 30% or 50%.

Table 1. Value of hypothetical employee retention for an employee with annual salary of $65,000

	Expected cost per employee, adjusted for retention improvement	Implied value of retention
Cost of replacement hire	4 weeks × $1,250 + 8 weeks × $625 = **$10,000**	**$0**
10% increase in retention	90% × $10,000 = **$9,000**	**$1,000**
30% increase in retention	70% × $10,000 = **$7,000**	**$3,000**
50% increase in retention	50% × $10,000 = **$5,000**	**$5,000**

This table makes clear the value of employee retention. The employee survey, in turn, points to paid leave and childcare availability as key inputs to this retention.

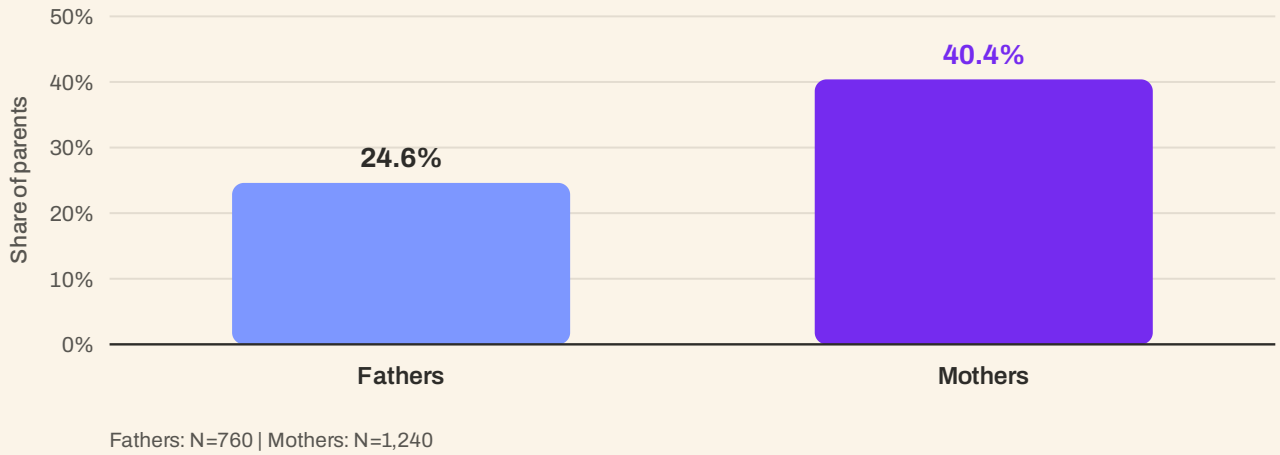
SECTION 2

CHILDBIRTH GENERATES CAREER DISRUPTIONS

Among mothers, 40% reported a change in occupation after the birth of their most recent child; for fathers, this was 25%. These occupation switches include those who left employment to care for their children.

Mothers who remain employed disproportionately moved towards lower-wage work, which suggests they are adjusting work to accommodate parenting, rather than pursuing improved opportunities. 4% of women in our survey left employment entirely following the birth of their child. For men, that figure was 0.3%.

Mothers change occupations more than fathers



Fathers: N=760 | Mothers: N=1,240

Figure 4. The share of fathers and mothers who reported a different occupation now than at the time of the birth of their most recent child. Source: Parent Survey, 2026.

THE COST OF NOT PROVIDING LEAVE

Parents are returning to work earlier than they feel ready for, and many mothers change employers after they have a new child. Employers understand that parental leave promotes retention among their employees who are new parents. What does it cost employers when they don't provide leave?

Table 2 presents the total number of births and the female labor force participation rates among the four states in our study. In 2024, an estimated 160,004 new mothers were employed at the time they gave birth. If around 40% switch occupations or leave the workforce after giving birth, then employers of around 64,000 moms face losing an employee each year.

While we do not have an estimate of retention rates from parental leave, if parental leave increases retention rates by even 10%, the implied value of retention to businesses is $1,000 per employee (see Table 1). Therefore, the collective value of a 10% increase in retention among new moms for businesses across these four heartland states is $64 million a year.

$64M

The collective value, each year, of a 10% increase in retention among new moms for businesses across Arkansas, Illinois, Mississippi and Nebraska.

Table 2. Birth and employment statistics among four Heartland states

State	Total births in 2024[2]	Female labor force participation rate[3]	Estimated births among employed moms	Estimated replacement hires	Implied value of 10% increase in retention
Arkansas	35,395	67.2%	23,785	9,514	**$9.5 million**
Illinois	125,731	74.7%	93,921	37,568	**$37.6 million**
Mississippi	33,473	67.5%	22,594	9,038	**$9.0 million**
Nebraska	24,785	79.5%	19,704	7,882	**$7.9 million**
Total			**160,004**	**64,002**	**$64 million**

The value of increased employee retention goes beyond the benefits to employers. Increased retention means fewer periods of replacement hiring and therefore, more productivity for the business, which can have a direct impact on corporate tax revenue for the state.

Job retention translates to more income for parents who remain in their jobs who otherwise may have moved to lower-paying positions or left employment entirely, leading to more income tax revenue for the state as well. Therefore, policies that lead to increased employee retention benefit not just businesses, but have the potential to increase state revenue as a whole.

SECTION 3

THE ROLE OF CHILDCARE

Our survey asked parents about reasons behind their employment decisions after their child was born. A small but important group of parents cite "lack of childcare" as their reason behind not returning to work as early as they might have otherwise.

Parental leave and childcare policy go hand-in-hand: both keep parents attached to the labor force and allow them to continue working in the same positions they were in before having children.

Childcare cost burden by household income

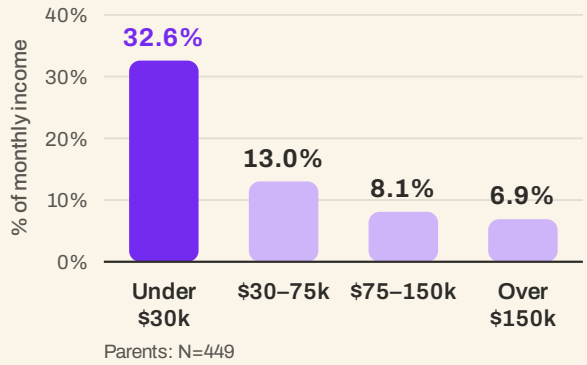


Figure 5. The reported cost burden of paying for childcare as a percent of monthly income, calculated for various annual household income brackets for respondents who report paying for childcare. The cost burden is calculated as the midpoint of the monthly spending category divided by the monthly upper limit of income in each category. Source: Parent Survey, 2026.

Unmet childcare demand by household income

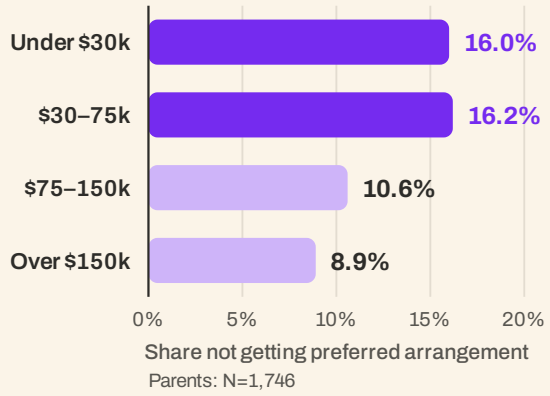


Figure 6. The share of parents who report not getting their preferred childcare arrangement when they returned to work, by various household income brackets. Source: Parent Survey, 2026.

Childcare is expensive, and the largest burden of childcare costs falls on the lowest-income households. In Figure 5, we show that for parents in households who earn under $30,000 annually, 30% of their income goes to childcare. This burden is more than four times the amount for households who earn more than $75,000 annually, where only 7–8% of their income goes to childcare.

Not only does the cost of childcare create the largest burden for lower-income households, but lower-income households are less likely to have their preferred childcare arrangement. In Figure 6, 16% of parents with household income below $75,000 annually report not having their preferred childcare arrangement when they returned to work, while only 9–10% of parents above the $75,000 threshold report the same issue.

Both cost and type of childcare weigh into parents' decisions to return to work after their child is born. For some new parents, the expense of childcare may not be worth the extra household income, pushing some parents who would otherwise prefer to work out of employment.

This cost then lowers employee retention rates, creating a larger cost to employers through replacement hiring. Parental leave and childcare policies together help parents remain attached to the workforce, and allow businesses to retain more of their employees.

SECTION 4

PARENTAL BENEFITS OF PAID LEAVE

The above sections focus on the potential benefits to employers of paid leave and expanded childcare. There are also broader benefits, both to parents and to state governments.

FINDING 1

Parents make sacrifices to take leave.

Parents in our survey reported taking leave; mothers more than fathers. 83.9% of mothers surveyed took parental leave, versus only 61% of fathers. Most fathers took paid leave—72% of parental leave-takers were fully paid during their leave. However, only 34% of mothers were fully paid. The rest took leave that was partially paid, or unpaid.

The fact that women took up leave even when it was unpaid speaks to the greater importance of parental leave for women, but because this leave was not paid, women often reported taking less than necessary. Some women in the survey reported taking *no time off*—literally, no time off work after having a baby—and many others reported returning to work when they ran out of their leave, rather than when they were ready. When parental leave is unavailable or unpaid, return-to-work decisions are driven primarily by financial constraint rather than readiness.

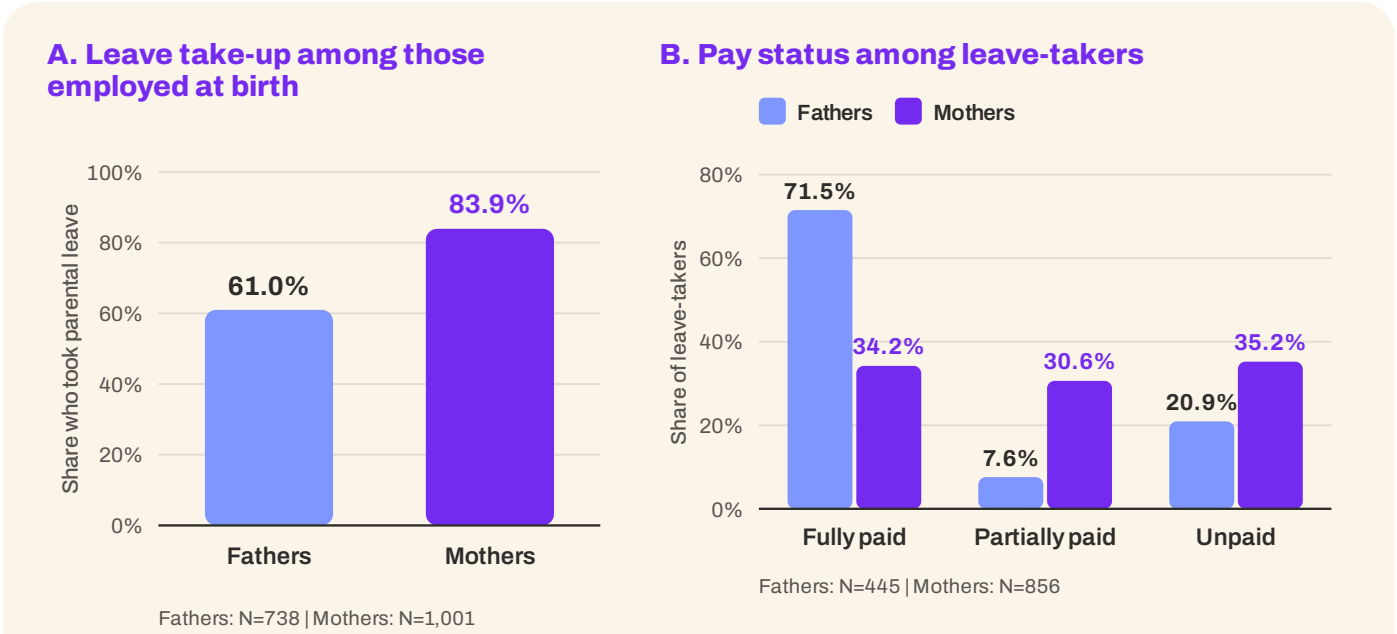


Figure 7. Panel A: leave take-up rate by gender (among those employed at birth). Panel B: pay status among parents who reported taking time off after the birth of their most recent child, by gender. Source: Parent Survey, 2026.

53% of parents in our survey cited financial needs as a reason for returning to work at the time they did. This was by far the most common answer, and in contrast only 22% of parents cited feeling ready to return. Parents also cite employer pressure and career concerns as reasons for returning to work when they did.

FINDING 2

Paternal paid leave is rising faster than maternal paid leave.

Fathers' use of employer-provided parental leave has risen substantially over the past decade and a half. Among fathers whose most recent child was born between 2008 and 2013, only 16% used employer parental leave. Among those whose child was born between 2022 and 2026, that figure is 43%—and in Nebraska it reaches 52%. This represents a substantively meaningful increase over the period of observation.

Mothers' take-up has risen more slowly. Across cohorts and states, the share of mothers using employer parental leave increased from roughly 16% to 25%—a meaningful gain, but far smaller than the gains seen among fathers.

Whatever has changed in parental leave availability over the preceding fifteen years, the evidence does not indicate that mothers in these four states have benefited commensurately.

The result is a widening gap. Among the most recent birth cohort, fathers use employer parental leave at nearly twice the rate of mothers overall—in Nebraska, for example, fathers' take-up reached 52% in the most recent cohort compared to 23% for mothers. Arkansas is the exception, with fathers and mothers reaching comparable rates, though the COVID-era cohort (2020–2021) is too small to draw reliable conclusions in any single state. Figure 8 shows the full picture.

Employer paid parental leave take-up by birth cohort, gender and state (%)

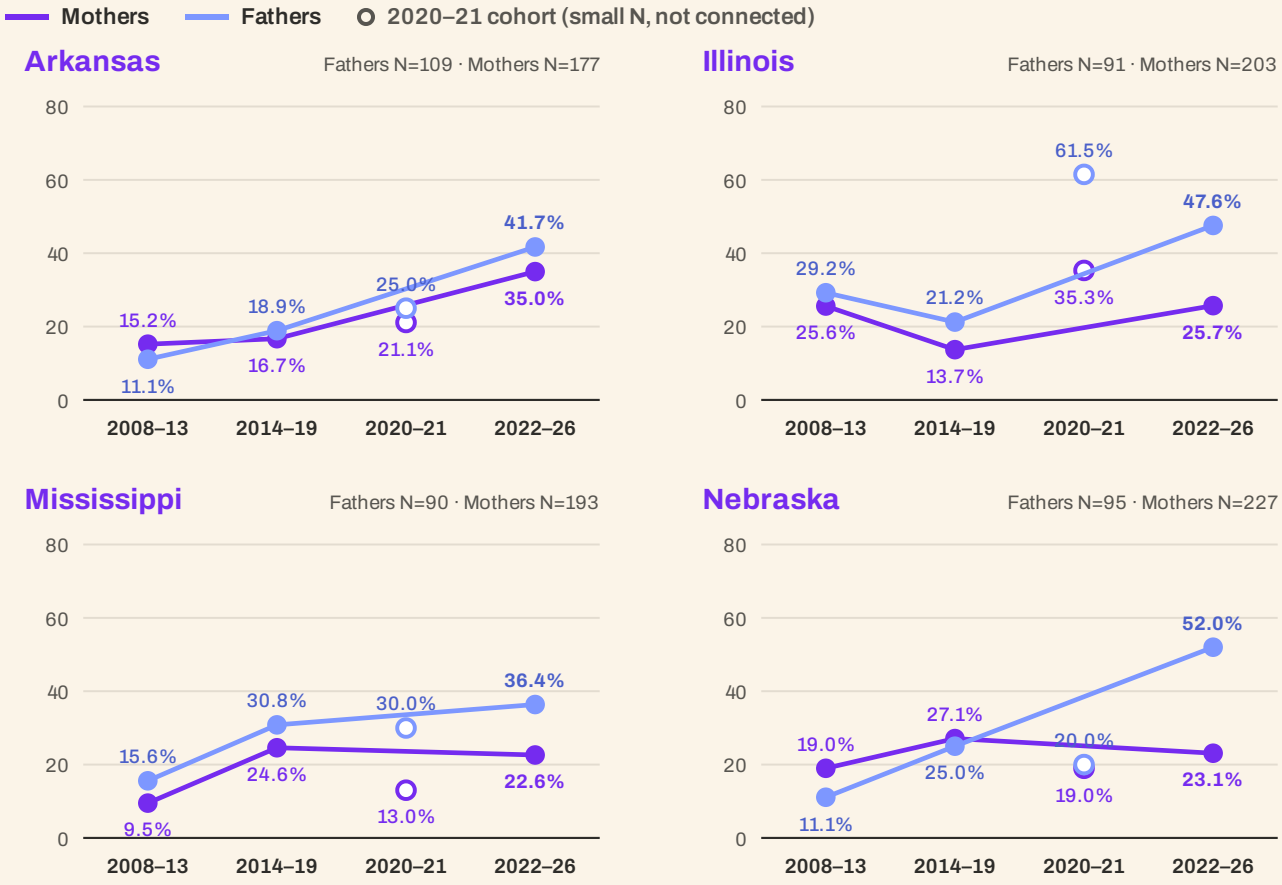


Figure 8. Employer parental leave take-up by gender and birth cohort of most recent child, by state. Open markers = 2020–2021 cohort (small N, not connected to adjacent cohorts because of differences due to the COVID-19 pandemic). Source: Parent Survey, 2026.

FINDING 3

Parents are taking leaves that are shorter than recommended.

8 weeks
Median leave for mothers in our survey

2 weeks
Median leave for fathers in our survey

First, the leaves people are actually taking are short. The median leave for mothers in our survey was eight weeks. For fathers, it was two weeks. The American Academy of Pediatrics recommends six months of breastfeeding; most pediatric organizations support leaves of three months or more for mothers. Two weeks of leave for fathers provides little of the bonding time that developmental research suggests matters for long-term paternal involvement.

Second, health considerations directly shape employment decisions—not in the way we might hope, but as a binding constraint. In the open-ended responses, parents described returning to work not because they were ready, but because they needed health insurance:

> "HEALTH INSURANCE FOR HUSBAND."
>
> **Mother, Nebraska, annual household income $75–$150k**
> Returned to work to maintain family health coverage

> "HEALTH INSURANCE."
>
> **Mother, Arkansas, annual household income over $150k**
> Insurance access drove the timing of returning to work

> "FLEXIBILITY AND HEALTH INSURANCE."
>
> **Mother, Illinois**
> Chose her job specifically for these two benefits

These responses describe people making major family decisions—when to end leave, which employer to work for—primarily around access to healthcare. The leave decision and the healthcare decision are not separate.

The published research is consistent with what our data suggest. Adequate parental leave duration is linked to improved maternal mental health and lower rates of postpartum depression. Infant health benefits from extended leave—including breastfeeding rates and reduced NICU admissions—have downstream cost implications for families and the healthcare system. State-level evidence from California and New York's paid leave programs shows modest but positive effects on leave duration and maternal labor force participation.

Our surveys cannot establish these causal links directly. But they make clear that the current leave environment—short durations, unpaid or partially paid, with insurance access as the binding constraint on timing—is unlikely to produce the health outcomes that longer, better-supported paid leave would generate.

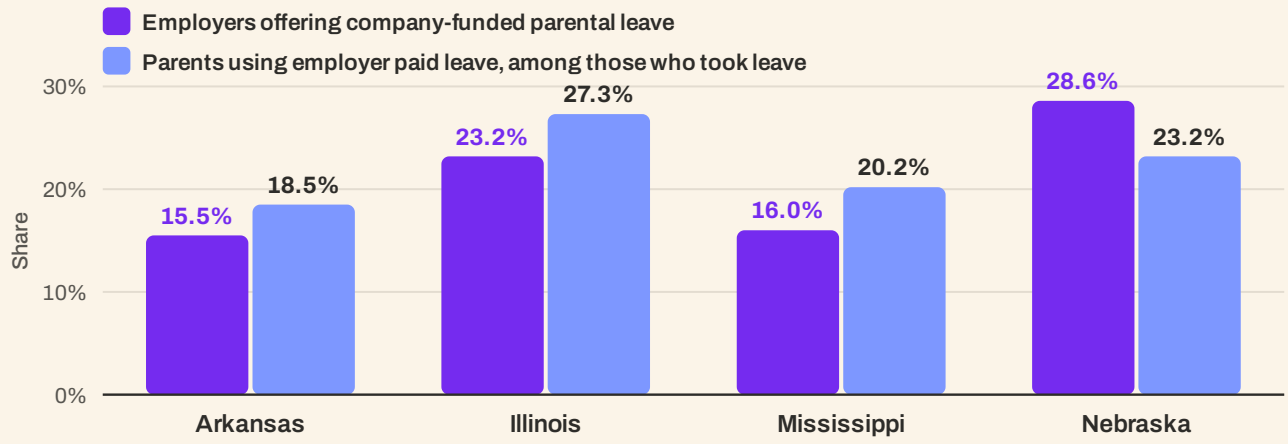
SECTION 5

WHAT EMPLOYERS AND STATES CAN DO

There is no *a priori* reason to think Nebraska would be a policy outlier. It has no state-funded parental leave mandate, like the other three states in our sample. Its employers are not dramatically larger, or concentrated in industries known for generous benefits. And yet 28.6% of Nebraska employers offer company-funded parental leave, compared to around 16% in Arkansas and Mississippi.

Nebraska's higher offering rate does not appear to be explained by industry composition or firm size alone. The survey evidence suggests that employer culture and norms play a role—and that such norms are learnable. Employers with leave experience in our survey were substantially more positive about its value than those without. The gap between anticipated costs and realized outcomes is large, and the evidence suggests it is bridgeable through exposure and information.

Parental leave offering and take-up rates by state



Business Survey N=1,003 | Parent Survey N=2,002

Figure 9. Parental leave offering rate (employers) and take-up rate (parents who took leave), by state. Source: Business Survey + Parent Survey, 2026.

FOR EMPLOYERS

The data suggest several practical entry points.

1

Audit your leave policy against the retention numbers.

Even four to six weeks of paid parental leave meaningfully reduces the probability of losing an employee and bearing the full replacement cost—which, in our survey, 40% of employers said takes three months or more to recover from.

2

Ask your employees about barriers to leave.

Employer pressure appears as the second most common reason parents return to work before they are ready. 8% of fathers in our survey cited employer pressure as a primary factor. This is likely happening at your company, whether you know it or not.

3

For small businesses, options exist.

Short-term disability products, PTO-bridging arrangements, and shared-cost insurance pools are mechanisms that smaller employers have used to provide meaningful leave without bearing the full cost alone.

FOR STATE POLICYMAKERS

The most direct implication of our data is that the costs of inaction are real, even without a state mandate. Parents —primarily mothers—are leaving jobs, changing careers, and returning to work under financial pressure in ways that impose long-run costs on families, employers, and the healthcare system.

A small-business education campaign anchored in the survey data would cost little and reach employers who have not yet connected their turnover problems to their leave policies. A tax incentive for employers offering paid parental leave—modeled on the federal deduction available under Section 45S of the Tax Cuts and Jobs Act —could reduce the effective cost for small employers without requiring a mandate. A shared-cost insurance pool for small businesses in these states, similar to small-group health insurance arrangements, is another avenue worth examining.

One gap in the current policy conversation deserves explicit attention: self-employment and the gig economy. Our analysis of mothers who took no leave reveals that among those who were employed at birth, more than a quarter were self-employed—a rate five times higher than among mothers who did take leave. Independent contractors and business owners have no employer to provide leave by definition, and they make up a significant share of the working parents in our sample.

> **“DID NOT OFFER ANYTHING – 1099 WORKER.”**
>
> **Father, Mississippi, $30–$75k**
> Independent contractor with no access to employer benefits

Any policy framework that addresses only traditional employment will leave a significant share of new parents uncovered.

Finally, leave policy and childcare policy are connected in ways the data make clear. 14% of parents in our survey were not in their ideal childcare arrangement, with cost cited as the primary barrier. The open-ended responses put a finer point on it:

> **"NO FREE PUBLIC CARE."**
>
> **Mother, Arkansas, $75–$150k**
> Named the absence of public childcare as the barrier to her ideal arrangement

Investing in childcare infrastructure alongside leave policy is not a separate agenda. It is the same agenda, pursued at a different point in the causal chain.

CONCLUSION

Considered in aggregate, the evidence supports several conclusions. The businesses that have provided parental leave report lower costs and stronger retention than those that have not. The parents who have taken adequate leave return more stably and disrupt their careers less severely than those who have not. The policy and business cases point in the same direction.

What the data also show is that progress does not require waiting for a state mandate. Nebraska's employers have a higher offering rate than those in the other three states we surveyed—without any legal requirement to do so. The gap between what employers fear about leave and what they experience when they provide it is large, and it is bridgeable through education, incentives, and the straightforward presentation of what the numbers actually say.

This report represents an effort to do exactly that. The surveys behind it are not national in scope, and we make no claims about generalizability beyond the four-state Heartland context. But within that context—four states, 3,005 respondents, both sides of the leave equation—the picture is consistent. The costs of inaction are real, the benefits of action are underappreciated, and the distance between the two is smaller than the policy debate usually assumes.

METHODOLOGY

Survey conducted February–June 2026 by Main Street Analytics. Business Survey: N = 1,003 HR professionals and business owners in AR, IL, MS, NE. Parent Survey: N = 2,002 parents of children under 18 in the same four states.

ENDNOTES

1 See more at https://www.nber.org/papers/w28672 and https://www.ecgi.global/sites/default/files/working_papers/documents/paidleavepaysoff.pdf

2 Data from CDC National Vital Statistics Report: https://www.cdc.gov/nchs/data/nvsr/nvsr75/nvsr75-02.pdf

3 Data from Department of Labor: https://www.dol.gov/agencies/wb/data/labor-force-participation-rate-by-sex

HEALTHY MOMS
HEALTHY BABIES
AMERICA



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