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Article

Evaluating Public Policy Impacts on Female Labor Participation: A Difference-in-Differences Framework with Dummy Variables

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Abstract: Female labor-force participation is influenced by both economic conditions and family-related employment constraints, making paid family leave an important area of public policy evaluation. This study examines whether the implementation of California Paid Family Leave was associated with a distinct change in female labor-force participation relative to Arizona. Using publicly available annual state-level labor-market statistics derived from the Current Population Survey and published by the U.S. Bureau of Labor Statistics, the analysis covers the period from 2000 to 2008. A Difference-in-Differences framework is constructed with treatment, post-policy, and interaction dummy variables, while 2004 is treated as a transition year because the policy was implemented mid-year. The baseline estimate indicates a relative change of -0.825 percentage points in California, with a robust standard error of 0.486 and a p-value of 0.089. Controlling for the total unemployment rate produces a similar estimate of -0.849 percentage points. Robustness checks preserve the negative direction of the coefficient, although statistical significance varies with the treatment of 2004 and the estimation window. These findings do not provide strong evidence of an immediate increase in aggregate female labor-force participation following policy implementation. Ultimately, the results highlight the critical importance of distinguishing aggregate participation effects from broader labor-market attachment and employment-continuity outcomes, offering valuable insights for future policy design.

Keywords: paid leave; female employment; labor force; causal inference; public policy

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1. Introduction

1.1. Research Background

Female participation in the workforce is a key element of labor supply and supports economic development, household income stability, and efficient utilization of human capital. While women's engagement in paid work has expanded over time, disparities persist—particularly among individuals with caregiving responsibilities and across different family arrangements. Employment decisions for women are influenced not only by compensation levels and occupational opportunities but also by childbearing, early childhood care, and broader family support duties. These responsibilities may lead to temporary reductions in working hours or temporary exits from employment, potentially affecting long-term career continuity [1].

Temporary reductions in working hours or exits from employment may have implications extending beyond the immediate period [2]. Family formation is often accompanied by adjustments in work intensity and income levels, and the associated impacts on professional trajectories can extend across much of an individual's working

life. Longitudinal studies indicate that childbirth may adversely affect employment continuity and earnings progression for mothers, contributing to enduring gender-based disparities in labor-market outcomes. Policy measures that alleviate the financial burden associated with family-related absences may therefore play a role in sustaining workforce engagement.

Paid Family Leave (PFL) represents one such policy mechanism. By offering partial income replacement during approved leave periods, PFL helps mitigate the financial impact of temporary work adjustments and facilitates smoother reintegration into employment. Evidence from regional implementations suggests that access to PFL is associated with stronger post-childbirth workforce continuity for mothers [3]. Regionally implemented leave provisions may also enhance employment outcomes for women by supporting balanced management of professional and family responsibilities. However, overall workforce participation rates are also affected by macroeconomic conditions, making the precise magnitude of policy impact an empirical question requiring rigorous analysis.

1.2. Policy Context

California provides a useful setting for evaluating this relationship [4]. The state introduced Paid Family Leave in 2004, becoming the first U.S. state to establish a broad program of this kind. Eligible workers could receive partial wage replacement while temporarily leaving employment to care for a new child or qualifying family member. Evidence indicates that such programs can reduce maternal disengagement from employment and support continuity in workforce participation.

Because similar policies were not introduced simultaneously across all states, variations in implementation timing enable comparative analysis. This study treats California as the treated jurisdiction and Arizona as the comparison jurisdiction, examining annual employment-market outcomes from 2000 to 2008. The period encompasses several years before and after the policy introduction and allows for assessing policy-related changes against concurrent developments in the comparison jurisdiction [5].

1.3. Research Problem

Changes in California's female workforce participation following the implementation of paid family leave cannot be automatically attributed to the policy alone. Business-cycle fluctuations, shifts in unemployment, broader labor-market trends, and state-specific economic conditions may also influence participation rates. A simple before-and-after comparison is therefore insufficient to isolate policy effects from other concurrent factors [6].

To address this challenge, the study employs a Difference-in-Differences (DiD) framework. This approach compares the pre-to-post change in the treated group with the corresponding change in a comparison group. Recent methodological guidance emphasizes the need for precise specification of treatment timing and comparison conditions in DiD analyses. In this study, dummy variables for treatment status, post-policy period, and their interaction are used to disentangle persistent cross-state differences, shared time trends, and the policy-attributable change in California.

1.4. Research Questions

This study investigates three core questions:

RQ1. Did participation in the workforce by women change following the introduction of California's Paid Family Leave program?

RQ2. Was the observed change in California distinct from the concurrent trend in Arizona?

RQ3. Does the estimated policy effect remain robust across alternative modeling approaches and definitions of the policy implementation period?

1.5. Research Contributions

This study makes three contributions. First, it assesses the relationship between Paid Family Leave and female workforce participation using a transparent difference-in-differences framework [5]. Second, it explicitly constructs treatment, post-policy, and interaction indicator variables to clarify econometric identification. Third, it draws on publicly available Bureau of Labor Statistics and Current Population Survey labor-market data, supporting reproducibility of both data construction and empirical analysis.

2. Literature Review and Hypothesis Development

2.1. Determinants of Female Labor Participation

Participation in the workforce by women is influenced by economic incentives, individual attributes, household responsibilities, and institutional frameworks. Wage levels affect the expected benefits of employment, while educational attainment shapes job readiness, occupational pathways, and income prospects. Broader economic conditions also play a role, as unemployment rates and labor demand influence both job availability and decisions regarding entry into or continued engagement with paid employment. Institutional arrangements may further modify opportunities for women's employment by adjusting the balance of incentives and practical considerations associated with formal work [6].

Family responsibilities hold particular significance. Childbirth often increases demands for unpaid care, potentially leading mothers to reduce working hours or temporarily disengage from paid employment. The financial burden of childcare can intensify this effect by diminishing the net economic benefit of working. Empirical findings indicate that higher childcare expenses correlate with more pronounced declines in employment and earnings following childbirth, especially among women with relatively lower income potential. Comparative international studies similarly observe that motherhood and marital status are associated with measurable disadvantages in employment participation and income, though the extent of these effects varies across different policy environments. Public support for childcare may help alleviate some of these pressures by affecting access to formal care services and influencing maternal labor market outcomes [7].

Workforce participation by women thus reflects an interplay between labor market conditions and family-related factors [8]. Educational background, wage levels, and unemployment rates shape the appeal and accessibility of employment, while childbearing, caregiving duties, childcare expenditures, and supportive family policies influence the practical viability of sustained labor market involvement.

2.2. Paid Family Leave and Female Employment

Paid Family Leave alleviates a key barrier by offering income support during temporary family-related absences. Partial wage replacement helps workers maintain their employment connection while on leave, supporting smoother reintegration into work and reducing disengagement from the workforce.

However, the impact on employment is not uniformly positive across contexts. Extended leave durations may temporarily lower labor supply, and employer obligations associated with mandated benefits may affect compensation structures or hiring practices. Earlier evaluations of paid maternity leave policies indicated that increased leave uptake coincided with declines in wages and employment rates among women of childbearing age. More recent assessments of policy changes implemented in California in 2004 also found modest long-term improvements in women's employment and earnings, with some adverse outcomes observed for certain first-time mothers [9].

These divergent findings suggest that while Paid Family Leave can reinforce job continuity, it may also trigger countervailing adjustments. The overall effect depends on multiple factors—including leave duration, participation rates, individual worker circumstances, employer responses, and prevailing labor-market conditions [10]. Consequently, the association between Paid Family Leave and female labor-force

participation must be verified through empirical analysis rather than presumed to be beneficial.

2.3. Public Policy Evaluation Using Difference-in-Differences

Policy evaluation must distinguish changes associated with policy implementation from those driven by broader economic trends. A simple before-and-after comparison cannot account for contemporaneous external influences affecting both policy and non-policy areas [11]. A comparison group helps approximate counterfactual outcomes in the absence of intervention.

The Difference-in-Differences approach addresses this challenge by comparing outcome changes in the treated group with parallel changes in a comparable untreated group. Recent applications demonstrate its utility for assessing family-support policies where rollout timing differs across administrative regions; for instance, studies on childcare support have employed variation in policy timing and untreated comparators to estimate effects on workforce participation among women [12]. Methodological guidance underscores that this method is well-suited for longitudinal policy analysis when treatment timing, selection of comparison units, and pre-intervention trend alignment are rigorously established.

In this study, California serves as the treated state and Arizona as the comparison state [1]. The analysis therefore assesses whether California's post-policy trajectory diverges from Arizona's contemporaneous trajectory, rather than attributing California's before-and-after variation solely to the Paid Family Leave program.

2.4. Research Hypothesis

Prior research suggests that paid family leave may enhance women's engagement in employment, yet it also reveals countervailing and varied outcomes across subgroups. Given the mixed empirical evidence, a directional prediction would entail assumptions not fully warranted by current findings [13]. This study therefore adopts the following hypothesis:

H1. The implementation of Paid Family Leave is associated with a statistically significant change in female workforce participation in California relative to the change observed in the comparison state.

3. Data and Empirical Strategy

3.1. Data Source

This study uses publicly available annual state-level employment statistics derived from the Current Population Survey and published by the U.S. Bureau of Labor Statistics [9]. The analysis covers California and Arizona over the period 2000–2008. The resulting panel contains nine annual observations for each state and provides information for several years before and after the implementation of California's Paid Family Leave program.

The dataset contains measures of female participation in employment and broader labor-market conditions. The primary variables include the female participation rate, female employment-population ratio, female unemployment rate, and total state unemployment rate. Additional variables include the number of women in employment, female employment count, and female unemployment count. Population and employment counts are recorded in thousands, while participation, employment-population, and unemployment measures are expressed as percentages.

California is designated as the policy state because its Paid Family Leave program became effective during 2004. Arizona serves as the comparison state over the same observation period. The use of annual state-level data allows changes in California to be evaluated relative to contemporaneous changes in a state not subject to the same policy measure during the study window [14]. All observations used in the analysis are derived from publicly available government data, and no synthetic observations are introduced.

Because the policy began in the middle of 2004, the annual observation for that year contains both pre-policy and post-policy months. Treating the entire year as either untreated or fully treated could therefore introduce classification error. The baseline specification excludes 2004 from the principal pre/post comparison and retains it as a transition year. Accordingly, the main estimation sample consists of 2000–2003 as the pre-policy period and 2005–2008 as the post-policy period [13].

3.2. Variable Definition

The primary dependent variable is the female participation rate in economic activities, denoted as $FLFP_{st}$, where s identifies the state and t identifies the year [15]. This measure represents the percentage of the female civilian noninstitutional population engaged in economic activities in a given state-year.

The treatment indicator distinguishes the policy-affected state from the comparison state:

$$Treat_s = \begin{cases} 1, & \text{California} \\ 0, & \text{Arizona} \end{cases} \quad (1)$$

This variable captures persistent differences between California and Arizona that are unrelated to the timing of policy implementation [5].

The post-policy indicator is defined as:

$$Post_t = \begin{cases} 0, & 2000--2003 \\ 1, & 2005--2008 \end{cases} \quad (2)$$

The year 2004 is excluded from the baseline coding because the policy became effective during the year rather than on January 1. This treatment of the transition year reduces the risk that partially exposed observations are classified as fully treated [7, 9].

The central policy variable is the interaction between treatment status and the post-policy period:

$$DID_{st} = Treat_s \times Post_t \quad (3)$$

The three dummy variables have distinct interpretations. The treatment indicator captures systematic level differences between the two states. The post-policy indicator captures common changes occurring after the policy date. The interaction term captures the additional post-policy change observed in California relative to Arizona. This interaction is therefore the principal variable used to evaluate the policy-related change in female participation in economic activities [5].

Total unemployment rate, denoted by UR_{st} , is used as a limited control for overall state labor-market conditions. The analysis does not introduce a large set of additional controls because the dataset contains only a small number of state-year observations.

3.3. Difference-in-Differences Framework

The baseline empirical model is specified as:

$$FLFP_{st} = \beta_0 + \beta_1 Treat_s + \beta_2 Post_t + \beta_3 (Treat_s \times Post_t) + \varepsilon_{st} \quad (4)$$

where β_0 represents the baseline participation level, β_1 captures the average difference between California and Arizona before policy implementation, and β_2 captures the change common to both states after the policy period begins [10].

The coefficient of primary interest is β_3 . It measures the difference between the pre-to-post change in California and the corresponding change in Arizona. A positive value indicates that female workforce participation increased more, or decreased less, in California than in Arizona after the policy change. A negative value indicates that California experienced a smaller increase or a larger decline relative to the comparison state.

Importantly, the coefficient is interpreted in percentage points because the dependent variable is expressed as a participation rate. For example, an estimated coefficient of 1.0 would indicate a one-percentage-point change rather than a one-percent proportional increase.

3.4. Extended Specification

To account for broader employment-market conditions, an extended specification includes the total state unemployment rate:

$$FLFP_{st} = \beta_0 + \beta_1 Treat_s + \beta_2 Post_t + \beta_3 DID_{st} + \gamma UR_{st} + \varepsilon_{st} \quad (5)$$

The unemployment-rate term captures shifts in general employment-market conditions that may influence female labor-force participation independently of Paid Family Leave. Including this variable is useful because changes in participation around the policy period may partly reflect cyclical employment conditions rather than policy exposure alone [1, 14].

The extended model remains intentionally parsimonious. Adding numerous covariates to a two-state annual panel would substantially reduce degrees of freedom and could produce unstable estimates. The analysis therefore prioritizes transparent specification over model complexity.

3.5. Identification Logic

The Difference-in-Differences framework relies on the parallel-trends assumption. In this setting, the assumption requires that, in the absence of California Paid Family Leave, female workforce participation in California and Arizona would have followed broadly comparable trends over time [3, 10].

This assumption cannot be directly observed after treatment because the untreated outcome for California is unobservable. Its plausibility is therefore assessed by examining pre-policy trends in female workforce participation during 2000–2003. Figure 1 compares the annual participation rates of the two states before and after the policy change and provides a visual assessment of whether their pre-treatment movements are sufficiently similar for the DiD comparison to be informative.

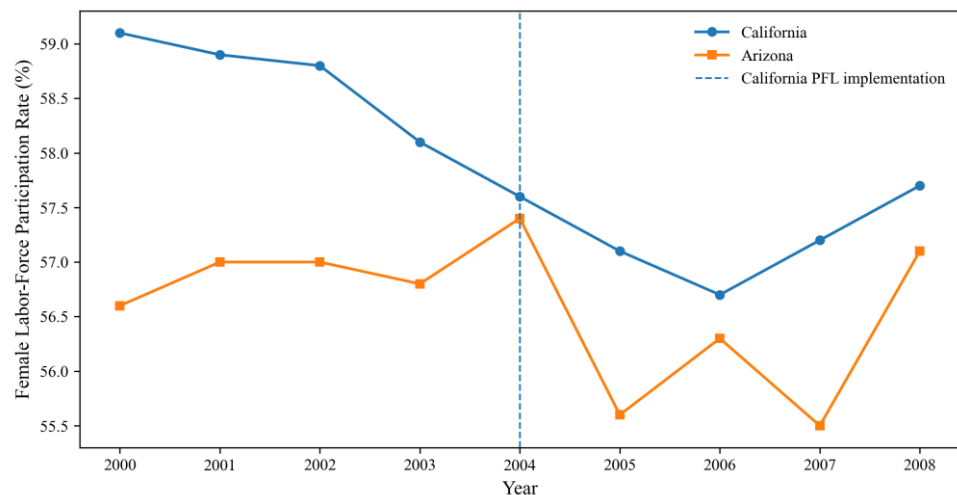


Figure 1. Female Labor-Force Participation Rates in California and Arizona, 2000–2008

The analysis does not treat visual similarity as proof of parallel trends. Instead, the pre-policy pattern is used to assess the plausibility of the identifying assumption. The relatively small number of states also means that statistical inference should be interpreted cautiously, particularly because conventional state-clustered inference is weak with only two state clusters.

3.6. Robustness Checks

Two robustness checks are conducted to assess whether the estimated policy coefficient is sensitive to coding decisions or sample-period selection [14].

The first check revises the treatment of 2004. The baseline specification excludes 2004 due to partial policy exposure; an alternative treats it as a post-policy year. Comparing the resulting coefficients reveals whether the estimated effect depends on how the transition year is classified [5].

The second check modifies the estimation window. While the main analysis covers 2000–2008, narrower windows—2001–2007 and 2002–2006—are estimated separately.

These alternatives limit the influence of observations distant from the policy implementation date and assess the stability of the DiD coefficient's sign and magnitude.

Collectively, the baseline model, extended specification, transition-year test, and alternative time windows constitute a cohesive empirical strategy for evaluating whether California exhibited a distinct shift in female workforce participation following the introduction of Paid Family Leave [8].

4. Empirical Results

4.1. Descriptive Analysis

Table 1 reports descriptive statistics for the four principal employment-market indicators over the full 2000–2008 period. California had a higher average female participation rate in the employment market than Arizona, at 57.91% compared with 56.59%. The corresponding standard deviations were 0.87 and 0.67 percentage points, indicating moderate annual variation in both states. California also recorded a higher average female employment-population ratio, 54.54% versus 53.71% in Arizona.

Table 1. Descriptive Statistics of Female Labor-Market Indicators, 2000–2008

Variable	California Mean	California SD	Arizona Mean	Arizona SD
Female labor-force participation rate (%)	57.91	0.87	56.59	0.67
Female employment-population ratio (%)	54.54	0.82	53.71	0.49
Female unemployment rate (%)	5.79	0.70	5.11	0.69
Total unemployment rate (%)	5.81	0.87	4.92	0.85

The unemployment indicators show a less favorable relative position for California. Its average female unemployment rate was 5.79%, compared with 5.11% in Arizona, while the total unemployment rate averaged 5.81% and 4.92%, respectively. These differences indicate that California combined relatively high female participation in the employment market with somewhat weaker overall employment conditions during the study period. They also support the inclusion of the total unemployment rate as a limited employment-market control in the extended DiD specification.

The descriptive averages alone do not establish a policy effect because they combine persistent interstate differences with changes occurring before and after PFL implementation [13]. For this reason, the subsequent analysis focuses on changes over time rather than differences in unconditional state means.

4.2. Female Labor Participation Trends

Figure 1 presents annual female workforce participation rates in California and Arizona from 2000 to 2008, with 2004 marking the implementation year of California Paid Family Leave. Before the policy change, California consistently had a higher participation rate than Arizona. However, the two pre-policy series were not perfectly parallel [4]. California declined from 59.1% in 2000 to 58.1% in 2003, whereas Arizona moved from 56.6% to 56.8% over the same period. By 2004, the rates had converged to 57.6% in California and 57.4% in Arizona.

After 2004, both states experienced fluctuations rather than a uniform trend [11]. California declined to 57.1% in 2005 and 56.7% in 2006 before recovering to 57.7% in 2008. Arizona fell more sharply to 55.6% in 2005, increased to 56.3% in 2006, declined again in 2007, and reached 57.1% in 2008. Figure 1 therefore does not show a clear post-policy increase in California relative to Arizona.

The figure also provides a visual assessment of the parallel-trends assumption. The pre-2004 movements are not sufficiently similar to regard the assumption as strongly

supported. Consequently, the difference-in-differences estimates should be interpreted as comparative associations during the policy period rather than definitive causal effects.

4.3. Baseline Difference-in-Differences Results

Table 2 presents the principal Difference-in-Differences estimates. Model 1 uses the baseline specification and excludes 2004 as a transition year. Before the policy period, California's female workforce participation rate was on average 1.875 percentage points higher than Arizona's. The common post-period coefficient was -0.725 percentage points.

Table 2. Difference-in-Differences Estimates of Female Labor-Force Participation

Variable	Model 1	Model 2	Model 3
Treatment	1.875 (0.238)	1.719 (0.330)	1.679 (0.379)
Post	-0.725 (0.383)	-0.647 (0.356)	-0.383 (1.124)
Treatment $\times$ Post	-0.825 (0.486)	-0.849 (0.473)	-0.856 (0.496)
Total unemployment rate	No	0.196 (0.150)	0.245 (0.216)
Linear year trend	No	No	-0.049 (0.188)
Observations	16	16	16
R2	0.836	0.860	0.862

The main interaction coefficient was -0.825 percentage points, with a robust standard error of 0.486 and a p-value of 0.089. Thus, California experienced an additional relative decline of approximately 0.83 percentage points after Paid Family Leave implementation compared with Arizona. The coefficient is not statistically significant at the conventional 5% level.

Model 2 adds the total unemployment rate. The Difference-in-Differences coefficient changes only slightly to -0.849 percentage points, with a standard error of 0.473 and $p = 0.073$. The unemployment-rate coefficient itself is 0.196 and is not statistically significant. Model 3 additionally introduces a linear year trend. The estimated interaction remains similar at -0.856 percentage points, while its p-value is 0.084. The linear trend is small and statistically insignificant. Across the three models, therefore, the sign and magnitude of the interaction coefficient are relatively stable, although statistical evidence remains weak.

4.4. Robustness Results

Table 3 assesses whether the main result is sensitive to the classification of treatment years or the width of the observation window. When 2004 is included in the post-policy period rather than excluded, the difference-in-differences coefficient becomes -0.995 percentage points and attains statistical significance at $p = 0.042$. This stronger estimate indicates that the assignment of the transition year meaningfully influences inferential outcomes.

Narrower observation windows yield smaller negative coefficients. Restricting the sample to 2001–2007 produces an estimate of -0.467 percentage points with $p = 0.235$; the 2002–2006 window yields -0.600 percentage points with $p = 0.269$. The negative sign remains consistent across all four specifications, though both magnitude and statistical significance vary.

Table 3 thus indicates directional stability but limited inferential stability: the estimated effect is consistently negative, yet its statistical significance depends on the definition of the transition year and the estimation window.

Table 3. Robustness Tests of the Estimated Policy Effect

Specification	Sample Period	Treatment of 2004	DiD Coefficient	Robust SE	p-value
Baseline	2000–2008	Excluded	-0.825	0.486	0.089
Alternative 1	2000–2008	Post	-0.995	0.489	0.042
Alternative 2	2001–2007	Excluded	-0.467	0.393	0.235
Alternative 3	2002–2006	Excluded	-0.600	0.543	0.269

Note: HC1 heteroskedasticity-robust standard errors are reported in parentheses. The baseline sample excludes 2004.

4.5. Interpretation of Results

Statistically, the baseline analysis does not provide evidence of a significant policy-related change at the 5% significance level. Although all main and robustness estimates are negative, three of the four specifications have p-values exceeding 0.05. The only conventionally significant estimate occurs when the entire 2004 calendar year is classified as post-policy, despite Paid Family Leave becoming effective partway through that year. This result underscores the need for cautious interpretation of 2004.

Economically, the baseline coefficient corresponds to an additional relative change of approximately -0.83 percentage points in California, not a 0.83% proportional decline [6]. The raw pre-post means convey the same pattern: California's average female participation rate declined from 58.73% during 2000–2003 to 57.18% during 2005–2008—a decrease of 1.55 percentage points. Arizona's rate declined from 56.85% to 56.13% , or 0.73 percentage points. The difference between these changes is approximately -0.83 percentage points.

From a policy perspective, the results should not be interpreted as indicating that Paid Family Leave adversely affected female employment outcomes. The aggregate state-level comparison does not isolate individual leave uptake, parental status, employer responses, or other concurrent state-specific developments. In addition, Figure 1 shows that pre-policy trends were not closely parallel. The more appropriate conclusion is that the observed 2000–2008 state-level data do not support evidence of an immediate increase in aggregate female workforce participation in California relative to Arizona following implementation of Paid Family Leave. The negative estimates are consistently oriented, but their magnitude and statistical significance remain sensitive to modeling choices.

5. Discussion

5.1. Interpretation of the Main Finding

The results do not provide strong evidence that California Paid Family Leave led to an immediate increase in aggregate female workforce participation relative to Arizona. The baseline difference-in-differences coefficient is -0.825 percentage points, indicating a larger post-policy decline in California, but the estimate is not statistically significant at the 5% level. The coefficient remains negative after controlling for unemployment and under alternative specifications, although its magnitude and significance vary. Hypothesis 1 is therefore only partially supported: a relative change is observed, but the evidence is not sufficiently stable to establish a robust policy effect. This finding does not necessarily contradict the expectation that paid family leave can strengthen labor-market attachment. Aggregate workforce participation may respond differently from individual job retention, especially during the early years of policy implementation.

5.2. Possible Economic Mechanisms

Several mechanisms may explain the observed pattern. Paid family leave may improve job retention by helping workers maintain employment relationships during family-related leave periods. At the same time, higher leave uptake may temporarily reduce measured labor force participation if workers remain outside active employment for extended durations. Employment continuity may therefore improve without an immediate rise in the aggregate participation rate. Regional labor-market conditions may also play a role. California and Arizona experienced differing unemployment trends during the study period, which may have influenced participation independently of paid family leave policy. These mechanisms represent plausible interpretations rather than effects directly identified by the data.

5.3. Comparison with Previous Studies

The findings align with existing research indicating that paid leave does not yield uniformly beneficial outcomes for workforce participation. Some analyses report

enhanced job continuity and reduced disengagement from employment following paid family leave, whereas others identify modest long-term gains or adverse effects for specific subgroups. Variations across studies may stem from differences in timeframes examined, definitions of outcomes, selection of comparison groups, maturity of policy implementation, and level of data aggregation. Analyses conducted at the individual level may reveal impacts on parents or leave recipients that remain undetected in broader, state-level employment statistics.

5.4. Policy Implications

The findings indicate that paid family leave should not be expected to produce an immediate or automatic increase in overall female workforce participation. A policy may enhance employment continuity or lower the financial burden of temporary leave without yielding a measurable short-term rise in statewide participation rates. Accordingly, policy evaluation must separately assess participation, job retention, leave uptake, and longer-term employment outcomes.

5.5. Limitations

The analysis relies on annual state-level aggregate data, which limits the number of observations and obscures individual heterogeneity [12]. The comparison is confined to California and Arizona, leaving potential unobserved state-specific differences unaccounted for. The mid-2004 implementation timing further complicates precise annual treatment classification. Moreover, aggregate participation metrics cannot reveal variations by age, education, income, or motherhood status.

6. Conclusion

This study finds that female workforce participation in California evolved differently from that in Arizona following the implementation of Paid Family Leave, but the evidence does not indicate a clear immediate shift in aggregate participation. The baseline estimate is negative, suggesting California experienced a somewhat larger post-policy decline than Arizona. However, this difference is not statistically significant at the conventional 5% level. The result therefore does not support a strong conclusion that the policy either increased or reduced overall female workforce participation during the study period.

The baseline Difference-in-Differences estimate is approximately -0.825 percentage points. After controlling for the total unemployment rate, the coefficient remains similar in sign and magnitude, indicating that the main result is not driven solely by contemporaneous differences in overall labor-market conditions. The alternative specification with a linear time trend produces a comparable estimate. Robustness checks also preserve the negative direction of the coefficient, but statistical significance varies depending on the treatment of 2004 and the length of the estimation window. In particular, classifying 2004 as a post-policy year strengthens the estimated effect, while narrower windows yield smaller and statistically insignificant coefficients. These results indicate directional consistency but limited inferential stability.

The findings suggest that family-support policies may influence labor-market attachment without immediately producing a visible change in aggregate female workforce participation. Paid leave can affect job retention, temporary absence, and return-to-work behavior, while statewide participation rates remain sensitive to broader economic conditions. Future research should extend the analysis to additional comparison states and longer observation periods to improve identification. Individual-level Current Population Survey data would also allow the effects to be examined across motherhood status, age groups, education levels, and other demographic characteristics, providing a more detailed assessment of how Paid Family Leave influences women's labor-market outcomes.

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