



# Wages Lost, Jobs at Risk

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## The Serious Consequences of Lack of Paid Leave By Liz Ben-Ishai

Lack of paid leave threatens workers' jobs and financial stability. More than 40 million workers have no access to paid sick days. Even worse, nearly 95 million workers—the vast majority—have no paid family leave. As a consequence, many workers are losing wages—or even their jobs. To build a strong economy with family-sustaining jobs, policymakers must make minimum paid leave standards a top priority for legislation. At present, there is no federal law guaranteeing workers the ability to earn paid sick days or paid family and medical leave. A growing number of states and municipalities have passed their own paid leave laws, but millions are left behind.<sup>1</sup>

While the economy is recovering, 9 million Americans are still unemployed, with communities of color and other vulnerable groups disproportionately affected.<sup>2</sup> Long-term unemployment rates also remain high; nearly 3 million people have been out of work for more than six months.<sup>3</sup> An additional 6.8 million people are working fewer hours than they would like. Many more are forced to take on multiple jobs in order to make ends meet.<sup>4</sup>

The economic recovery is not addressing employment challenges evenly. In fact, job growth during the recovery has been concentrated in low-paying occupations that offer few worker protections and benefits.<sup>5</sup> With more and more jobs paying poverty-level wages, many working families are barely scraping by.

In this climate, losing a job can mean descending into poverty—and staying there for a significant amount of time. Yet millions of people must risk their wages and jobs when they need to take a day off to care for a sick child or recover from the flu. Without access to earned sick days, these workers must make impossible choices between health and employment. Longer leaves also present significant problems; many workers must quit their jobs to care for a new baby, recover from a serious illness, or care for a seriously ill family member. Without paid family and medical leave, workers have few options.

### For many workers, a sick day is disastrous

- **A majority of low-income mothers lose wages when they must care for a sick child.** Two-thirds of women with family incomes below 200 percent of the federal poverty level and three-quarters of women living below the poverty line do not get paid when they need to miss work to care for a sick child.<sup>6</sup>
- **Parents worry about losing pay to care for a sick child.** One-third of parents with young children are concerned about losing pay when they need to care for their sick children; nearly two-thirds said their children could not attend child care because of illness in the past year.<sup>7</sup>
- **For single parents, lost wages quickly wreak havoc.** Assuming she earns the average wage for workers without paid sick time, a single working parent of two children cannot miss more than three days of work in a month without falling below the federal poverty line.<sup>8</sup>

- **Many low-wage workers, especially mothers, lose their jobs due to lack of paid sick days.** One in seven low-wage workers reports losing a job in the past four years because they were sick or needed to care for a family member.<sup>9</sup> Almost one in five low-wage working mothers has lost a job due to sickness or caring for a family member.<sup>10</sup>
- **Income loss due to lack of paid leave often plays a role in medical bankruptcies.** In 2007, 38 percent of people who declared bankruptcy for medical reasons cited income loss due to illness as a contributing factor. Medical reasons are a factor in more than 60 percent of bankruptcies.<sup>11</sup>

### Without paid leave, caring for a loved one can cause financial hardship

- **Women with less education often quit their jobs, lacking alternative leave arrangements.** According to one study, half of women with less than high school education quit their jobs in order to take leave after the birth of a first child; more than 10 percent were let go from their jobs. By contrast, just 13 percent of women with a college degree quit their jobs to take leave, and only 3 percent were let go.<sup>12</sup>
- **Many low-wage workers lose all income while on family or medical leave.** According to the 2012 FMLA survey, more than half (54 percent) of workers earning less than the median family income (in this survey, \$62,500/yr) reported losing all income while on leave. Eighteen percent of those above the median family income lost all income while on leave.<sup>13</sup>
- **When mothers must change jobs after giving birth, their wages often drop.** One study found that 30.6 percent of mothers who had to find new jobs after a birth experienced a drop in wages.<sup>14</sup>

### Paid leave makes a difference for family economic security

- **When workers have paid sick days, they are better able to keep their jobs.** The probability of a worker with paid sick days hanging on to their jobs for five months is nearly 8 percent higher than that of a worker without sick leave.<sup>15</sup>
- **Paid maternity leave boosts job retention and wage levels.** Mothers who have access to paid maternity leave are more likely to return to their previous employer, and 97.6 percent of those who return do so at the same wage rate or higher.<sup>16</sup>
- **California's Paid Family Leave Insurance Program is helping mothers work more and make more.** The state's decade old program has led to increased weekly work hours and wages for mothers.<sup>17</sup>

## By the Numbers: Access to Paid Leave

### No Leave

- Almost half of all workers in the lowest 25 percent of wage earners have no paid time off at all—no sick days, no family leave, no personal days, no vacation.<sup>18</sup>

### Paid Sick Days<sup>19</sup>

- Among workers age 18 and older, 39 percent lack access to paid sick days.
- Hispanic men (53 percent) and women (49 percent) are more likely than White men (37 percent) and women (35 percent) to lack access to paid sick days.
- Part-time workers have very limited access to paid sick days. Nearly 80 percent of those working fewer than 20 hours per week and more than 70 percent of those working 20 to 34 hours per week lack access to paid sick days.
- Nearly 80 percent of workers earning less than \$15,000 per year lack access to sick days, compared to about 10 percent of workers earning more than \$65,000 per year.
- Among fast-growing occupations, such as food preparation and service and personal care and service, nearly 70 percent of workers lack access to sick days.

### Paid Family Leave

- Few workers have designated paid family leave, but low-wage workers fare particularly badly. While 87 percent of all workers lack access to paid family leave, as many as 95 percent of low-wage workers (those in the lowest 25 percent of wage earners) have no paid family leave. Similarly, 95 percent of part-time workers have no paid family leave.<sup>20</sup>

## References

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