



Wages Lost, Jobs at Risk

February 13, 2015

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.¹

While the economy is recovering, 9 million Americans are still unemployed, with communities of color and other vulnerable groups disproportionately affected.² Long-term unemployment rates also remain high; nearly 3 million people have been out of work for more than six months.³ 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.⁴

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.⁵ 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.

Worker Story: *Jesske Eiklenborg, 27, a single mother, had been working in an Italian restaurant in Sillwater, Minnesota for five months. On New Year's Eve, Eiklenborg became ill with vomiting and diarrhea and called in sick. Although signs posted throughout the restaurant, which has no paid sick days policy, warned workers to stay away for 24 hours after vomiting, she was fired – by text. "I've been looking for a job all month, but January is slow," she said. Relatives are helping pay her bills for now. "I'm applying for unemployment. And cash assistance." ([Washington Post](#))*

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.⁶
- **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.⁷
- **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.⁸
- **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.⁹ Almost one in five low-wage working mothers has lost a job due to sickness or caring for a family member.¹⁰
- **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.¹¹

Worker Story: *Wanda drives a school bus to support her family of four. A few years ago, her son and daughter both contracted the H1N1 virus. Because they're also both diabetic, Wanda was particularly concerned. Her son ended up in the hospital and Wanda lost a week of work. As soon as they got better, Wanda caught the virus. "I am the sole provider," says Wanda, "so losing that one week of income was horrible." She had to drive the bus sick, constantly wiping down the seats and taking other precautions. It took a long time to catch up on bills. ([Family Values @ Work](#))*

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.¹²
- **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.¹³
- **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.¹⁴

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.¹⁵
- **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.¹⁶
- **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.¹⁷

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.¹⁸

Paid Sick Days¹⁹

- 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.²⁰

Worker Story: *Leticia, a fast food worker and mother of two children, was forced to miss three days of work when her daughter was hospitalized for nearly a week. Her employer was angry, despite the fact that her time away from work was unpaid. She says, “I was worried that when it came time to pay the rent, I would be unable to afford rent [and other expenses],” Leticia’s employer also frequently demands a doctor’s note when a worker must stay home from work to recover from illness. Without health insurance, workers must pay up to \$100 for a doctor’s visit, “an expense we can’t afford.” Leticia simply wants to be able to care for her children when they are sick “without having to worry [about having] enough money to pay for utilities, rent and electricity.” ([New Jersey Time to Care Coalition](#))*

Public Policies to Make a Difference **Proposed Federal Paid Leave Legislation**

Currently, there is no federal law that guarantees workers access to paid leave. States and localities are leading the way: three states have paid family leave insurance programs and 20 jurisdictions have passed paid sick days laws. Yet far too many workers are excluded. If passed, two pieces of federal legislation would extend paid sick days and paid family and medical leave to millions more workers.

The Healthy Families Act **([H.R.932/S.497](#))**

The Healthy Families Act would create a national paid sick days standard. The law would allow employees of firms with more than 15 staff to accrue up to 7 paid sick days per year to address their own medical needs, care for an ill family member, or address issues related to domestic violence, sexual assault, or stalking. Workers in firms with less than 15 employees would accrue up to 15 job-protected, unpaid sick days to be used for the same purposes.

Family and Medical Insurance Leave (FAMILY) Act **([H.R.3712/S.1810](#), Bill to be re-introduced in 2015)**

The FAMILY Act would provide up to 12 weeks of paid leave per year for employees to use to care for their own health problems, for a seriously ill family member, or for a child who is newly born or adopted. The program would be funded by modest employee and employer payroll contributions administered through an independent trust within the Social Security Administration. Workers would be eligible to collect benefits equal to 66 percent of their monthly wages, capped at a maximum amount.

References

- ¹ For a list of all paid sick days statutes, see National Partnership for Women & Families, “Paid Sick Days Statutes,” 2014, <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-statutes.pdf>. For a list of paid family leave statutes, see National Partnership for Women & Families, “State Paid Family Leave Insurance Laws,” 2013, <http://www.nationalpartnership.org/research-library/work-family/paid-leave/state-paid-family-leave-laws.pdf>.
- ² “Table A-10. Selected Unemployment Indications, Seasonally Adjusted,” U.S. Bureau of Labor Statistics, January 2015, <http://www.bls.gov/news.release/empsit.t10.htm>.
- ³ “Table A-12. Unemployed Persons by Duration of Employment,” U.S. Bureau of Labor Statistics, January 2015, <http://www.bls.gov/news.release/empsit.t12.htm>.
- ⁴ “Table A-8. Employed Persons by Class of Worker and Part-Time Status,” U.S. Bureau of Labor Statistics, January 2015, <http://www.bls.gov/news.release/empsit.t08.htm>.
- ⁵ National Employment Law Project, *The Low-Wage Recovery: Industry Employment and Wages Four Years into the Recovery*, April 2014, <http://www.nelp.org/page/-/Reports/Low-Wage-Recovery-Industry-Employment-Wages-2014-Report.pdf?nocdn=1>.
- ⁶ Roberta Wyn and Victoria Ojeda, *Women, Work, and Family Health: A Balancing Act*, The Kaiser Family Foundation, April 2003, <https://kaiserfamilyfoundation.files.wordpress.com/2003/04/3336.pdf>.
- ⁷ University of Michigan C.S Mott Children’s Hospital. “Struggling Kids, Struggling Parents.” C.S Mott Children’s Hospital National Poll on Children’s Health. Vol. 16, Issue 5, October 22, 2012, <http://mottnpch.org/sites/default/files/documents/10222012ChildCareIllness.pdf>.
- ⁸ Elise Gould, Kai Filion, and Andrew Green, *The Need for Paid Sick Days*, Economic Policy Institute, June 29, 2011, http://www.epi.org/publication/the_need_for_paid_sick_days/.
- ⁹ Oxfam America, *Hard Work, Hard Lives*, 2013, <http://www.oxfamamerica.org/static/media/files/low-wage-worker-report-oxfam-america.pdf>.
- ¹⁰ Ibid.
- ¹¹ Himmelstein, Thorne, Warren, and Woolhandler, *Medical Bankruptcy in the United States*, The American Journal of Medicine, 2007, <http://cohealthinitiative.org/sites/cohealthinitiative.org/files/attachments/warren.pdf>.
- ¹² Lynda Laughlin, *Maternity Leave and Employment Patterns: 2006-2008*, Current Population Report, P70-128, U.S. Census Bureau, October 2011, <https://www.census.gov/prod/2011pubs/p70-128.pdf>.
- ¹³ Abt Associates, Inc., “Exhibit 5.3.6,” *Family Medical Leave in 2012: Technical Report*, September 2012, <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>.
- ¹⁴ Laughlin, *Maternity Leave and Employment Patterns*.
- ¹⁵ When controlling for work characteristics and compensation, the figure goes down to 2.5 percentage points, see Heather D. Hill, *Paid Sick Leave and Job Stability*, *Work and Occupations*, 40(2), 143-173, 2013.
- ¹⁶ Laughlin, *Maternity Leave and Employment Patterns*.
- ¹⁷ Rossin-Slater, Ruhm and Waldfogel, *The Effects of California’s Paid Family Leave Program on Mothers’ Leave-Taking and Subsequent Labor Market Outcomes*, National Institutes of Health, 2013, <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3701456/pdf/nihms477075.pdf>.
- ¹⁸ “Table 46. Paid leave combinations: Access, private industry workers,” National Compensation Survey, U.S. Bureau of Labor Statistics, March 2013, <http://www.bls.gov/ncs/ebs/benefits/2013/ownership/private/table44a.htm>.
- ¹⁹ All paid sick days data in this section from the Institute for Women’s Policy Research Analysis of the 2013 National Health Interview Study: see Rachel O’Connor, Jeff Hayes, and Barbara Gault *Paid Sick Days Access Varies by Race/Ethnicity, and Job Characteristics*, Institute for Women’s Policy Research, July 2014, http://www.iwpr.org/publications/pubs/paid-sick-days-access-varies-by-race-ethnicity-sexual-orientation-and-job-characteristics/at_download/file.
- ²⁰ “Table 32. Leave benefits: Access, civilian workers,” National Compensation Survey, U.S. Bureau of Labor Statistics, March 2014, <http://www.bls.gov/ncs/ebs/benefits/2014/ownership/civilian/table32a.htm>.