



# Access to Paid Leave: An Overlooked Aspect of Economic & Social Inequality

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Rising economic inequality is a growing concern for many Americans. The widening gap between those at the top and bottom of the income scale is pushing decision makers to consider policy solutions that can begin to address these inequities. Wages are often the focal point in debates about income inequality. Often overlooked, however, is a key aspect of compensation: paid leave. Lack of paid leave, which is concentrated among low-wage jobs, exacerbates the inequalities that come with the wage gap. For those at the bottom, this further contributes to economic instability because lack of paid leave frequently leads to lost wages and job loss. In fact, one in seven workers reports having lost a job to recover from illness or care for a family member.<sup>1</sup>

No national law sets a minimum standard for private sector employees to earn paid leave, including paid sick days, paid family and medical leave, paid vacation, and personal days. Absent federal standards, workers at all wage levels can be denied these vital protections unless an employer offers paid leave voluntarily. But employers tend to offer leave to higher-wage workers. Further, some employers even provide disparate benefits of all types to workers at different wage levels within the same company, leaving those at the bottom even further behind. As a result, low-wage workers shoulder most of the negative consequences of the lack of public policies guaranteeing workers paid leave.

In this economy, the majority of job growth is taking place at the lowest wage levels—a trend projected to continue for the foreseeable future.<sup>2</sup> Low-wage and low-quality jobs are not just a temporary stop in many workers' career trajectories; mobility is very limited and few move up to higher-wage jobs.<sup>4</sup> This means that ensuring workers in low-wage jobs receive paid leave is a crucial part of making lasting changes that address inequality. Lack of paid leave and other aspects of low-quality jobs hinder family and economic stability.<sup>5</sup> Without such stability, inequality becomes further entrenched as it becomes harder and harder for many hard-working Americans to get by, let alone rise up.

“We are rightfully troubled that many of our people are still caught in what seems to be a pervasive, unending financial struggle. It bothers us because we are a people united by the belief that every American deserves an equal opportunity to achieve success.”<sup>3</sup>

**Sen. Marco Rubio (R-FL)**

## Low-wage, Latino, and part-time workers are least likely to have paid sick days

- Among private sector workers, 61 percent have access to paid sick days. But only 30 percent of low-wage workers (those in the bottom 25 percent of average wages) have access to paid sick days, compared to 84 percent of the top quartile of wage earners.<sup>6</sup>

- Less than a quarter of part-time workers have paid sick days compared to nearly three-quarters of full-time workers.<sup>7</sup>
- While 64 percent of white workers have access to paid sick days, 62 percent of Black workers and only 47 percent of Latino workers have paid sick days.<sup>8</sup>
- Workers in certain occupations, such as farming, fishing, and forestry; food preparation and service; and personal care and service are much less likely to have access to paid sick days. Workers of color and low-wage workers are disproportionately represented in these occupational categories.<sup>9</sup>

### Low-wage workers, workers of color, less-educated workers, and part-timers often lack access to paid family leave

- Few workers have designated paid family leave, but low-wage workers fare particularly badly. While 12 percent of all private sector workers have access to paid family leave, only 5 percent of low-wage workers (those in the lowest 25 percent of wage earners) have paid family leave. Just five percent of part-time workers have access to paid family leave.<sup>10</sup>
- According to a Census Bureau report, in 2008, only 19 percent of first-time moms with less than a high school education reported having paid maternity leave. Two-thirds of first-time moms with a college degree had paid leave.<sup>12</sup>
- Half of all white workers have access to some paid parental leave (which may include short-term disability insurance), while 43 percent of Black workers and just 25 percent of Latino workers have access.<sup>13</sup>

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“The rich are getting richer, the poor are getting poorer, and the middle class is being squeezed out of existence.”<sup>11</sup>

**Senate Majority Leader  
Harry Reid (D-NV)**

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- Lack of paid leave results in many women leaving the labor force after the birth of a child, including those who want to stay working. Among women with less than a high school education more than 10 percent were let go from their jobs after the birth of their first child; in contrast, among those with a college degree, three percent were let go. In addition, many women, particularly lower wage workers, “quit” their jobs in order bond with new babies. This is the case for half of women with less than a high school education and 13 percent of women with a college degree. Many of these women may have “quit” because they felt that they had no other choice.<sup>14</sup>

- Taking unpaid leave, which some workers can access under the Family and Medical Leave Act (FMLA), is often very costly for low-wage workers. 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 per year)

reported losing **all** income while on leave. Eighteen percent of those above the median family income lost all income while on leave.<sup>15</sup> The survey found that nearly a quarter of women take less than 10 days of leave for parental reasons.<sup>16</sup>

- Workers with less education and lower incomes are less likely to even have unpaid leave under FMLA. While 56 percent of those with some college or college degrees are eligible for FMLA, just 49 percent of those with a high school diploma or less can access FMLA leave. Fewer than half of workers with family incomes of less than \$40,000 per year are eligible, compared to 60 percent of those with family incomes of more than \$40,000.<sup>17</sup>

### Many low-wage workers have no paid time off at all

- Nearly half of all workers in the lowest 25 percent of wage earners have no paid personal time, sick time, family leave, or vacation – no paid time off at all. Among all workers, more than 80 percent have at least one type of paid leave, and among the highest 25 percent of wage earners, the figure rises to 94 percent.<sup>18</sup>
- Lack of paid leave is accompanied by lack of other benefits for many low-wage workers. Nearly one-third of low-wage workers who have neither paid sick days nor paid vacation also lack health insurance and retirement plans.<sup>19</sup>
- According to a 2004 study, nearly two in five low wage working parents receive no paid time off at all.<sup>20</sup> For them, child care emergencies or routine teacher work days at children’s schools can be a major hardship.

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“Right now, America’s engines of upward mobility aren’t working as they should... The question before us today—and it demands a serious answer—is how do we get the engines of upward mobility turned back on, so that no one is left out from the promise of America?”<sup>22</sup>

**Rep. Paul Ryan (R-WI)**

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### Employers too often treat those at the top differently than those on the bottom rungs

- Many employers offer benefits only to *some* of their employees—usually those who are already better compensated. According to one study, about half of employers offer paid sick leave, but just 21 percent provide it to their low-wage workers after a probationary period.<sup>21</sup>
- Those who are most significantly affected by a day without pay—or the risk of job loss—are most likely to lack paid time away from work.

### Lack of access to paid leave creates serious risk of job and wage loss for low-wage workers

- 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>23</sup>
- Even more low-wage working moms experience such insecurity; almost one in five have lost a job due to sickness or caring for a family member.<sup>24</sup>

### Lack of parental access to paid leave negatively affects children, hampering their health and development

- Research points to a correlation between paid family leave and children’s health. Without leave, parents risk losing wages or jobs when it’s time for well-baby doctor visits and immunizations. This leads many parents to miss appointments that are critical to preventive health care. Longer leaves are also linked to lower mortality rates and higher birth weights. Parents who are able to take paid leave to care for children with special health care needs report better outcomes for their kids.<sup>25</sup>
- Leave time is a major factor in duration of breastfeeding. Research shows a relationship between breastfeeding and numerous health benefits for both mothers and babies.<sup>26</sup>
- A growing body of evidence shows that children’s cognitive and social development may be enhanced when parents have paid leave. As a result, already disadvantaged children whose parents are unable to take leave see their mobility constrained by lost opportunities for developmental growth.<sup>27</sup>
- Disparities in access to paid leave mean that children with low-income parents face even greater obstacles to escaping poverty right from the very beginning.

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“The test of our time is inequality. It’s not too much to say that inequality threatens the continued existence of the middle class is America and even the American Dream itself.”<sup>28</sup>

**Rep. Rosa DeLauro (D-CT)**

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### Voters and policymakers are calling for action on inequality, including paid leave

Lack of paid leave can make even the best paying jobs unstable, and for those in low-wage jobs, it can exacerbate an already tenuous employment situation. If a worker risks losing her job when she needs to care for a sick child or catches the flu, she is forced to endanger her family’s health or imperil her economic stability. If parents are forced to go back to work just days after childbirth or leave a job behind, parents, children, and employers lose out. And for workers with not even one form of paid leave available (sick, personal, vacation, or family leave), dealing with unexpected emergencies, which are inevitable, can mean sacrificing a job that is crucial to making ends meet.

Policies that ensure universal access to paid leave push back against growing inequality—and reflect Americans’ values. According to a 2014 Pew poll, 65 percent of Americans believe the gap between the rich and everyone else has increased in the last 10 years. Only 36 percent believe our economic system is generally fair to most Americans.<sup>29</sup>

As they condemn inequality, clear majorities of all political stripes are supporting policies that ensure *all* workers can access paid leave. For example, a national survey found that 75 percent of respondents support a

law guaranteeing all workers sick days, with support crossing party lines. Nationally, 89 percent of “strong Democrats,” 59 percent of “strong Republicans,” and 77 percent of Independents said they support universal access to a minimum number of paid sick days.<sup>30</sup> State-level polling results reinforce this finding. In Denver, 73 percent of Democrats, 58 percent of Republicans, and 65 percent of Independents supported sick days legislation. In Philadelphia, 72 percent of Democrats and 64 percent of Republicans supported paid sick days legislation.<sup>31</sup> And in a 2014 Maryland poll, 91 percent of Democrats, 59 percent of Republicans, and 82 percent of Independents supported paid sick days.<sup>32</sup>

As policymakers increasingly confront growing inequality in the United States, ensuring that workers have paid leave is an important piece of any comprehensive policy response. Across the country, at the state and local level, more and more jurisdictions are passing legislation enabling workers to earn paid sick days and creating family leave insurance systems.<sup>33</sup> These laws are helping to protect millions of workers and address inequality. Additionally, this movement should tip the scales in favor of national laws that will ensure hard work in a decent job is compatible with caring for of oneself and one’s family. A federal minimum standard should extend to all workers, regardless of their zip code and whether they work in the C-Suite or on the factory floor.

### **Proposed Federal Paid Leave Legislation and Existing Federal Leave Laws**

In addition to numerous laws and proposed legislation for paid leave at the state and local levels, there are several pieces of federal legislation that have been introduced in Congress.<sup>34</sup> The unpaid Family Medical Leave Act, which passed over twenty years ago, is the only existing federal family and medical leave law.

#### **Family and Medical Insurance Leave (FAMILY) Act ([H.R.3712/S.1810](#))**

The FAMILY Act would provide up to 12 weeks of paid leave per year for employees to use to care for their own health, for a seriously ill family member, or for a newly born or adopted child. 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.

#### **The Healthy Families Act ([H.R.1286/S.631](#))**

The Healthy Families Act would create a national paid sick days standard. The law would allow employees to accrue up to seven paid sick days per year to address their own medical needs, care for an ill family member, or tend to issues related to domestic violence, sexual assault, or stalking.

#### **Paid Vacation Act ([H.R. 2096](#))**

The Paid Vacation Act would amend the Fair Labor Standards Act to mandate that companies with more than 100 employees provide at least one week of paid leave annually to their employees. Three years after enactment, employers with 100 or more employees would be required to provide two weeks of paid leave annually, while companies with 50 or more employees would be required to provide one week of paid leave.

## Family and Medical Leave Act (FMLA)

The FMLA requires certain employers to provide up to 12 weeks of *unpaid*, job-protected leave annually for enumerated family and medical reasons, including the serious health condition of the employee or immediate family member, or for the birth or adoption of a child. Coverage of the Act is limited to companies with 50 or more employees and to employees who have been employed by the same company for at least a year.

## The Family and Medical Leave Enhancement Act (H.R. 3999)

The Family and Medical Leave Enhancement Act would amend the FMLA to cover employees in worksites with more than 25 employees. It would allow employees to take parental involvement leave to attend children’s and grandchildren’s educational and extracurricular activities, and to meet family medical care needs.

## Leave Glossary

There are many terms used to refer to time away from work to care for one’s own health or that of family members. Here are a few commonly used terms and their usual meanings.

<b>Earned Sick Days</b>	Paid time away from work to recover from a short-term illness (e.g., the flu) or care for a family member recovering from a short-term illness. Specifics vary by jurisdiction, but in all cases workers earn sick time based on the number of hours they have worked. Earned sick days are paid for by the employer.
<b>Paid Family Leave</b>	Fully or partially paid time away from work to care for a sick family member or bond with a new baby. “Family member” is defined differently under different laws and policies.
<b>Paid Maternity Leave</b>	Fully or partially paid time away from work specifically for use by mothers of new children. May include short-term disability programs, usually employer-provided, which birth mothers can use to recover from childbirth.
<b>Paid Parental Leave</b>	Fully or partially paid time away from work to care for a new child, available to both parents. For birth mothers, this may include short term disability programs for recovery from childbirth.
<b>Paid Family and Medical Leave</b>	Fully or partially paid time away from work to care for a sick family member, bond with a new baby, <i>or</i> recover from one’s own serious illness.
<b>Family and Medical Leave Insurance</b>	A publically administered insurance system for providing paid family and medical leave that is funded by contributions from employers and employees, or by employees only.



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