



What the FAMILY Act Means for Low-Income Workers

By Sarah Jane Glynn December 12, 2013

In many ways, families look the same today as they have for decades. People fall in love and get married. Babies are born, grow up, and start the cycle anew. Parents and family members age and often rely on care from others during their senior years. While the love that bonds family life has not changed over time, the way families live and work has. Most parents work, and most families rely on two incomes¹; more families are providing elder care as Baby Boomers age,² and 80 percent of children live in a household without a full-time stay-at-home caregiver.³ Families today do not love each other any less than in the past, but how families juggle work and family has changed dramatically—and workplace policies have not kept up.

The United States is the only advanced economy in the world that does not guarantee workers access to any form of paid leave.⁴ Without access to leave, individuals too often find themselves in a position where they have to choose between providing care for a loved one and bringing in enough money to cover rent, groceries, and basic household repairs. The Family and Medical Insurance Leave Act, or FAMILY Act, will help address this core issue facing working families today: the need to coordinate paid employment with unpaid caregiving in the home.⁵ While we pay a great deal of attention to the role of mothers as caregivers, even mothers themselves will at some point rely on partners, sons, daughters, or other relatives for care. As gender roles and families change and as Baby Boomers retire, everyone is increasingly likely to be a caregiver. The FAMILY Act will provide up to 12 weeks of leave with partial wage replacement to male and female workers after the birth of a new child, to recover from a serious illness, or to provide care for a seriously ill family member.

Access to family leave insurance is designed to benefit all workers, regardless of their gender, parental status, age, ability, or income level. While the program has universal benefits, there are also specific ways that it will benefit low-income workers.

Current levels of access to paid leave

Low-income workers are the least able to afford to give up their wages, yet they are also the least likely to be able to have access to any form of paid leave. While they are no less likely to get sick, have children, or need to provide care to a family member than their more highly paid counterparts, they are significantly less likely to receive any form of wage replacement when they are unable to work. Only 15 percent of workers with earnings in the lowest quintile have even one paid sick day, compared to 78.5 percent of those in the top earnings quintile.⁶ The same patterns hold true for other forms of leave as well: Only 10.8 percent of low-income workers have access to paid parental leave, compared to 66.2 percent of high earners. Fewer than one in five low-wage workers—19.4 percent—have access to paid vacation, compared to 78.6 percent of high-wage workers, meaning that when they need time off, they truly have no options.

The lack of access to paid leave for low-wage workers is particularly problematic given the fact that these are the same individuals who are least likely to be able to outsource family caregiving to paid professionals. The average cost for a home health aide is \$21 per hour, making quality care difficult for many low-income families to arrange.⁷ And when it is the worker who needs time off to recover from a serious illness or injury, the economic well-being of the entire family can be thrown into peril. Close to half—43 percent—of families would fall below the poverty line if they lost a paycheck for 12 weeks,⁸ and 25 percent of dual-income families and 13 percent of single-parent families who filed for bankruptcy in 2001 did so after workers had to miss two or more weeks of work due to their own illnesses or the illness of a family member.⁹

While some low-income workers have access to job-protected leave through the Family and Medical Leave Act, the fact that this leave is unpaid can make it nearly impossible for many workers to afford the time off that they need. Half of all workers—49.6 percent—who have taken leave say that they returned to work when they did because they could not afford to take any more time off.¹⁰ When workers are forced to choose between taking care of their own health and that of their families and bringing home a paycheck, everyone loses.

Benefits of the FAMILY Act

Forthcoming analysis on the predictors of access to paid leave shows that while higher levels of education and working longer hours make individuals more likely to have paid time off from work, the strongest effect is having a higher income.¹¹ The more money a worker earns, the more likely they are to also have access to paid time off such as paid sick days, paid family leave, or paid vacation. Simply put, income determines access, not need. This creates a two-tiered system, one in which the most highly

compensated workers have access to benefits such as paid leave and low-wage workers are placed in a precarious situation where it is often impossible to care for one's family while also remaining employed.

The FAMILY Act does not discriminate against low-wage workers because eligibility is based on both recent and lifetime work history. Currently, many low-wage workers do not qualify for paid leave because they work multiple part-time jobs or their job tenures are too short—less than one year—for them to qualify.¹² Wage replacement can mean the difference between having enough food on the table and having to rely on public benefits in order to make ends meet. Research on the states that have temporary disability insurance or family leave insurance programs, for example, has shown that the ability to utilize these programs makes mothers less likely to receive public assistance for food stamps after the birth of a child than women in other states without these programs.¹³

Conclusion

The FAMILY Act will help lift our entire economy by providing a vital and earned benefit for workers of every background, regardless of their gender, ethnicity, parental status, age, ability, or income level. It is impossible to predict what challenges individuals will face down the road, but supporting them with paid family leave is an important first step to ensure these hardships do not spill over and negatively impact their families and our economy.

Endnotes

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- 2 Donald Redfoot, Lynn Feinberg, and Ari Houser, "The Aging of the Baby Boom and the Growing Care Gap: A Look at Future Declines in the Availability of Family Caregivers" (Washington: AARP Public Policy Institute, 2013), available at http://www.aarp.org/content/dam/aarp/research/public_policy_institute/ltc/2013/baby-boom-and-the-growing-care-gap-insight-AARP-ppi-ltc.pdf.
- 3 Sarah Jane Glynn, "The New Breadwinners: 2010 Update" (Washington: Center for American Progress, 2012), available at <http://www.americanprogress.org/wp-content/uploads/issues/2012/04/pdf/breadwinners.pdf>.
- 4 Jane Farrell, "The United States Is Falling Behind in Paid Leave Policies," Center for American Progress, February 5, 2013, available at <http://www.americanprogress.org/issues/labor/news/2013/02/05/51776/the-united-states-is-falling-behind-in-paid-leave-policies/>.
- 5 National Partnership for Women & Families, "Fact Sheet: The Family and Medical Insurance Leave Act (FAMILY Act)" (2013), available at <http://www.nationalpartnership.org/research-library/work-family/paid-leave/family-act-fact-sheet.pdf>.
- 6 Based on author's unpublished calculations from the 2011 American Time Use Survey.
- 7 Metlife Mature Market Insurance, "Market Survey of Long-Term Care Costs" (2013), available at <https://www.metlife.com/assets/cao/mmi/publications/studies/2012/studies/mmi-2012-market-survey-long-term-care-costs.pdf>.
- 8 Jennifer Brooks and Kasey Wiedrich, "Assets & Opportunities Scorecard: A Portrait of Financial Insecurity and Policies to Rebuild Prosperity in America" (Washington: Corporation for Enterprise Development, 2012).
- 9 Elizabeth Warren and Amelia Warren Tyagi, *The Two-Income Trap: Why Middle-Class Mothers and Fathers are Going Broke* (New York: Basic Books, 2003).
- 10 Jacob Alex Klerman, Kelly Daley, and Alyssa Pozniak, "Family and Medical Leave in 2012: Technical Report" (Cambridge, MA: Abt Associates Inc., 2012), available at <http://www.dol.gov/asp/evaluation/fmla/FMLA-2012-Technical-Report.pdf>.
- 11 Based on author's calculations in a forthcoming paper on findings from the 2011 American Time Use Survey.
- 12 Heather Boushey and John Schmitt, "Job Tenure and Firm Size Provisions Exclude Many Young Parents from Family and Medical Leave" (Washington: Center for Economic and Policy Research, 2007); Sarah Jane Glynn and Jane Farrell, "Workers Deserve Equal Access to Paid Leave and Workplace Flexibility" (Washington: Center for American Progress, 2012), available at <http://www.americanprogress.org/issues/labor/report/2012/11/20/45589/workers-deserve-equal-access-to-paid-leave-and-workplace-flexibility/>. November 2012
- 13 Linda Houser and Thomas P. Vartanian, "Policy Matters: Public Policy, Paid Leave for New Parents, and Economic Security for U.S. Workers" (New Brunswick, NJ: Rutgers Center for Women and Work, 2012), available at http://go.nationalpartnership.org/site/DocServer/RutgersCWW_Policy_Matters_April2012.pdf.