Broader Paid Leave Would Provide Opportunity and Security for Millennial Caregivers

By Sunny Frothingham      December 10, 2015

The Family and Medical Leave Act, or FMLA, has been helping families overcome work-family challenges since its passage 22 years ago by enabling employees to take unpaid job-protected leave to recover from personal illnesses, care for a new child, or care for another family member. While the FMLA was an important first step toward creating more equitable work environments, it leaves out around 40 percent of the workforce and only guarantees unpaid leave, which many workers cannot afford to take. On its own, the FMLA fails to provide the resources that many families, especially Millenial families, need to be able to take time off without risking their economic stability.

Families deserve to know they will not be thrown into hardship if breadwinners have to take time off from work to care for a family member or themselves. Paid family and medical leave is critical to the stability and success of Millennials who are working hard to make ends meet as they launch their careers, start families, and pay off student loan debts.

The FMLA does not do enough for Millennial parents and caregivers

Since the implementation of the FMLA in 1993, families have changed. Millennials are half as likely to have ever been married as their grandparents’ generation at the same age, but many of them are already starting families and raising children. Millennials gave birth to more than 84 percent of the babies born in 2014, and in the same year there were already more than 16 million 15- to 34-year-old mothers. In addition, previous polling of unmarried Millennial adults without children found that 74 percent “want[ed] to have children.”

Unfortunately, Millennials face unique barriers to financial stability as they support their families: They have higher rates of poverty, lower incomes, and more student loan debt than previous generations did at the same age. In 2014, 70 percent of minimum-wage
earnners were Millennials. And for Millennials with children, the rising costs of child care and the lack of adequate access to quality care and paid leave can cause huge financial stress. Sixty-five percent of children younger than age 6 have all custodial parents in the workforce, which means child care and paid leave are an increasingly integral part of day-to-day life for today’s families. Millennial men report much more egalitarian attitudes about gender roles in their families than previous generations, but they often find it difficult to live out these values. Because women are often expected to be caregivers, many employer-sponsored family policies, such as maternity leave, are women-centered, which makes it harder for men to access the leave they need.11

In addition to taking care of their children, Millennials are addressing the rapidly growing demand for elder care. According to a recent national survey, one-fourth of caregivers in the United States—or more than 10 million—were 18- to 34-year-olds in 2014, and 58 percent of Millennials say it is very likely they will be responsible for caring for an elderly family member in the future. As young workers take on a growing share of caregiving roles, they urgently need access to paid family and medical leave in order to care for their family members—and for themselves.13

FMLA eligibility requirements do not reflect the reality of Millennial families

The FMLA's eligibility requirements exclude about 40 percent of the workforce and are especially difficult for young workers to fulfill. To be eligible for unpaid leave under the FMLA, workers must have at least 12 months of tenure with their employers, have worked at least 1,250 hours in the previous year, and work for an employer who employs at least 50 people within a 75-mile radius of the employee's work site. These requirements eliminate many part-time and newer workers from eligibility—groups with a disproportionate number of young people. In the last available U.S. Department of Labor data from 2005, contingent workers—including part-time workers and freelancers—were twice as likely as non-contingent workers to be younger than age 25 and less likely to be white than non-contingent workers.17

The job tenure requirement is especially difficult for young people, who may still be looking for their first job or have not been on the job long enough. Young people—especially young people of color—face far higher unemployment rates than the broader population. Specifically, the job tenure requirement prevents almost half of African American parents ages 18 to 25 with an infant and almost half of all mothers ages 18 to 25 with an infant from being eligible for FMLA coverage.19

“I never thought I would be a caregiver at my age: 28. But let's face it, we usually don't have a choice.”

Unpaid leave is not enough for the families that need leave most

Even families who are eligible for unpaid leave through the FMLA must weigh family and personal health with the risk of financial losses. According to the Department of Labor’s most recent family and medical leave report in 2012, about half of workers who took FMLA leave said they had to return to work because they could not afford to take any more unpaid time off. In addition, nearly half of eligible workers who needed to take leave but did not said this was because they could not afford to take any unpaid time off.

The United States is the only member of the Organisation for Economic Co-operation and Development that does not guarantee workers access to any form of paid leave after the birth of a new baby. It is also the only high-income country that does not guarantee workers job-protected sick leave. Even among 185 countries and territories with accessible data—those countries’ level of development notwithstanding—the United States is one of only two nations that do not provide paid maternity leave.

While employers can choose to offer their employees more comprehensive leave policies than the FMLA, only 13 percent of workers had access to paid family leave policies through their employer in 2014, and young parents are less likely than older parents to have access to paid leave. Without paid family and medical leave, new parents are more likely to have to quit their jobs, lose their jobs, or take unpaid leave. Low-wage workers—who already have less flexibility in their budgets—are especially less likely to have access to paid leave, and they are disproportionately more likely to be young. In 2014, only 5 percent of low-wage workers had access to paid family leave.

According to a poll conducted by Generation Progress and Hart Research in 2014, 64 percent of Millennials say they are “getting by,” while only 13 percent say they are “getting ahead” and a worrying 23 percent say they are “falling behind.” For many Millennial workers struggling to make ends meet, unpaid leave is not an option, even for those who are eligible to take it without risking the loss of their job. In addition to having to cut down on spending, workers who take unpaid leave are forced to compensate by using up their savings, putting off paying bills, and taking on debt. All of these strategies are harmful to future financial stability and can have an exacerbated effect on young workers, many of whom have few or no savings and high levels of student debt. Roughly half of 18- to 34-year-olds in 2013 reported they would “probably not” or “certainly not” be able to come up with $2,000 in 30 days, and the average Millennial borrower who graduated in 2015 had more than $35,000 in student loans.
Because Millennials are the most diverse generation in U.S. history, the existing racial and ethnic disparities in employment, pay, and benefits affect them more acutely. Nationwide, black, Asian, and Native American workers have double the rates of unmet need for leave than white workers, and Hispanic workers are less likely to have access to paid leave than non-Hispanic workers. Few of the most vulnerable families have access to any type of leave, much less paid leave that they can afford to take.

Paid leave policies are worth the investment

In addition to helping millions of young American families balance work and family responsibilities, paid leave helps build an economy that works for everyone. Through access to paid family and medical leave, families can recover together from expensive health events and keep their jobs when they are ready to return to work.

The Department of Labor detailed the importance of paid leave in a recent report, “The Cost of Doing Nothing.” In addition to lessening the daily stresses of caregivers, paid family leave reduces the need for public assistance programs and increases workforce participation. According to a recent Pew Research Center survey, even for families where both parents are working full time, mothers often take on more of their children’s scheduling, as well as more of the care responsibility when they are sick. Forty-one percent of working mothers say being a parent has made it harder for them to advance in their career, and 60 percent say balancing their job and family life is difficult. Women who return to work after taking paid leave are 39 percent less likely to receive public assistance and 54 percent more likely to report wage increases in the year after having a child than women who cannot or do not take any leave. Paid leave is also an important driver of pay equity, since it is easier for women with paid leave to return to work after having a child than it is for women without access to paid leave.

Paid leave policies also affect families’ health. Without adequate leave, working caregivers and their families experience more stress and worse health outcomes, including poorer infant health and higher incidences of depression among new mothers. However, many new parents cannot take leave because they do not have access to it or because they cannot afford to take it unpaid. Paid family and medical leave enables families to take care of each other when they face serious medical conditions and chronic illnesses without risking their financial futures.
In addition to contributing to the well-being of working families, paid leave also benefits employers. Paid leave policies can reduce employee turnover, especially for Millennial workers. A 2015 survey found that 86 percent of Millennials said they would be less likely to leave a job with paid parental leave and flexibility. After the implementation of paid leave policies in their states, many California employers reported that they did not incur any new hiring or training costs because of the policy, and many New Jersey employers reported increases in morale and decreases in stress.

Policy options

There are a variety of models for what a paid family and medical leave program could look like. The recent Center for American Progress report, “Administering Paid Family and Medical Leave,” details the pros and cons of employer mandates, social insurance programs, and publicly funded business-government partnership programs. International research shows that employer mandates can hurt working women, since some employers try to avoid hiring and promoting women and may even resort to firing pregnant workers to avoid paying leave.

Social insurance programs are the most common type of paid leave around the world, and are similar to Social Security and Medicare in the United States—where workers pay premiums and access benefits through government-run programs. Former CAP Economist and current Senior Fellow Heather Boushey originally developed one example of this kind of paid leave proposal, which Sen. Kirsten Gillibrand (D-NY) introduced in the Senate as the Family and Medical Insurance Leave, or FAMILY, Act. The FAMILY Act would fund leave through a small payroll tax administered by the Social Security Administration, providing paid family and medical leave for around 80 percent of workers—up from the 59 percent of the workers that have unpaid, job-protected leave through the FMLA.

“Administering Paid Family and Medical Leave” also outlines a business-government partnership that would administer benefits through employers instead of a government agency. The program would provide up to 12 weeks of paid leave for the same reasons as the FMLA, with workers receiving two-thirds of their normal wages up to a capped amount of $1,000 a week. The Department of Labor would process applications and eligibility, and the Internal Revenue Service, or IRS, would reimburse employers for the cost of providing the benefits. The proposal would utilize the IRS and employers themselves in order to efficiently determine eligibility and broadly extend the benefit to all employers. The proposal would help younger workers since the eligibility requirement is just $300 in earnings on the previous year’s tax return.
Conclusion

Improving access to the existing FMLA unpaid leave program, especially for younger workers, is an important step forward for Millennial families, but they ultimately deserve a comprehensive, nationwide paid leave program. State paid leave policies in California, New Jersey, and Rhode Island are already helping vulnerable families by improving access to affordable leave.\textsuperscript{48} The proposed policy in the District of Columbia—as well as the FAMILY Act in Congress—will continue this trend if implemented.\textsuperscript{49} CAP’s innovative business-government partnership proposal would ease eligibility requirements and utilize employers and the IRS to expand paid family and medical leave fairly and efficiently.

Paid family and medical leave is critical for an economy that provides working families the chance to succeed and thrive. It is especially important for Millennials, who make up a growing proportion of caregivers for both their children and their elders. Every worker at some point experiences the need to take leave from work to care for themselves and others, and a comprehensive paid family and medical leave policy would allow families to recover from crises together without risking their financial security.

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Endnotes


6 Wendy Wang and Paul Taylor, “For Millennials, Parenthood Trumps Marriage.”


13 AARP Public Policy Institute and The National Alliance for Caregiving, “Caregiving in the U.S. 2015.”


15 National Partnership for Women and Families, “The Family and Medical Leave Act at 22.”


27 Ibid.


34 U.S. Department of Labor, The Cost of Doing Nothing.


37 Hauser and Vartanian, “Pay Matters.”


40 U.S. Department of Labor, The Cost of Doing Nothing.


44 Addati, Cassirer, and Gilchrist, “Maternity and paternity at work.”


47 Glynn, “Administering Paid Family and Medical Leave.”
