

Paid caregiving leave: A missing piece in the U.S. social insurance system

March 2020

Amid the ongoing public health crisis from the COVID-19 pandemic, many individuals can expect to be called away from work to care for a sick loved one or a child out of school. To support these workers during the coronavirus recession and beyond, paid family and medical leave is receiving increased attention in the United States by policymakers, employers, media, and the public.

Family leave encompasses several distinct types of leave, including leave to care for a newborn or newly adopted child (generally referred to as parental leave), as well as leave to care for a family member with a serious illness, whether that be a spouse, domestic partner, child, parent, or other relative. In contrast to other types of leave—in particular, parental leave, which has been studied extensively—caregiving leave receives much less attention in existing research. Though all states with paid family and medical leave programs cover caregiving leave, its inclusion in policy proposals at the federal level is uneven.

Even in the absence of a public health crisis, the aging of the baby-boom generation means that millions of working families are part of a growing “sandwich generation,” juggling care for young children and aging parents. Many will need time off work to care for a seriously ill child or older family member. Further, access to paid caregiving leave during a public health crisis can help workers take the time they need to care for a loved one without risking their financial security or the further transmission of an illness.

This factsheet draws on and updates a 2019 report by the Washington Center for Equitable Growth on why paid

caregiving leave is a policy with important economic, social, and health implications for U.S. employers, employees, and their family members.¹

Paid caregiving leave

Paid caregiving leave is defined as leave with partial wage replacement to care for a family member with a serious illness, including a spouse, domestic partner, child, parent, or other loved one. It is distinct from parental leave, which is leave to care for a newborn or newly adopted child, and from medical leave, which is leave to care for one’s own serious illness. There is no permanent national paid caregiving leave program, though Congress has authorized limited emergency paid leave benefits for some families in response to the COVID-19 pandemic. A number of states have passed laws implementing paid caregiving leave programs on a permanent basis.

Unpaid caregiving leave

Existing U.S. federal law only provides for unpaid, job-protected caregiving leave, but eligibility exclusions seriously limit the law’s impact on caregiving leave-taking.

- **The Family and Medical Leave Act of 1993 is the only permanent federal legislation that directly confronts families’ need to balance both work**

and care. The law entitles certain workers to unpaid, job-protected time off for approved reasons, including the need to care for a seriously ill family member. But the law's eligibility requirements mean that many of the workers who most need access to leave do not have it.²

- **More than 40 percent of the private-sector workforce is ineligible for unpaid leave under the Family and Medical Leave Act.**³ FMLA does not cover workers at firms with fewer than 50 employees within a 75-mile radius of the employee's worksite, effectively excluding small-business workers. Employees must have worked at a covered firm for at least 12 months and logged at least 1,250 hours during the past year to be eligible for unpaid, job-protected leave. Low-income workers both face the highest risk of family illness and are the least likely to be eligible for FMLA leave due to higher levels of employment in small firms and shorter job tenures.⁴
- **The Family and Medical Leave Act narrowly defines "family."** FMLA has a restrictive definition of family that bars workers from taking job-protected leave to care for siblings, grandparents, grandchildren, or domestic partners.⁵ Having an inclusive definition of family is critically important, particularly during periods of public health crisis, when workers may be called upon to provide care for loved ones when their regular caregiving options are not available.

Many employees cannot afford to take unpaid time off for caregiving

- Nearly half (46 percent) of FMLA-eligible workers who express an unmet need for time off did not take leave because they could not afford to do so. Another 17 percent of these workers cited fears that they might lose their job.⁶
- Access to paid time off is unevenly distributed across the income distribution. Among those who took caregiving leave, 53 percent of workers with below-

median family income in the United States received no pay during their time away from work, as compared to 17.7 percent of those with family incomes above the median.⁷

- Most employees who do receive pay during caregiving leave cobble it together from banked sick or vacation time.⁸

The lack of paid caregiving leave has consequences for workers, families, and employers

Workers experience:

- **Financial hardship due to foregone earnings.** Fifty-seven percent of employees with incomes of \$30,000 or less took on debt after a partially compensated or uncompensated leave, and nearly half (48 percent) relied on public assistance to cover lost wages during their leave.⁹
- **Reductions in work time due to the need to restructure one's work life in the absence of compensated leave.** Many caregivers report reducing work hours, switching to less demanding jobs, working part time, or retiring early in order to meet their caregiving needs.¹⁰ Even when these changes are voluntary, these reductions in work time lead to a reduction in take-home wages, employee benefits, and career advancement prospects, while early retirement reduces earnings and future Social Security benefits. These trade-offs are especially difficult for low-income families, many of which are most likely to have a seriously ill family member and least likely to have access to unpaid FMLA leave or paid leave.
- **Negative health consequences for both the worker and the family member in need of care.** Taking unpaid leave has negative mental and physical health consequences for the caregiver, compared to paid leave takers. The absence of paid leave leads 38 percent of caregivers with little or no compensation to cut their

caregiving leave short, potentially leading to adverse consequences for seriously ill individuals.¹¹

Employers experience:

- **Recruitment challenges.** Workers view paid leave as an important benefit, and it may impact an employer's ability to recruit and retain talent, especially in tight labor markets. More than one-quarter of working Americans cite paid leave as the benefit that would help them most, including 38 percent of those who have needed or taken it in the past.¹²
- **High turnover.** The absence of paid caregiving leave creates retention challenges. Nearly all (97 percent) of leave-taking employees who receive full pay during their leaves return to the same job they held prior to their leave. Yet only 85 percent of those receiving partial pay and 74 percent of those receiving no pay returned to their jobs.¹³
- **Productivity drag.** Workers without access to paid leave may work distracted and preoccupied by stressors at home. Some may struggle with mental health issues due to overlapping care and work responsibilities. Firms may lose more money on employees who are not fully focused on the job than they would by covering paid leave.¹⁴

Research suggests that paid caregiving leave could bolster public health and the macroeconomy, especially in times of public health crisis

- **Public health.** Allowing workers flexibility to take time away from work is a public health benefit.¹⁵ During times of a public health crisis, such as the current COVID-19 pandemic, many workers may be called away to care for a sick loved one. Without access to paid caregiving leave, workers may try keep working while also providing

care or return to work early. In either case, this could result in the unintended spread of a dangerous illness. While research on paid caregiving leave has largely left the public health effects unexamined, the literature on paid sick day offers important clues. It suggests that paid time off to address contagious illnesses may have important positive effects on public health by helping to reduce the spread of contagious diseases. An analysis of local and state paid sick day mandates in the United States using Google Flu Trend data found a significant reduction in the general flu rate after the mandates were implemented.¹⁶

- **Emergency care.** During a public health crisis, schools and business may indefinitely close to help slow the spread of a disease, and workers may need to care for healthy family members who need assistance with daily activities due to age or disability. Currently, six states allow workers to use paid sick days in such instances.¹⁷ The Families First Coronavirus Response Act of 2020 allows for emergency paid family and medical leave to care for a child if their school or regular place of care is closed due to a public health emergency. But this emergency paid leave provision only extends through the end of 2020. Permanently guaranteeing this provision would allow workers to care for their loved ones, regardless of health, whenever an emergency may strike. The effects of this type of emergency caregiving on education, health, and economic outcomes has not been well-studied yet.
- **Macroeconomic growth.** A bulk of the research on paid leave suggests that it improves labor market participation for women, which likely translates to improved Gross Domestic Product outcomes.¹⁸ While most of this research relates to parental leave, there is good reason to believe caregiving leave could have similar results. Additionally, paid leave would reimburse caregivers for their unpaid labor, which could induce consumer spending and economic growth. According to some estimates, the value of care provided by unpaid caregivers is more than \$470 billion annually.¹⁹ Despite this, caregiving leave appears underutilized in states where it is available. In California, for example, AARP estimates there were 4.5 million unpaid caregivers in

2013, but that same year, only 27,306 caregiving claims were filed.²⁰ Improving caregiving leave take-up could help get some caregivers compensated for the valuable care they provide.

Paid caregiving leave at the state and local level

Eight states plus the District of Columbia have passed comprehensive paid family and medical leave legislation that covers caregiving leave, along with parental and medical leave.²¹ Evidence suggests that these programs are working as designed.

- **Paid leave programs are popular.** While caregiving leave represents the smallest of the three types of leave (bonding/parental, medical, and caregiving), usage is growing over time. In California, for example, the number of individuals using caregiving leave annually has increased by approximately 57 percent in the past decade.²²
- **Employer responses to paid caregiving leave in the states have been predominantly neutral or positive, including among small businesses.** For instance, a large majority of businesses in California said the state’s paid leave law has had positive or non-noticeable effects on productivity (88.5 percent), profitability (91 percent), turnover (92.8 percent), and morale (98.6 percent).²³ Similarly, in New York, New Jersey, and Rhode Island, two-thirds of employers were supportive of their state’s paid leave programs, and another 15 percent to 20 percent were neutral.²⁴
- **Studies on parental leave imply that paid caregiving leave will be positive for both workers and caregivers.** The availability of paid parental leave in California reduced new mothers’ receipt of public assistance and food stamps, a finding that is likely to translate over to caregiving leave.²⁵ Results on the impact of paid leave on parental mental health also suggest that paid caregiving leave may improve caregiver mental health.²⁶

Existing paid caregiving leave works for everyone

The state and local examples above illustrate how to provide leave in a cost-effective way that benefits families:

- **All of the existing paid caregiving leave programs utilize a social insurance model that relies on a small payroll tax.** California, New Jersey, New York, and Rhode Island fund the program with a small payroll tax on employees, while Washington state, Massachusetts, and the District of Columbia are funding their new programs through a joint employee-employer payroll tax or, as in Washington, D.C., an employer-only payroll tax.²⁷
- **Employers in existing paid leave programs have not reported that the cost of covering for workers out on leave is a problem.** No evidence suggests that this has posed a problem for businesses to date. Instead, many employers are able to avoid hiring a new employee during the leave period and redistribute the leave-taking employee’s work to colleagues during the leave period.²⁸
- **Leave length should be short enough that the workers perceived as most likely to take leave do not face discrimination.** Research from Europe suggests that very lengthy leaves (of more than 1 year) may have adverse effects on women, the group most likely to take parental leave, as employers discriminate against people seen as likely to take leave.²⁹ No evidence of discrimination exists for shorter leave durations.

Endnotes

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