

# Unpaid and Unprotected:

How the Lack of Paid Leave for Medical and  
Caregiving Purposes Impacts Financial Health



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## About the Financial Health Pulse™

Now in its fourth year, the Financial Health Pulse is the national consumer research study focused on the financial health of people in the United States. Through regular analysis of surveys and transactional data, the Pulse offers actionable insights to improve financial health for all.

## About the National Partnership

The National Partnership for Women & Families is a nonprofit, nonpartisan advocacy group dedicated to promoting fairness in the workplace; reproductive health and rights; access to quality, affordable healthcare; and policies that help all people meet the dual demands of work and family.

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# Executive Summary

The COVID-19 pandemic has exposed the fragility of U.S. workers' financial lives. Widespread layoffs, school and childcare closures, and devastating loss have disrupted the livelihoods of workers across the country, particularly women and workers of color. To cope with some of these profound disruptions, many employees have turned to workplace benefits offered by their employers, including paid leave for medical or caregiving purposes. Yet far too many workers, especially part-time and low-wage earners, do not have access to these important benefits, leaving them unpaid and unprotected in uncertain times.

**This brief adds to calls for workplace paid leave policies that can help workers meet medical or caregiving needs, and offers new insights on the relationship between paid leave and positive financial health outcomes.**<sup>1</sup> (For the purposes of this brief, we refer to leave for an employee's own serious health condition as leave for "medical

purposes" and leave for caring for a family member's health condition as leave for "caregiving purposes.")

As the country rebuilds in the aftermath of the COVID-19 pandemic, policymakers and employers should prioritize policies that provide workers with paid leave to help them cope in good times and bad.

## Methodology

The findings presented in this brief are based on data from a nationally representative online survey fielded to members of [USC's Understanding America Study](#) consumer panel from April 22 to May 25, 2021. The subsample that was used in the analysis of this brief included people who indicated that they were employed or on sick or other leave ( $n = 3,574$ ). The survey instrument and full dataset can be downloaded on the [Pulse website](#). All data cited in this brief are significant within a 95% confidence interval. See the [Appendix](#) for additional methodology notes.

<sup>1</sup> Kathleen Romig & Kathleen Bryant, "A National Paid Leave Program Would Help Workers, Families," Center on Budget and Policy Priorities, April 2021.

## Drawing upon new survey data from the [Financial Health Pulse™](#), we find that:

01

Having access to paid leave for medical or caregiving purposes is correlated with less financial stress, better financial health, and higher job satisfaction.

02

Among workers who experienced a serious illness or injury in their household over the past year, those who took paid leave were less likely to report financial hardships related to housing, food, and healthcare than those who took unpaid leave.

03

Women (62%) are less likely than men (70%) to report having access to paid leave for medical or caregiving purposes and were more likely to reduce their hours to cope with illness or injury over the past year.

# Background

## *Paid Leave in the United States*

The United States is one of the only wealthy countries that does not have a comprehensive paid leave policy.<sup>2</sup> The Family and Medical Leave Act (FMLA) entitles eligible employees of covered employers to take unpaid, job-protected leave for certain reasons, but less than 60% of workers are covered by this policy.<sup>3,4,5</sup> Even among workers who are covered by the FMLA, many cannot afford to take unpaid time off to provide care for themselves or a family member in the event of illness or injury.<sup>6</sup> Only ten states, including Washington, D.C., have enacted comprehensive paid leave programs.<sup>7</sup> Women, workers of color, low-wage earners, and those working part time or employed in industries such as leisure and hospitality are far less likely than other workers to have access to various types of workplace paid leave policies.<sup>8,9,10</sup>

This brief contributes to discussions about the importance of workplace paid leave policies by focusing on access and usage of paid leave in the event of a worker's or family member's serious illness or injury.<sup>11</sup> While other types of paid leave policies, including paid parental leave to care for a new child, are important and related benefits, they are beyond the scope of analysis presented in this brief.<sup>12</sup>

In our research, we sought to measure how people who have access to *any amount of paid leave for medical or caregiving purposes* compare with those

who do not have access to this benefit. We assume that the typical worker is unfamiliar with the names and categories of specific benefits, so instead of asking whether respondents have access to “paid leave” per se, we asked whether they thought they could take any time off and still receive some pay to provide care for themselves or a family member in the event of serious illness or injury. (See notes on Figure 1 and Figure 2 for exact question wording and survey logic.) We then asked respondents to indicate how much time they thought they could take off from work and still receive some pay to provide such care (see Table 1 for exact question wording).

We found that while many workers thought they could take some amount of paid time off to provide care for themselves or a family member, the majority do not have access to a substantial amount of time that would be needed for a major health crisis. Two-thirds of all workers (66%) said they thought they could take time off in the event of illness and injury and still receive some pay.<sup>13</sup> Among this group, the majority of respondents said they could take less than 12 weeks off (Table 1), with 7% reporting less than one week, 36% reporting at least one but less than four weeks, and 23% reporting at least four but less than 12 weeks. Only a quarter of workers (23%) said they thought they could take at least 12 weeks off from work to provide care and still receive some pay.

<sup>2</sup> “Paid Family and Medical Leave in the United States,” Congressional Research Service, February 2020.

<sup>3</sup> “Fact Sheet #28: The Family and Medical Leave Act,” U.S. Department of Labor Wage and Hour Division, 2012.

<sup>4</sup> “Family and Medical Leave Act,” U.S. Department of Labor Wage and Hour Division.

<sup>5</sup> “Employee and Worksite Perspectives of the Family and Medical Leave Act: Results from the 2018 Surveys,” Abt Associates, July 2020.

<sup>6</sup> *Ibid.*

<sup>7</sup> “State Paid Family and Medical Leave Insurance Laws,” National Partnership for Women & Families, January 2021.

<sup>8</sup> “Economic News Release: Workers with access to paid leave by selected characteristics, averages for the periods 2011 and 2017-2018,” U.S. Bureau of Labor Statistics, August 2019.

<sup>9</sup> Scott Brown, Radha Roy, & Jacob Alex Klerman, “Leave Experiences of Low-Wage Workers,” Abt Associates, November 2020.

<sup>10</sup> “National Compensation Survey: Employee Benefits in the United States, March 2020,” U.S. Department of Labor, September 2020.

<sup>11</sup> We define “seriously ill or injured” as “having a condition that lasts more than three days and would require treatment by a healthcare provider, an overnight hospital stay, or a long-lasting condition for which one must see a healthcare provider at least twice a year for treatment. This could also include a condition that makes one permanently unable to work or perform other daily functions, or that requires treatments to keep from becoming incapacitated.”

<sup>12</sup> Sample size constraints in our dataset prohibit us from drawing meaningful conclusions about disparities in access to paid leave by race or ethnicity, but these trends have been well-documented elsewhere, including in the resources cited in this brief.

<sup>13</sup> A quarter (25%) of workers said they did not think they could take time off work to care for themselves or a family member and still receive some pay, and 9% of workers did not know whether they could take time off work to provide such care and still receive some pay.

In this brief, we consider all workers who said they thought they could take some amount of paid time off to provide care for themselves or a family member as “having access to paid leave for medical or caregiving purposes,” given our goal of understanding the relationship between access to any amount of paid leave and financial health outcomes (see additional

notes on Figure 1). Based on the data presented in Table 1, this group likely includes workers who would use short-term paid sick leave (i.e., “sick days”) to cover their leave, as well as those who would use long-term paid leave to care for themselves or a family member.<sup>14</sup>

**Table 1. Amount of paid time off among workers who report access to paid leave.**

QB21. Approximately how much time do you think you would be able to take off from work to care for yourself or a family member who was seriously ill or injured and still receive some pay?	% QB21 Sample, Weighted
Less than one week	7%
At least one week, but less than four weeks	36%
At least four weeks, but less than 12 weeks	23%
At least 12 weeks	23%
I don't know	11%

Notes: This table displays data from QB21 (question wording above), which was asked to all respondents who said they thought they could take time off work to care for themselves or a family member in the event of illness and injury and still receive some pay.

<sup>14</sup> The U.S. Bureau of Labor Statistics estimates that the average number of sick days available to workers is eight, suggesting that workers who responded “less than one week” may be thinking about short-term leave policies. While the distinction between short- and long-term paid leave policies is important – having access to comprehensive paid leave for medical or caregiving purposes offers workers more protection in the event of illness or injury than simply having access to a few sick days – we do not attempt to distinguish between these policies, given sample size constraints and the challenges of attempting to do so via a survey in which most workers may not be familiar with the distinction between policies. “Paid sick leave: What is available to workers?” U.S. Bureau of Labor Statistics, January 2021.

# Key Findings

01

Having access to paid leave for medical or caregiving purposes is correlated with less financial stress, better financial health, and higher job satisfaction.

Figure 1. Insights into paid leave access.



14

% PTS MORE LIKELY

Workers who report having access to paid leave for medical or caregiving purposes are **14 percentage points more likely to report low (or no) financial stress**, compared with those who do not have access to this benefit.



10

% PTS MORE LIKELY

Workers who report having access to paid leave for medical or caregiving purposes are 10 percentage points more likely to say they are “living comfortably” compared with those who do not have access to this benefit.



22

% PTS MORE LIKELY

Workers who report having access to paid leave in the workplace are 22 percentage points more likely to recommend their job to a friend than those who do not have access to this benefit.

Controlling for demographic and employment characteristics (including gender, race, household income, education, age, and part-time vs. full-time employment status)

**Notes:** Access to paid leave is defined using survey question QB20 – “Still thinking about your ‘main’ job, if you or a family member were to become seriously ill or injured, do you think you would be able to temporarily take time off from work to care for yourself or your family member and still receive some pay?” This question was asked to all survey respondents who indicated that they were currently employed. People who responded “yes” to QB20a – “take time off work to care for myself and still receive some pay” – or QB20b – “take time off work to care for a family member and still receive some pay” – are considered to have “access to paid leave” for the purposes of this analysis. See the [Paid Leave in the United States](#) section for more information.

Controlling for demographic and employment characteristics (including gender, race, age, education, household income, and part-time vs. full-time employment status), we find a strong correlation between having access to paid leave and positive financial outcomes. Workers who report having access to paid leave for medical or caregiving purposes are 14 percentage points more likely to report low (or no) financial stress, compared with those who do not have access to this benefit (see Table A.1 in the digital Appendix). These workers are also 10 percentage points more likely to say they are “living comfortably” and 11 percentage points more likely to be considered Financially Healthy than those who do not have access to paid leave (see Tables A.2 and A.3 in the digital Appendix).<sup>15,16</sup>

Access to paid leave for medical or caregiving purposes is also correlated with higher job satisfaction. When we hold constant the demographic and employment variables listed above, workers who report having access to paid leave for medical or caregiving purposes are 22 percentage points more likely to recommend their job to a friend than those who do not have access to this benefit (see Table A.4 in the digital Appendix). In general, higher job satisfaction is correlated with less turnover and greater organizational productivity and performance.<sup>17</sup> These findings suggest that providing workers with access to a comprehensive suite of benefits that include paid leave for medical or caregiving purposes can yield benefits for both employees and their employers.<sup>18</sup>



<sup>15</sup> “*FinHealth Score® Methodology*,” Financial Health Network.

<sup>16</sup> Financial health comes about when your daily financial systems allow you to be resilient and pursue opportunities. In this brief, we use the Financial Health Network’s *FinHealth Score®* to measure financial health. Learn more at [finhealthnetwork.org/score/methodology](https://finhealthnetwork.org/score/methodology).

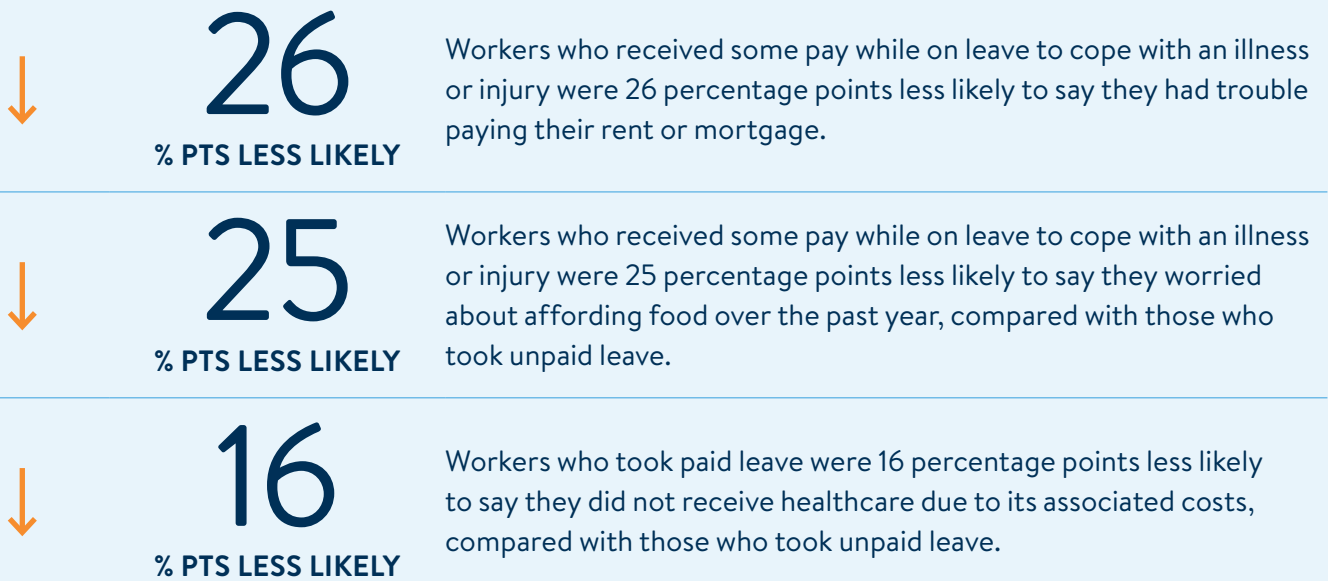
<sup>17</sup> Elizabeth Medina, “*Job Satisfaction and Employee Turnover Intention: What does Organizational Culture Have To Do With It?*,” Columbia University Academic Commons, February 2013.

<sup>18</sup> Paid leave is just one aspect of job quality that influences employee well-being; level of pay, flexible work environments, opportunities for advancement, and access to benefits like retirement savings plans and health insurance are also important. While we are unable to control for the effects of these other job characteristics in the regression analyses presented in this brief, we hypothesize that they collectively produce better outcomes and higher workplace satisfaction for employees who have access to them. Jonathan Rothwell & Steve Crabtree, “*How COVID-19 Affected the Quality of Work*,” Gallup.

# 02

Among workers who experienced a serious illness or injury in their household over the past year, those who took paid leave were less likely to report financial hardships related to housing, food, and healthcare than those who took unpaid leave.

Figure 2. Outcomes for workers who took paid leave in the past year.



Controlling for demographic and employment characteristics (including gender, race, household income, education, age, and part-time vs. full-time employment status)

**Notes:** This analysis considers respondents who said that they or a family member became seriously ill or injured over the past year (see Footnote 11 for definition of “serious illness or injury”). Usage of paid leave is defined using survey question QB24 – “As a result of this illness or injury, did you take any of the following actions in order to care for yourself or a family member?” – and QB25 – “Please select the statement that best describes whether you received any pay during the time you temporarily took off from work due to your or someone else’s illness or injury.” People who selected QB24a – “I temporarily took time off from work” – and indicated that they received full or partial pay for at least part of the time they were not working (QB25a-d) are considered to have taken paid leave over the past year. This group is compared with those who reported taking time off from work (QB24a) and selected response QB25e: – “I did not receive any pay while I was not working.”

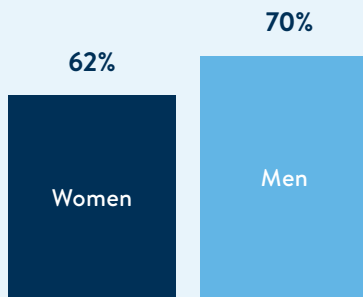
Controlling for demographic and employment characteristics (including gender, race, age, education, household income, and part-time vs. full-time status), we find that among people who said that someone in their household experienced a serious illness or injury over the past year, workers who took time off and still received some pay while not working were less likely to report financial hardships related to housing, food insecurity, and healthcare, compared with those who did not receive any pay while they were on leave (see Table A.5 in the digital Appendix).

Workers who received some pay while on leave to cope with an illness or injury in the past year were 26 percentage points less likely to say they had trouble paying their rent or mortgage and 25 percentage points less likely to say they worried about affording food over the past year, compared with those who took unpaid leave. Among this same group, workers who took paid leave were 16 percentage points less likely to say they did not receive healthcare due to its associated costs over the past year, compared with those who took unpaid leave.



# 03

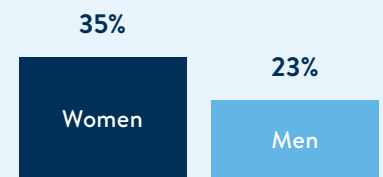
Women (62%) are less likely than men (70%) to report having access to paid leave for medical or caregiving purposes and were more likely to reduce their hours to cope with illness or injury over the past year.



Women were **8 percentage points less likely** than men to report having access to paid leave for medical or caregiving purposes.



Women were **3 percentage points more likely** than men to say they could take less than one week of paid leave.



Women were **12 percentage points more likely** than men to say they reduced their hours to care for themselves or a family member.

Despite doing the majority of caregiving, women are less likely than men to report having access to paid leave for medical or caregiving purposes.<sup>19</sup> Less than two-thirds of women (62%) say they could take leave to care for themselves or an ill or injured family member and still receive some pay, compared with 70% of men. These disparities are likely tied to the fact that women are more likely than men to be employed part time and are over-represented in industries that are less likely to offer paid leave, such as leisure and hospitality.<sup>20, 21</sup> However, even among women who have access to this important benefit, they are more likely than men to report having access to less time: 9% of women say they could take less than one week of paid leave, compared with 6% of men.

We also find evidence in our dataset that the COVID-19 pandemic has exacerbated workplace disparities between men and women. Among workers who said that they or someone in their household experienced a serious illness or injury over the past year, women (35%) were more likely than men (23%) to say they reduced their hours to care for themselves or a family member. These findings align with reports showing that a significant portion of job losses among women over the past year were the result of caregiving pressures associated with COVID-19.<sup>22</sup> Numerous studies have shown that leaving the workforce takes a toll on women's career progression and earning potential.<sup>23, 24</sup> Without guaranteeing access to beneficial policies like comprehensive paid leave, we risk undoing decades of progress toward closing the gender wage and wealth gaps.<sup>25</sup>

<sup>19</sup> *Caregiving in the United States: 2020 Report*, AARP and National Alliance for Caregiving, May 2020.

<sup>20</sup> Ariane Hegewisch and Valerie Lacarte, "Gender Inequality, Work Hours, and the Future of Work," Institute for Women's Policy Research, November 2019.

<sup>21</sup> "Women in the labor force: a databook," U.S. Bureau of Labor Statistics, December 2019.

<sup>22</sup> Dante Chinni, "Covid job losses hit working mothers especially hard," NBC News, May 2021.

<sup>23</sup> Alicia Sasser Modestino, "Coronavirus child-care crisis will set women back a generation," Washington Post, July 2020.

<sup>24</sup> Courtney Connley, "Women hit their peak earning years in their 40s: What does that mean for millennials sidetracked by the pandemic?," CNBC, April 2021.

<sup>25</sup> Julie Kashen, Sarah Jane Glynn, & Amanda Novello, "How COVID-19 Sent Women's Workforce Progress Backward," Center for American Progress, October 2020.

## **Spotlight on Solutions: A National Paid Family and Medical Leave Program**

The data show the United States' lack of universal access to paid leave for medical and caregiving purposes has a high cost for workers and their families. It is critical that Congress pass a national program to provide comprehensive paid family and medical leave for all workers, as outlined in President Joe Biden's American Families Plan and Ways and Means Committee Chairman Richard Neal's Building an Economy for Families Act. Prior research from the National Partnership for Women & Families shows that nearly 8 in 10 voters – including two-thirds of Republicans, more than three-quarters of Independents, and more than 9 in 10 Democrats – support a permanent paid family and medical program, and 7 in 10 see paid leave as an important part of the recovery from the pandemic.<sup>26</sup>

The Biden administration's American Families Plan and House Ways and Means Committee Chairman Neal's Building an Economy for Families Act would create a national paid leave program that would enable workers to receive a portion of their wages (up to 80% in the American Families Plan and up to 85% in the Building an Economy for Families Act) for up to 12 weeks. Leave could be used to address a worker's own serious health condition; to deal with the serious health condition of a family member, defined inclusively; to bond with a newborn, newly adopted, or foster child; or for certain military caregiving purposes. The American Families Plan would also provide up to 12 weeks of paid safe leave for needs related to domestic violence, sexual assault, or stalking, and up to three days of leave for bereavement following the loss of a family member.

<sup>26</sup> "Voters Show Bipartisan Support for Permanent Paid Sick Days and Paid Family and Medical Leave," National Partnership for Women & Families, November 2020.

# Conclusion

Paid leave for medical and caregiving purposes can help workers cope in challenging times.

Controlling for demographic and employment factors, we find that access to paid leave is correlated with less financial stress, better financial health, and higher job satisfaction, while usage of paid leave in the event of illness or injury is correlated with reduced financial hardship. Yet disparities in access to this important benefit exist between men and women, and the COVID-19 pandemic is threatening to undo decades of progress toward closing the gender wage and wealth gaps. As policymakers and employers consider additional relief and recovery efforts, they should prioritize policies that provide workers and their families with financial stability in good times and bad.

**Additional information about the research methodology and regression analyses used in this brief can be found [here](#).**





The Financial Health Network is the leading authority on financial health. We are a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding, and proven best practices in support of improved financial health for all.

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