



Navigating COVID-19:

Health Policy Solutions

Paid Leave



Missouri Foundation
for Health
a catalyst for change

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During this unprecedented health crisis, paid leave is critical to supporting the health and financial security of workers. Every day, people across the country are forced to choose between their health and their paycheck, though the Families First Coronavirus Response Act (FFCRA), a temporary federal mandate for paid leave,³ attempts to fix that. The FFCRA policies are necessary but insufficient at protecting the entire nation’s workforce. As policymakers consider plans now and after the COVID-19 pandemic, they must develop policy solutions that strengthen working families and safeguard America’s workforce.

Background

According to the Center for Economic and Policy Research, the United States is the only wealthy country that does not guarantee paid leave or paid sick days for the nation’s workforce.¹ Before the COVID-19 pandemic, 24%, or 33.6 million American workers, were without a single day of paid leave to care for themselves or a family member.² States can implement their own paid leave laws, but only 14 states and Washington, D.C., have mandated paid family leave or sick days, and Missouri is not one of them.³ Though U.S. workers are not guaranteed paid leave by law, the Family and Medical Leave Act (FMLA) does guarantee unpaid, job-protected leave for employees of public agencies and private businesses with more than 50 employees.⁴

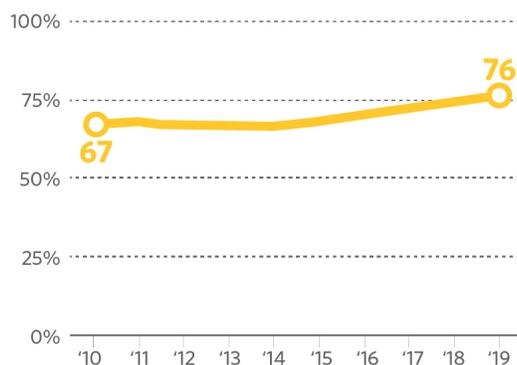
In recent years, paid sick leave has become more common, with the number of workers with benefits growing 9 percentage points between 2010-2019 (67%-75%). Lower-income workers, however, are far less likely to have paid leave benefits. In fact, 51% of workers earning \$13.08/hour or less have paid sick leave while 92% of workers earning greater than \$32.21/hour have paid sick leave.⁵

With child care facilities and schools closing or pivoting to remote learning due to the coronavirus, many parents who remain employed are feeling the dual pressure of child care and their jobs. According to a survey by the Bipartisan Policy Center, only 32% of working parents have someone in their household able to care for their children.⁶ These burdens often fall on women, who take a majority of the child care and health care responsibilities for their families and may have to miss work as a result.^{7,8}

The lack of paid leave protections most harshly impacts those who are considered “essential workers.” They are also more likely to be low-income, with 1 in 4 essential workers reporting having difficulties affording basic household expenses.⁹ When essential workers do not have paid leave and rely on daily wages, they may feel obligated to go to work, even if they are feeling ill. An example of this was seen in the meatpacking industry. Many large meatpacking companies do not offer paid sick leave and were exempt from FFCRA guidelines. At the same time, substantial outbreaks of COVID-19 occurred at many meatpacking plants.^b Data show that paid leave enables workers to stay home when ill while still earning a paycheck and prevents them from infecting others.¹⁰ Thus, basic protection for all workers provides financial security and reduces the spread of disease during and beyond the COVID-19 crisis.

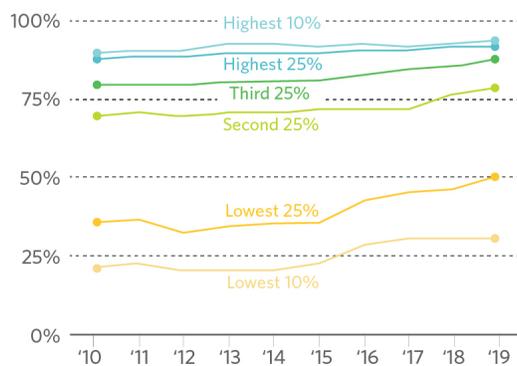
Paid sick leave has become more common in recent years ...

Share of U.S. civilian workers with access to any sort of paid sick leave as an employment benefit



... but lower-income workers still far less likely to have it

Share of U.S. workers with access to paid sick leave, by average wage level



Note: Includes private-sector and state and local government workers.
 Source: 2019 National Compensation Survey, U.S. Bureau of Labor Statistics.
 PEW RESEARCH CENTER
 Adapted by Missouri Foundation for Health

^aPaid family and medical leave and paid sick leave are together referred to in this brief as “paid leave.” While paid family and medical leave refers to longer term leave to care for a serious illness or loved one, paid sick leave refers to days off for any illness.

^bMore information on the meatpacking COVID-19 outbreak: <https://www.cdc.gov/mmwr/volumes/69/wr/mm6927e2.htm>

Paid Leave Policy Changes in Response to COVID-19

Due to the lack of permanent federal paid leave protections, the federal government enacted temporary protections for the duration of the public health emergency through the FFCRA, which is in effect until December 31, 2020. During the COVID-19 crisis, all public employers and private companies with fewer than 500 employees are required to provide up to two weeks, or 80 hours, of paid sick leave at the employee's regular rate or minimum wage, whichever is higher. An employee is entitled to this benefit if they are under government quarantine or stay-at-home order, advised by a health care provider to self-quarantine, or seeking a diagnosis for COVID-19 symptoms. Additionally, if employees are caring for someone under quarantine or stay-at-home order, or a child whose school or child care is unavailable, companies must provide up to two weeks, or 80 hours, of paid sick leave at two-thirds of the employee's regular rate or minimum wage. Lastly, employees have the right to up to 10 additional weeks of paid family leave at two-thirds rate to take care of children whose school or child care is unavailable.

Employers may require employees to utilize their annual accrued paid time off before using these FFCRA benefits, potentially leaving them without paid leave after the pandemic subsides. Additionally, these emergency paid leave days can count against an employee's FMLA benefits. If an employee is sick with COVID-19 past the 10 days of sick leave they are provided through FFCRA, they must use unpaid FMLA time for the remainder of their illness. This is significant as severe cases of COVID-19 can require up to six weeks of recovery.¹¹ FFCRA benefits are for one-time use during the policy period, and employees cannot be terminated, retaliated against, or replaced for taking paid leave for the above reasons. If the employer closes due to COVID-19, the employee is not subject to these protections and would need to apply for unemployment insurance instead.

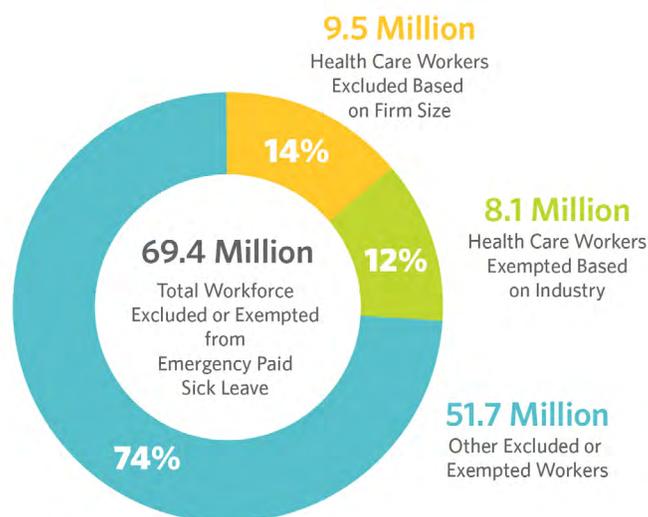
The emergency regulations provide some exceptions for small businesses, certain health care providers and emergency responders, and some federal workers. With these exceptions, 69.4 million, or 4 in 10, adult American workers could potentially be ineligible for these emergency paid leave benefits. One-quarter are health care workers.¹² Additionally, because large companies are exempt from FFCRA, low-wage grocery and delivery workers, those who have been deemed as "essential" since the beginning of the COVID-19 crisis, can be left with little to no paid sick leave. According to the Center for American Progress, 2 million grocery store employees are exempt from the FFCRA protections.¹³

Implementation of Paid Leave

Overall, paid leave has significant bipartisan support, with 79% of Republicans and 93% of Democrats agreeing that workers with a serious health condition should be able to take paid leave from work in order to recover,¹⁴ though there is some disagreement on who should cover the cost.¹⁵ Although most Americans support paid leave for all workers, concerns about the impact on businesses, job opportunities, and equitable implementation are recognized barriers to enacting federal or statewide paid leave programs.

Implementing paid leave comes with costs, including potential tax increases on employers and employees or impacts on federal or state budgets, depending on how the program is financed.¹⁶ States with mandated paid leave laws take different approaches to financing - some fund the program entirely through an employee payroll tax and others pass portions of the costs onto employers.^c The tax depends on the reimbursement rate and duration of leave provided. For example, states like California and New Jersey offer lower reimbursement rates (50-60% pay) for a shorter amount of time (four to six weeks), while Washington, D.C. provides 90% pay for more than eight weeks. States can thus enact policies that balance the amount of tax increases and the level of benefits provided to workers.

1 in 4 Workers Excluded or Exempted from Emergency Paid Sick Leave are Health Care Workers



NOTE: Private firms with more than 500 employees are automatically excluded from the law. Health care workers are subject to exemption at their employer's discretion. These are conservative estimates as workers in auxiliary industries could also be exempted.

SOURCE: KFF analysis of Current Population Survey Annual Social and Economic Supplement, 2019
Adapted by Missouri Foundation for Health

Another consideration for mandated paid leave policies are the impacts on the hiring processes of employers. Some economists suggest that raising the costs on employers may result in reduced hiring of the very people who need paid leave protections the most.¹⁶ For instance, employers may be less inclined to hire applicants with fewer educational credentials and women of childbearing age. Though this claim needs more research to support it, the projection is enough to caution states to consider potential unintended consequences. Secondly, with increased taxes, employers may reduce hiring overall, causing a reduction in available jobs.¹⁷ However, unemployment has not shown to be impacted by paid sick leave laws in any state.¹⁸

Adding to the issue of equity, although paid leave protections have helped many Americans, increased enforcement and awareness are needed so everyone can benefit. One study of California's paid leave law showed that the law increased parental leave uptake among fathers by 13%, but had no effect on uptake by mothers.¹⁹ Furthermore, a look into New York's law revealed that 30% of workers were not adequately paid for their sick leave, a majority of whom were part-time or had less formal education.²⁰ In contrast, Seattle saw a fairly equitable implementation of its paid leave law, which was credited to strong enforcement and awareness.²¹ Thus, governments interested in enacting paid leave must consider the factors that influence the success of an equitable implementation of these policies.

Despite concerns about cost and implementation, the benefits of paid leave can be far-reaching, especially for employers. Research shows that companies that offer paid leave gain higher employee retention, improved productivity, and increased talent attraction.²² Another study demonstrated that job-protected leave in Canada resulted in a 22% increase in the likelihood that women return to their employer.²³ With increased employee satisfaction and security, paid leave could be considered an investment for employers.

Overall, the lack of comprehensive paid leave is costly to public health. Workers without paid leave are 1.5 times more likely to go to work sick,²⁴ leading to presenteeism and loss in productivity.²⁵ Additionally, those without paid sick leave are three times more likely to forgo medical care for themselves and 1.6 times more likely to forgo medical care for their family.²⁶ Paid leave has also been shown to reduce community spread of respiratory illness,²⁷ which is especially pertinent in the time of COVID-19. In order to support the health and well-being of our workforce during and after the COVID-19 pandemic, policymakers must ensure paid leave policy is affordable, sustainable, and equitably implemented.

Future of Paid Leave Post COVID-19

Some countries that did not provide paid leave from the beginning were among the hardest hit from coronavirus, including the United States, Italy, and Iran.²⁸ The COVID-19 crisis has emphasized the need for emergency paid leave and sick time for all Americans. In order for workers to be able to take time off when they are sick or caring for a loved one, certain policy changes are necessary.

Recommendations for COVID-19 paid leave policy changes:

1. Expand FFCRA coverage to employers of all sizes and across all industries without exemption to ensure all workers are protected through the duration of the health and economic crisis.
2. Allow workers to qualify for extended paid leave if they have a severe case of COVID-19 in order to provide adequate time to quarantine and recover.
3. Prohibit employers from requiring employees to use accrued vacation, personal, or sick time before using FFCRA benefits and provide that any use of FFCRA time not count towards and employee's FMLA time to ensure that all workers have access to adequate leave for the duration of the COVID-19 crisis.
4. Extend the number of weeks afforded to parents to take care of children at home for two-thirds pay through FFCRA, as some schools are not reopening in the fall or are moving to part-time remote.
5. Extend protections through December 2021 and allow workers to use the emergency time each year to ensure that workers are protected through the entirety of the health and financial crises.

^c A Better Balance created a comprehensive chart comparing state paid leave laws including information on financing, qualifications, and stipulations: <https://www.abetterbalance.org/resources/paid-family-leave-laws-chart/>

Recommendations for paid leave beyond the public health crisis:

1. Evaluate the emergency paid leave policy enacted during the public health crisis to determine the impact on the spread of the virus, well-being of workers, and financial implications for businesses in Missouri to lay the groundwork for potential state paid leave policy.
2. Implement job-protected paid leave at the state level that extends especially to people in low-wage jobs, women, people of color, and health care workers and provides essential workers with additional protections in declared emergencies.
3. Include an implementation plan for enforcement and raising awareness to ensure paid leave policies have an equitable impact for all workers in the state.

As the economy continues to reopen, parents and other essential workers will face unprecedented challenges balancing work and caregiving responsibilities. All workers should be protected from the virus and have adequate time to recover if they get sick. Paid leave can allow workers who feel sick or live with someone who may be sick to stay home and protect their co-workers and customers from contracting the virus. Missouri and other states can learn from the COVID-19 crisis and consider how to adequately protect their workforces moving forward.

Endnotes

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