

# How Can Family & Medical Leave Affect Economic Security?

## A Snapshot of the Economic Consequences of Unpaid vs. Paid Family and Medical Leave Policies for U.S. Working Age Adults

### A Data-for-Policy Fact Sheet

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Authors: Pamela Joshi, Maura Baldiga, Li Tian

The purpose of this analysis is to estimate the economic consequences of unpaid vs. paid leave for employed working age adults in the event that they needed to take leave from work due to the birth or adoption of a child or their own or a family member's serious medical condition. We assume they were unable to access any paid leave benefits from other sources (e.g., employers, state policies). These estimates are presented for two scenarios: (1) unpaid leave and (2) paid leave insurance offered under the FAMILY Act.

**Table 1:** Estimated Wage Loss in the Event of Family or Medical Leave

**Table 2:** Estimated Wage Loss as a Percent of Quarterly Family Income in the Event of Family or Medical Leave

**Table 3:** Percent of Workers Living in Families Estimated to be Below 200% Poverty Before and After Wage Loss in the Event of Family or Medical Leave

**Table 4:** Percent of Workers in Families Estimated to Move Below 200% Poverty in the Event of Family or Medical Leave

**Table 1:** Estimated Wage Loss in the Event of Family or Medical Leave  
By Type and Duration of Leave and Race/Ethnicity

	Unpaid Leave	FAMILY Act
<b>6 Weeks</b>		
Employed Working Age Adults	\$4,154	\$1,265
Hispanic	\$3,000	\$935
White	\$4,615	\$1,399
Black	\$3,516	\$1,069
<b>12 Weeks</b>		
Employed Working Age Adults	\$8,308	\$2,531
Hispanic	\$6,000	\$1,870
White	\$9,231	\$2,799
Black	\$7,032	\$2,138

Source: Authors' analysis of data from the pooled 2011-2014 March Current Population Survey.

Notes: Estimates are presented in median 2013 dollars and are weighted with replicate weights. The CPS survey measures employment and wages for the year prior to the survey year. Employed working age adults are defined as employed individuals ages 21-64 (N=329,536). Employed adults are those who reported working at a job or business at any time during the previous calendar year (as of time of survey in each of the four years of the time period) including temporary, part-time, or seasonal work even for a few days. Working adults living in families with negative total family income were excluded from the sample (N=203). "Employed Working Age Adults" includes adults of all race/ethnicities. Hispanics may be of any race. We assume that only one working adult in a family takes leave at a time. Due to the lack of data about employer-provided benefits, these estimates do not account for any paid leave benefits provided through employers that could potentially mitigate wage loss. Throughout this document, the FAMILY Act leave scenario includes replacement of 66% of monthly wages. There is a maximum wage replacement of \$4,000 per month and a minimum wage replacement of \$580 per month. There is a small percentage of workers who have wage replacement that falls under the minimum amount due to having zero earnings or very low income. These estimates do not account for the estimated \$5.56 per month that workers would pay into the FAMILY Act insurance program.

**Table 2:** Estimated Wage Loss as a Percent of Quarterly Family Income in the Event of Family or Medical Leave

By Type and Duration of Leave and Race/Ethnicity

	Unpaid Leave	FAMILY Act
<b>6 Weeks</b>		
Employed Working Age Adults	28.2%	8.6%
Hispanic	28.1%	8.1%
White	27.8%	8.7%
Black	33.5%	9.6%
<b>12 Weeks</b>		
Employed Working Age Adults	56.5%	17.3%
Hispanic	56.2%	16.2%
White	55.6%	17.4%
Black	67.1%	19.2%

Source: Authors' analysis of data from the pooled 2011-2014 March Current Population Survey.

Notes: Estimates are presented in median percentages and are weighted with replicate weights. The CPS survey measures employment and wages for the year prior to the survey year. Employed working age adults are defined as employed individuals ages 21-64 (N=329,536). Employed adults are those who reported working at a job or business at any time during the previous calendar year (as of time of survey in each of the four years of the time period) including temporary, part-time, or seasonal work even for a few days. Working adults living in families with negative total family income were excluded from the sample (N=203). "Employed Working Age Adults" includes adults of all race/ethnicities. Hispanics may be of any race. We assume that only one working adult in a family takes leave at a time. Due to the lack of data about employer-provided benefits, these estimates do not account for any paid leave benefits provided through employers that could potentially mitigate wage loss. These estimates are calculated on a quarterly (3 month) timeframe. Lost wages as a percentage of total family income is estimated by comparing workers' lost wages due to leave in 2013 dollars to their family's total quarterly (3 month) income in 2013 dollars. After determining lost wages as a percentage of total family income for each working adult in our sample, we take the median of all estimates.

**Table 3:** Percent of Workers Living in Families Estimated to be Below 200% Poverty Before and After Wage Loss in the Event of Family or Medical Leave By Type and Duration of Leave and Race/Ethnicity

	Percent Below 200% FPL Before Wage Loss	Percent Below 200% FPL After Wage Loss: Unpaid Leave	Percent Below 200% FPL After Wage Loss: FAMILY Act
<b>6 Weeks</b>			
Employed Working Age Adults	22%	37%	26%
Hispanic	40%	58%	45%
White	16%	31%	19%
Black	32%	52%	38%
<b>12 Weeks</b>			
Employed Working Age Adults	22%	59%	31%
Hispanic	40%	74%	51%
White	16%	54%	24%
Black	32%	72%	44%

Source: Authors' analysis of data from the pooled 2011-2014 March Current Population Survey.

Notes: Estimates are presented in percentages and are weighted with replicate weights. The CPS survey measures employment and wages for the year prior to the survey year. Employed working age adults are defined as employed individuals ages 21-64 (N=329,536). Employed adults are those who reported working at a job or business at any time during the previous calendar year (as of time of survey in each of the four years of the time period) including temporary, part-time, or seasonal work even for a few days. Working adults living in families with negative total family income were excluded from the sample (N=203). "Employed Working Age Adults" includes adults of all race/ethnicities. Hispanics may be of any race. We assume that only one working adult in a family takes leave at a time. Due to the lack of data about employer-provided benefits, these estimates do not account for any paid leave benefits provided through employers that could potentially mitigate wage loss. These estimates are calculated on a quarterly (3 month) timeframe. Percent of workers in families earning below 200% of the federal poverty line (FPL) before wage loss is calculated by comparing workers' total family quarterly income (annual family income divided by 4) in 2013 dollars to the quarterly FPL (the FPL divided by 4) in 2013 dollars. To calculate percent of workers earning below 200% FPL after wage loss we subtract lost wages due to leave from workers' total family quarterly income in 2013 dollars and again compare to the quarterly FPL in 2013 dollars.

**Table 4:** Percent of Workers in Families Estimated to Move Below 200% Poverty in the Event of Family or Medical Leave

By Type and Duration of Leave and Race/Ethnicity

	Percent Moved Below 200% FPL After Wage Loss: Unpaid Leave	Percent Moved Below 200% FPL After Wage Loss: FAMILY Act
<b>6 Weeks</b>		
Employed Working Age Adults	15%	4%
Hispanic	18%	5%
White	15%	3%
Black	20%	6%
<b>12 Weeks</b>		
Employed Working Age Adults	37%	9%
Hispanic	34%	11%
White	38%	8%
Black	40%	12%

Source: Authors' analysis of data from the pooled 2011-2014 March Current Population Survey.

Notes: Estimates are presented in percentages and are weighted with replicate weights. The CPS survey measures employment and wages for the year prior to the survey year. Employed working age adults are defined as employed individuals ages 21-64 (N=329,536). Employed adults are those who reported working at a job or business at any time during the previous calendar year (as of time of survey in each of the four years of the time period) including temporary, part-time, or seasonal work even for a few days. Working adults living in families with negative total family income were excluded from the sample (N=203). "Employed Working Age Adults" includes adults of all race/ethnicities. Hispanics may be of any race. We assume that only one working adult in a family takes leave at a time. Due to the lack of data about employer-provided benefits, these estimates do not account for any paid leave benefits provided through employers that could potentially mitigate wage loss. These estimates are calculated on a quarterly (3 month) timeframe. To calculate these percentages we subtract "Percent Below 200% FPL Before Wage Loss" from the "Percent Below 200% FPL After Wage Loss" for each leave scenario (see Table 3).