

Valuing Families, Valuing Work: Four Ways Policymakers Can Help Low-Paid Workers and Their Children

Sick children are sent to schools. Sick workers handle food and money. New moms go back to work before they are ready. Children are sent to unlicensed child care of unknown or low quality. Workers show up for shifts and are told to go home unpaid. Workers are fired for taking time off to care for seriously-ill loved ones or for their own medical needs.

Earned sick leave, paid family and medical leave, predictable work schedules, and adequate child care assistance are some of the top workplace issues facing low-income families in Michigan and keeping many from achieving financial self-sufficiency.

The best way to leave poverty, support a family and move toward economic security is through work, yet not all jobs have the reliability and flexibility that workers need in order to stay employed and contribute to the economy. Most middle- and upper-income workers take for granted a predictable work schedule and the ability to take time off for sickness or family needs, but for many low-paid workers, sickness, last minute schedule changes or lack of child care result in loss of money and difficulty doing what is best for themselves and their families.

Michigan legislators can improve the workplace to help low-paid employees better meet the needs of their families:

- ◆ Require all employers to provide earned sick leave.
- ◆ Urge Congress to establish a national paid family and medical leave insurance program.
- ◆ Require employers to create predictable schedules.
- ◆ Update and strengthen the state child care subsidy to reflect reality.

RECOMMENDATIONS

Earned sick leave

- ◆ Require all employers to provide earned sick leave at a rate of one hour for each 30 hours worked, up to 40 hours per year for employees of a small business (10 employees or less) and up to 70 hours for all other workers.

Paid Family and Medical Leave

- ◆ Urge Congress to pass the FAMILY Act, providing all workers with 66% of their income for up to 12 weeks for a leave of absence due to serious illness or pregnancy.

Predictable Schedules

- ◆ Give employees the right to request and the right to receive schedule changes (under circumstances in which it would not cause a significant disruption or loss to employers).
- ◆ Require employers to notify employees of their schedules a minimum of two weeks in advance and give employees compensation for any shifts in which they were sent home early.
- ◆ Prohibit “clopening” in most occupations unless an employee requests it.

Child Care

- ◆ Increase child care subsidy rates with the goal of reaching the 75th percentile market rate.
- ◆ Increase the child care eligibility threshold to 150% of poverty.
- ◆ Provide child care payments on a daily or weekly basis rather than hourly.
- ◆ Increase the hours that child care can be reimbursed while low-income parents work or participate in approved education and training.

EARNED SICK LEAVE

In Michigan, more than 1.6 million workers and 46.6% of private sector workers do not get earned sick leave from their employers.¹ Seventy percent of workers in the lowest paying jobs (those in the bottom 25% of average wages) do not have earned sick leave, compared to 16% of workers in the highest paying jobs (those in the top 25% of average wages).²

Race and ethnicity also can affect paid leave, with less than half of Hispanic workers having sick leave compared to more than 60% of African American, Asian American and white workers.³

Without earned sick leave, an ill worker must either stay home and lose wages, or go to work and risk becoming sicker, working less productively, and exposing co-workers and, in some cases the public, to illness. If the worker's child becomes sick, the parent may feel pressure to send the child to school anyway or to leave the child at home unattended if the family cannot afford the lost wages. This choice is not good for workers, their families, or the public.

Staying home sick causes not only a loss of wages for many low-paid workers, but also can lead to a loss of employment. Working mothers are especially at risk. In a 2013 survey commissioned by Oxfam America, one out of seven low-wage workers and one out of five low-wage mothers reported losing a job in the past four years because they were sick or needed to care for a family member.⁴ Such job instability and its resulting stress can harm the social and intellectual development of children who already are at risk due to poverty.⁵

Family Values at Work, a national nonprofit organization, has compiled stories showing the circumstances leading to the need for sick leave and the consequences of not having it.⁶ Included are accounts of working while in immense pain and delaying treatment, leaving sick children alone at home or in the hospital, spreading germs in the workplace and among the public, and threats of retaliation for prioritizing caring for a sick family member over going in to work. While the compendium features stories from workers around the country, they likely reflect what many Michigan workers face.

The United States is one of only three out of 22 high-income countries studied by the Center for Economic and Policy Research that does not require earned sick leave that would cover a five day illness. Most of the countries require employers to provide at least five days of sick leave per year, while a few have social insurance programs to cover both short-term and long-term leave.⁷

Three states, along with a handful of localities across the country, have sick leave laws. San Francisco was the first municipality to enact a sick leave policy in 2006, followed in 2008 by Washington DC. In 2011, Connecticut became the first state to enact such a law, and California and Massachusetts followed suit with laws that will take effect in July 2015. In Connecticut and California, the Legislature passed the sick leave law, while Massachusetts' law was enacted through a ballot initiative.⁸

In Michigan, both legislative chambers have bills pending that would require all employers to provide earned sick leave at a rate of one hour for every 30 hours worked, up to 40 hours per year for employees of a small business (ten employees or less) and up to 70 hours for all other workers. The bills have strong public support: A recent poll shows 86% of Michigan voters agree that every worker should be able to earn paid sick days in order to take time off without losing pay, and 83% would be supportive of the Legislature passing a bill that would allow workers to earn one hour of paid sick time for every 30 hours worked.⁹

At the Congressional level, the Healthy Families Act would require employers with 15 or more workers to provide at least seven days per year of paid sick time and those with fewer than 15 employees to provide at least seven days per year of unpaid sick time. Workers would earn a minimum of one hour of paid sick time for every 30 hours worked, up to 56 hours (seven days) per year.¹⁰ The bill was introduced by Senator Murray (D-WA) and Rep. DeLauro (D-CT).

PAID FAMILY AND MEDICAL LEAVE

Maternal leave enables mothers to recover from childbirth and to bond with their newborn child without serious financial disruption. The United States is one of only eight countries in the world (and the only high-income country) that does not require paid leave for

WORKPLACE ISSUES

Earned Sick Leave

1 hour for 30 hours worked



MAXIMUM:

40 hours < **10** employees

70 hours > **10** employees

Long Term Leave

The FAMILY Act in Congress would give:

66% of pay/**12** weeks

for serious illness or pregnancy



Scheduling



17% of total workforce and

83% of part-time workers report having unstable work schedules

Child Care

75% of parents get lowest baseline subsidy rate of \$1.68 — \$3.75

\$555 avg. monthly cost of full-time child care in Michigan



mothers of newborns. Of the 178 countries that require it, 81 also provide some level of leave to new fathers as well.¹¹

Paid medical leave to cover long-term illnesses, injury recovery or other medical challenges is important as well. Medical leave helps prevent families from falling into poverty, foreclosure and bankruptcy, and helps to keep finances stable during medically challenging times. Medical leave differs from sick leave in that sick leave is short-term (often a day or two taken at a time) and pays full wages, while medical leave is longer term (generally up to three or four months) for serious medical conditions or illnesses, and usually replaces wages only partially.

The Family and Medical Leave Act of 1993 guarantees eligible employees up to 12 weeks of unpaid leave each

year to care for a newborn, a newly adopted child or a seriously ill family member, or to recover from serious health conditions or pregnancy. While the FMLA was an improvement over not having any guaranteed leave at all, it does not cover employees of a company or organization with fewer than 50 employees, and it does not meet the needs of workers who cannot afford to forgo up to 12 weeks of wages.¹²

Currently there are no paid family and medical leave bills under consideration in Michigan. Nationally, the Family and Medical Insurance Leave (FAMILY) Act, sponsored by Rep. DeLauro (D-CT) and Sen. Gillibrand (D-NY), would provide workers with 66% of their income for up to 12 weeks if they take a leave of absence due to serious illness or pregnancy. It would cover all workers in all companies no matter the size. The program would be

funded through small employer and employee contributions (similar to how Social Security and Medicare are funded) and administered by the Social Security Administration.¹³

PREDICTABLE SCHEDULES

Late-notice scheduling and sudden schedule changes can cause workers to lose anticipated wages and make taking care of children extremely difficult. Many low-paid workers have experienced going in to work for an eight-hour shift only to be told to leave after two or three hours, or being called at the last minute and told not to come in at all. Some employers will post weekly job schedules one or two days before the new work week begins. Such unpredictable scheduling leaves workers scrambling to schedule (or cancel) child care, transportation and other family needs, and sometimes requires them to spend money to accommodate the unexpected change.

Along with minimum wage and paid leave, predictable scheduling is becoming increasingly recognized as a necessary policy change to protect workers and restore the integrity of work. While some mostly higher-paying professions (i.e. police and fire protection, journalism and some medical professions) have inherent unpredictability due to the need to respond to circumstances and events, such unpredictability for lower-paying occupations is usually practiced only to save the employer money. Call centers, retail stores and restaurants are increasingly using computerized “workforce optimization systems” that use sales trends, expected customer volume, weather and traffic patterns and other variables to create “just in time” scheduling that puts employees to work exactly when they are most needed—at the expense of worker well-being.

As with the absence of sick and family leave, the lowest income workers are more likely than other workers to have the most irregular work schedules. Approximately 17% of the total workforce and 83% of hourly part-time workers have jobs with unstable work schedules, and as many as 26% of such workers report experiencing work-family conflict as a result.¹⁴ Between 19% and 31% of low-wage workers are often asked to work extra hours with little or no notice, and 40-60% percent of such workers say

they comply with the request to avoid negative consequences.¹⁵

A related problem is “clopensing,” requiring an employee to work a closing shift late at night and then an opening shift early the next morning. Along with not being able to get adequate sleep between shifts, employees subjected to this practice often have difficulty tending to their families’ needs. Losing sleep regularly due to such work shifts also can jeopardize health.

In 2014, bills were proposed both in the Michigan Legislature and in Congress to address schedule unpredictability. The federal Schedules That Work Act would have granted an employee the right to request changes regarding the number of hours or times the employee is required to work or be on call, the location of work, the amount of advance notice received of work schedule assignments, and the fluctuations in the number of hours scheduled to work on a daily, weekly, or monthly basis – and to do so without fear of retaliation.

The federal bill also would have added protections for workers specifically in retail, food preparation/service and building cleaning requiring employers to give employees their schedules two weeks in advance. It also would have required an extra hour of pay to the employee if there is a change to a scheduled shift less than 24 hours before the shift is to begin. If a worker is sent home before the end of the shift, that worker would receive a minimum of four hours of pay (or pay for the entire shift if the shift was less than four hours).¹⁶ This bill has not been re-introduced in the new congressional session.

The Michigan proposal contained many of the same provisions as the Congressional bill. At this time, no state has a law as wide-ranging as the Schedules That Work Act, but Vermont has a law that provides one narrow but important piece of it: giving an employee the right to request a schedule change, requiring the employer to consider it and provide a response, and prohibiting retaliation against an employee for making such a request.¹⁷ San Francisco has a similar right-to-request law that applies only to requests pertaining to an employee’s caregiving of his or her child.¹⁸ Neither law gives the employee a right to receive a schedule accommodation, only to request it and have it considered.

CHILD CARE ASSISTANCE

Child care is one of the biggest expenses for many working families. The average monthly cost of full-time child care in Michigan for children younger than school age is \$555 per month (though in some counties it is more than \$700 per month), which is approximately 30% of a single parent's monthly basic expenses and 25% of a two-parent family's basic expenses.¹⁹ If the single parent is working full time at Michigan's minimum wage, he or she will not be able to afford child care, as that will consume 40% of his or her earnings.

To help with child care expenses for low-paid workers, Michigan has the largely federally-funded Child Development and Care subsidy that covers a portion of the costs. The CDC provides child care subsidies to: (1) public assistance recipients; (2) families with incomes below 121% of poverty (\$22,048 for a family of three); (3) licensed foster parents caring for foster children; and (4) families with open child protective services or preventive services cases. Recipients must be working, attending school or attending approved services or trainings. The subsidies are available for eligible children under the age of 13, as well as children between the ages of 13 and 18 in cases with health or disability reasons or a court order.

Michigan must update and strengthen the child care subsidy to help working parents keep their jobs, meet family needs and move ahead.

The CDC subsidies do not meet the needs of low-income working parents in several ways:

- ◆ The subsidy rates are well below the federally recommended level—the 75th percentile of current market rates, which is the level designed to give families access to 75% of local providers. Michigan's rates are below half that amount, limiting access to licensed or higher quality child care.²⁰ To begin to respond to the problem of low rates, the Michigan Legislature recently approved another small rate increase for child care providers with higher quality ratings. Currently, the subsidy pays \$1.68-\$4.50 an hour and depends on the type of child care program

(center, group or family home), age of child and whether the family receives 70%, 80%, 90%, 95% or 100% of the subsidy . However, 75% of parents receive the lowest baseline rate of \$1.68-\$3.75 an hour.

- ◆ Michigan, unlike most states, reimburses child care providers on an hourly basis, depending on a child's actual attendance, despite the fact that most providers bill on a daily, weekly or monthly basis. This makes it difficult for providers to run their businesses and project income, and the hourly reimbursements discourage many providers from participating in the CDC program.
- ◆ Michigan's child care program has one of the lowest eligibility levels in the country, limiting low-income parents' access to the child care assistance they need to work and support their children. The state's child care income eligibility threshold (39% of state median income) has not been changed since 2003, and without adjustments for inflation has fallen from 155% of poverty to 121%, or gross monthly income of under \$1,990. In response, the Michigan Legislature recently approved a new policy that allows parents who are eligible for the CDC at 121% of poverty to remain eligible until their incomes reach 250% of poverty, or \$47,682 a year for a single parent with two children.
- ◆ Michigan covers only 90 hours of care in a two-week period—down from a peak of 140 hours. Although the number of covered hours was increased from 80 hours last year, it is not enough for parents who must spend a lot of time driving to and from work. If a shift is 8 ½ hours and the commute is one hour each way, a full-time worker will need 105 hours of child care in a two-week period. Thirty-two states do not impose caps on the hours of care. Of the states that do, the average cap is 120 hours biweekly, and at 90 hours Michigan is the lowest.

Inadequate child care subsidy rates in Michigan have forced many low-income families to seek out lower cost unlicensed care of unknown or poor quality. In response, state policymakers have sought to encourage greater

parental reliance on licensed care, as well as improve the quality of unlicensed care. They first reduced payment rates for unlicensed child care providers and then, beginning in 2009, required all unlicensed home providers to participate in a seven-hour orientation training before being able to receive a subsidy. When the training requirement was adopted, 65% of subsidized children were in the care of unlicensed providers; by 2012, only 38% were placed in unlicensed care.²¹

No data exists showing whether the parents of children no longer in unsubsidized care were able to find higher-quality child care in licensed homes or centers. And it is possible that grandparents or other relatives caring for

young children simply dropped out of the subsidy program because they were unable to participate in the training, or chose not to because they anticipated only caring for children for a short period of time to help out a family member.

The child care subsidy is a way to support working parents and help them thrive in the job market, while at the same time helping to ensure that children are safe and in a constructive environment that encourages development. Michigan must increase its investments in child care and make sure that its subsidy policies address the challenges faced by low-income working parents.

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