



Paid family and medical leave is a piece of the racial wealth gap puzzle

The COVID-19 pandemic highlighted how deeply exposed financially vulnerable populations are to economic shocks, and that working Americans earning lower incomes are the least likely to have protection from the pandemic's employment, health and financial consequences.

According to research cited in a new report from Prudential, [Paid Family and Medical Leave: Helping to Close the Racial Wealth Gap](#), workers who need it most—including people of color, women, and gig and younger workers—often do not have access to benefits such as health insurance, work-from-home options and paid leave like their higher-earning counterparts. And Black Americans are overrepresented in this subgroup for a host of reasons, including historical and systemic barriers to wealth-building programs and a greater likelihood of working in lower-paying jobs or for employers that do not offer such benefits.

The paper follows a [Prudential report](#) that underscores the importance—and unevenness—of paid leave benefits across the employment spectrum and calls for a public-private partnership to create a national PFML program.

This new report shines a spotlight on paid leave as an important aspect of a more equitable post-COVID-19 economic recovery, citing concerning data about the already precarious nature of many Americans' financial situations.

"Sixty-nine percent of Americans say they live paycheck to paycheck," says [Jamie Kalamarides](#), president of Prudential Group Insurance. "This means millions of people are simply unable to weather an unexpected change in their ability to work under *normal* circumstances—the conditions of the COVID-19 pandemic have made it an unsustainable reality."

"Alarms were being sounded for quite some time, but now they have become a siren," he says.

The paper calls for national paid family and medical leave to help bring greater financial stability to Americans earning low wages and examines the role it could play in addressing the racial wealth gap. It refers to the Great Recession as a cautionary tale, as its uneven recovery left an even wider wealth gap between Black and white American households. The paper also highlights statistics on the financial health of Black households as compared to white ones, including rates of homeownership (44% vs. 74%) and a difference in median net worth that has grown to over \$160,000.

"The COVID-19 pandemic has made it clear that there is disproportionate access to paid family medical leave among U.S. workers—especially for women and people of color who have been most impacted," said [Lata Reddy](#), senior vice president of Inclusive Solutions at Prudential Financial. "Prudential has been a champion of a permanent, comprehensive, national solution since 2017 and we will continue with even greater urgency to advocate for inclusive policies as part of a systemic solution to help close the financial divide."

Currently, no federal law requires employers to offer any kind of paid leave for employees when they are unable to work due to personal illness or must take time off to care for a family member. What exists now is a patchwork of employer-provided short-term disability that only some workers

have access to, limited state-based social support programs, and Social Security Disability Income for workers who become disabled. But none of these programs guarantee the full two weeks of paid sick leave necessary to meet quarantine recommendations, and no statewide paid leave program covers leave for caregiving associated with school or childcare closures.

In fact, the paper highlights that only 30% of the nation's lowest paid private sector workers have access to paid sick days, compared to 93% of the highest paid. And Black women tend to be at a greater disadvantage as they are more likely than white women to live in multigenerational households and have caregiving roles. During the pandemic, employment for unpartnered Black women fell 10% compared to 6% for their white counterparts.

“These disparities hasten the need for action and deepen Prudential’s advocacy in support of a public-private partnership to create a comprehensive paid leave solution that is consistent across the wage spectrum,” says Kalamarides. “We applaud the signing of the Families First Coronavirus Response Act (FFCRA) in March 2020 and the American Rescue Plan Act earlier this year as emergency measures taken in response to economic impact of the COVID-19 pandemic. An overwhelming number of Americans agree that the federal government needs to act to provide greater and permanent access to paid family and medical leave, and Prudential is eager to play a part in that effort.”

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