

# The Great Resignation Shows Great Need for Paid Leave

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Workers have been quitting their jobs more than ever before.<sup>1</sup> The Bureau of Labor Statistics estimates that at least 3 million workers quit their job every month since September 2020, but those numbers are picking up. In August and September 2021, more than 4 million quit their jobs, or 3.4 percent of all workers.<sup>2</sup>

This phenomenon that the media has dubbed “The Great Resignation” has garnered much attention and caused concern in the business community and among some policymakers who worry about a labor shortage. Some economists and labor advocates, on the other hand, see a positive trend toward increased worker power and confidence in the ability to find a better job and increased upward mobility, spurred by increased time, resources and a tightening labor market throughout the pandemic.

Policymakers need to get the diagnosis of this issue right in order to answer a critical question: how to meet the demand for workers — especially in essential occupations like child care and health care — without undercutting any gains in workers’ power and mobility.

## KEY FACTS & TAKEAWAYS:

- **3 million women have left the labor force since the beginning of 2020**
- Women’s participation in the labor force is **higher** in states that have implemented paid family and medical leave
- Women pushed out of their jobs throughout the pandemic are **more likely** to leave the labor force than men, who are more likely to immediately switch to another job
- The number of people who are not working because they are sick or disabled, or providing family care, has **increased** by 1.2 million since April, 2021 — more than the increase in quits since April
- **12.6 million individuals were not working** in October 2021 because they are disabled or caring for an aging person, which amounts to **nearly 8 percent** of the total labor force

Looking more closely at who is leaving their jobs and why can help policymakers grasp the underlying causes and address the so-called Great Resignation effectively. We find strong evidence for an underrecognized factor: workers' health and caregiving needs are a significant challenge to getting and staying employed — and when employers fail to meet those needs, they can't keep good people in jobs.

Rather than a great resignation, this period has been a time of evaluation and re-prioritization for workers, resulting in a great pause from the workplace for many. This points to a clear solution: enact policies that provide the support workers need to keep their jobs, including paid family and medical leave.

## **Paid Leave Allows Workers — Especially Women — to Stay in their Jobs**

All workers in the United States need paid leave. When a worker experiences a serious medical issue or disability, or needs to care for an aging or ill family member or a new child, paid family and medical leave would allow them to keep their job and return back to work when they are able — without missing a paycheck. However, only one in five workers has paid family leave through their employer.<sup>3</sup> A lack of paid leave and other family support policies costs the U.S. economy [billions](#) each year,<sup>4</sup> and during the pandemic has set women — who comprise a majority of working caregivers<sup>5</sup> — back decades in terms of workforce participation.<sup>6</sup> Since the beginning of 2020, the share of women in the labor force has declined by nearly two percentage points, from 59.2 to 57.5 percent, reflecting nearly **3 million** women who are no longer in the labor force.<sup>7</sup>

Labor force participation . . . of women in the United States is now lower than that in many developed countries. . . . Once upon a time, we were the leader. Now, we've fallen behind. And **a major difference between the United States and other developed countries is our support for child care, paid leave, things that enable women to participate in the labor market.**

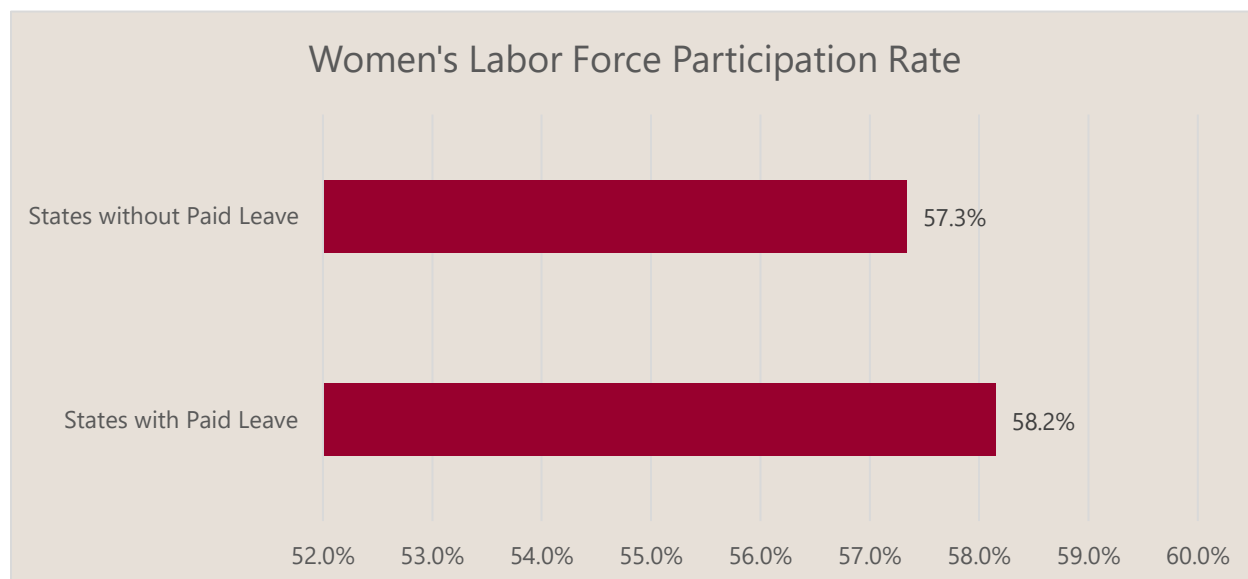
— **Janet Yellen, Nov 30, 2021 Senate Banking Hearing**

Women in states that have paid leave are able to stay in the workforce at higher rates than women in states without paid leave (see Figure 1). And more women than men have gone from being employed to leaving the labor force since the pandemic began (see Figure 2), which will likely have long-term consequences on their income and retirement savings.<sup>8</sup> Time spent out of the labor force is a major driver of the gender wage gap.<sup>9</sup>

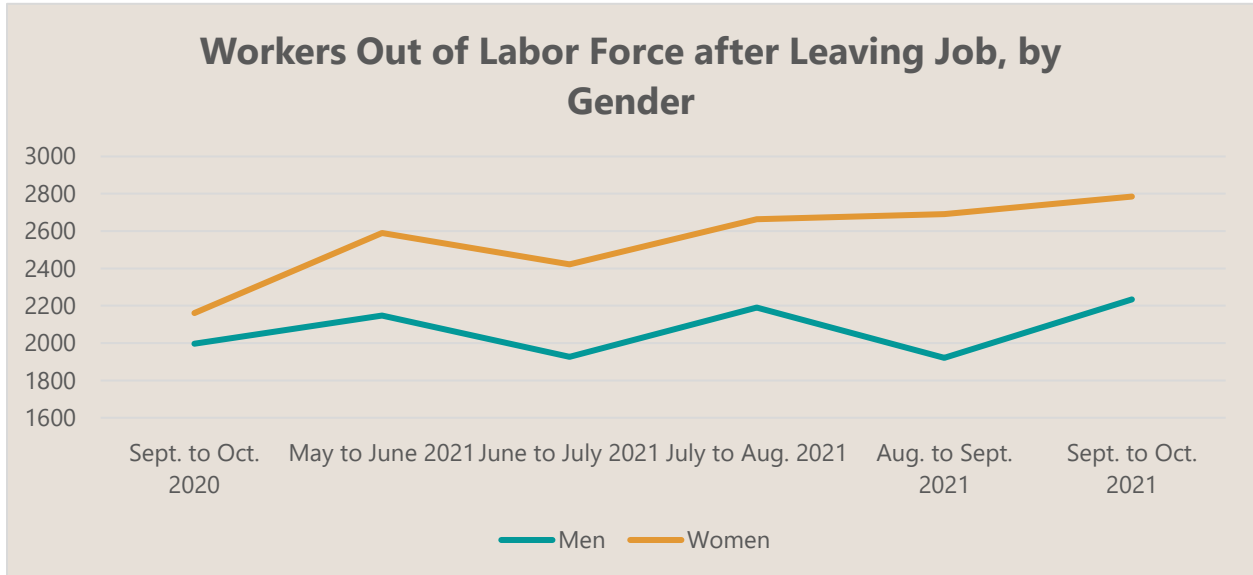
The delta variant contributed to slower job growth this summer as **factors related to the pandemic, such as caregiving needs and fears of the virus, kept some people out of the labor force despite strong demand for workers.** . . . [When] enhanced unemployment insurance ran off and schools reopened, and vaccination came, we all thought there would be a significant increase in labor supply. And it hasn't happened. . . . So, you ask why there's tremendous uncertainty around that. But a big part of it is clearly linked to the ongoing pandemic. People answer surveys, and, you know, they're reluctant to go back to work. [A] big part of it is clearly linked to the ongoing pandemic. . . . **They're reluctant to leave their caregiving responsibilities** and go back to work because they feel like schools might be closing again, things like that.

— **Jerome Powell, Nov 30, 2021, Senate Banking Hearing**

**Figure 1: Women's Labor Force Participation Higher in States with Paid Leave<sup>10</sup>**



**Figure 2: More Women Pushed Out of Labor Force After Leaving Job than Men<sup>11</sup>**



## **A Lack of Paid Leave and Rising Need Poses Workforce Challenges**

In states that have paid leave, workers who also have caregiving responsibilities are much more likely to stay in the workforce. A study from California showed that when paid leave was implemented, working caregivers increased their labor force participation by 14 percent over an eight year period.<sup>12</sup> Scaled up nationally, that means [six million more working caregivers would be in the workforce](#) a few years after national paid leave were implemented.<sup>13</sup> One recent survey showed that 45 percent of unemployed caregivers — a majority of whom are women — would be more likely to return to work if an employer offered paid family and medical leave.<sup>14</sup>

Based on evidence from Census Pulse survey data, it is apparent that caregivers and those who are seriously ill and disabled have trouble keeping their jobs when they do not have paid leave. Nationally, the number of people who are not working because they are sick, disabled, or caring for the sick or elderly, has grown by 1.2 million since April, 2021,<sup>15</sup> which is just one of many reasons why people without workplace accommodations have been driven out of their jobs or out of the workforce entirely.

During that time, the number of people quitting their jobs nationally rose by 400,000, from 4 million in April to 4.4 million in September.<sup>16</sup> Far more than that are not working due to illness, disability, or family care responsibilities. Paid leave could have kept some of those workers in their jobs, while providing a critical lifeline during a time of need, to cover lost income, medical, and other expenses.<sup>17</sup>

There were 12.6 million individuals not working due to illness or family care responsibilities — accounting for nearly **8 percent** of the total workforce in October, 2021. Out of select states,\* that number is the highest, nearly 13 percent of the total workforce, in West Virginia (See Table 1).

**Table 1: Reason for Not Working: October 2021<sup>18</sup>**

	<b>Caring for Elderly Person</b>	<b>Sick (not Covid) or Disabled</b>	<b>Sick, or caring for someone, with Covid</b>	<b>Total, Sick or caring for sick or elderly</b>	<b>October Workforce</b>	<b>Total cases as a % of October Workforce</b>
<b>National</b>	<b>1,919,911</b>	<b>6,956,262</b>	<b>3,722,709</b>	<b>12,598,882</b>	<b>161,458,000</b>	<b>7.8%</b>
Florida	64,934	334,662	381,717	781,313	10,590,466	7.4%
Hawaii	15,014	13,989	9,235	38,238	646,795	5.9%
Maine	16,576	17,719	18,739	53,034	679,456	7.8%
Nevada	3,910	82,450	25,537	111,897	1,552,758	7.2%
Ohio	58,699	268,375	169,176	496,250	5,673,734	8.8%
Oregon	26,069	85,782	78,304	190,155	2,168,534	8.8%
Virginia	33,864	71,768	65,752	171,384	4,256,634	4.0%
West Virginia	27,837	53,024	19,645	100,506	791,930	12.7%

\* Geographically representative.



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<sup>3</sup> U.S. Bureau of Labor Statistics. (2021, September). *National Compensation Survey: Employee Benefits in the United States, March 2021*. Retrieved 15 December 2021, from <https://www.bls.gov/ncs/ebs/benefits/2021/employeebenefits-in-the-united-states-march-2021.pdf>

<sup>4</sup> Novello, A. (2021, July). *The Cost of Inaction: How a Lack of Family Care Policies Burdens the U.S. Economy and Families*. Retrieved 15 December 2021, from National Partnership for Women & Families website: <https://www.nationalpartnership.org/our-work/resources/economic-justice/other/cost-of-inaction-lack-of-family-care-burdens-families.pdf>

<sup>5</sup> Novello, A. (2021, November). *Paid Leave Could Keep More Than 6 Million Caregivers Connected to the Labor Force by 2030*. National Partnership for Women & Families Publication. Retrieved 15 December 2021, from National Partnership for Women & Families website: <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/paid-leave-caregivers-connected-2030.pdf>

<sup>6</sup> U.S. Bureau of Labor Statistics. (2021, December). *Data Retrieval: Labor Force Statistics. Household Data Table A-1: Employment status of the civilian population by sex and age*. Retrieved 15 December 2021, from <https://www.bls.gov/webapps/legacy/cpsatab1.htm>; Women's labor force participation hit a 30+ year low of 56.3 percent in April 2020, and the current rate, 57.4, was last seen in mid-1989.

<sup>7</sup> Ibid.

<sup>8</sup> Kashen, J., Glynn, S.J., & Novello, A. (2020, October). *How COVID-19 Sent Women's Workforce Progress Backward: Congress' \$64.5 Billion Mistake*. Retrieved 15 December 2021, from The Century Foundation website: <https://www.americanprogress.org/article/covid-19-sent-womens-workforce-progress-backward/>

<sup>9</sup> Rose, S.J., & Hartmann, H. (2018, November). *Still a Man's Labor Market: The Slowly Narrowing Gender Wage Gap*. Retrieved 15 December 2021, from the Institute for Women's Policy Research website: <https://iwpr.org/iwpr-issues/esme/still-a-mans-labor-market-the-slowly-narrowing-gender-wage-gap/>

<sup>10</sup> U.S. Bureau of Labor Statistics. (2021, July). *Local Area Unemployment Statistics: Expanded State Employment Status Demographic Data*. Retrieved 15 December 2021, from <https://www.bls.gov/lau/ex14tables.htm>

<sup>11</sup> U.S. Bureau of Labor Statistics. (2021, December). *Labor Force Statistics from the Current Population Survey: Labor force status flows by sex*. Retrieved 15 December 2021, from [https://www.bls.gov/web/empsit/cps\\_flows\\_recent.htm](https://www.bls.gov/web/empsit/cps_flows_recent.htm)

<sup>12</sup> Saad-Lessler, J. and Bahn, K. (2017). *The Importance of Paid Leave for Caregivers*. Retrieved 15 December 2021, from Center for American Progress website: <https://www.americanprogress.org/issues/women/reports/2017/09/27/439684/importance-paidleave-caregivers/>

<sup>13</sup> Novello, A. (2021, November). *Paid Leave Could Keep More Than 6 Million Caregivers Connected to the Labor Force by 2030*. Retrieved 15 December 2021, from National Partnership for Women & Families website: <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/paid-leave-caregivers-connected-2030.pdf>

<sup>14</sup> Konish, L. (2021, September). *Paid family leave could help 37% of unemployed Americans return to work sooner, survey shows*. CNBC. Retrieved 15 December 2021, from <https://www.cnbc.com/2021/09/07/paid-family-leave-may-help-37percent-of-unemployed-americans-return-to-work.html>

<sup>15</sup> U.S. Bureau of Labor Statistics. (2021, December). *Economic News Release. Household Data Table A-1: Employment status of the civilian population by sex and age*. Retrieved 15 December, 2021 from: <https://www.bls.gov/news.release/empsit.t01.htm>; Census Pulse data accounting for the difference from Week 28 to Week 39 in those not working because they are 1) caring for an elderly person, 2) sick (not Covid) or disabled, or 3) caring for someone who has Covid or is sick with Covid.

<sup>16</sup> See note 1.

<sup>17</sup> Novello, A. (2021, November). *Paid Leave Is a Lifeline for Workers and Families Across the Country*. Retrieved 15 December 2021, from National Partnership for Women & Families website: <https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/paid-leave-lifeline-for-all.pdf>

<sup>18</sup> U.S. Bureau of Labor Statistics. (2021, November). *Economic News Release. Labor Force Data Table 1: Civilian labor force and unemployment by state and selected area, seasonally adjusted*. Retrieved 15 December, 2021 from <https://www.bls.gov/news.release/laus.t01.htm>; See note 15.

<sup>19</sup> Citations for "Stories" text box: Adria's story provided to the National Partnership for Women & Families; Jocelyn's story provided to the National Partnership for Women & Families; Janice's story provided to the National Partnership for Women & Families; Catrina's story provided to the National Partnership for Women & Families

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