USA lags behind others in paid vacation, holidays

Nearly one in four Americans has no paid vacation and no paid holidays.

By: Cathy Payne – May 23, 2013

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Memorial Day weekend will kick off the summer travel season for many Americans, but some workers won't be able to kick back on a vacation this year.

Nearly one in four Americans (23%) has no paid vacation days, according to a report released today by the Center for Economic and Policy Research, a non-profit based in Washington, D.C.

"Relying on businesses to voluntarily provide paid leave just hasn't worked," says report co-author John Schmitt, a senior economist at the center.

The report analyzed national and international data on 21 democracies in the Organisation for Economic Co-operation and Development. The group of 21 countries includes 16 in Europe, Australia, Canada, Japan, New Zealand and the USA.

The USA is the only advanced economy that does not require employers to provide paid vacation days, the report says. Many U.S. employers offer paid vacation days and holidays, but no law sets a minimum.

The 27-member European Union requires employers to grant at least 20 paid vacation days a year. Canada and Japan require at least 10.

U.S. law also does not make provisions for paid holidays, but many countries with a comparable standard of living do. For example, Austria guarantees 13 paid holidays; Canada, nine. France, with 30 paid vacation days, requires one paid holiday.

U.S. private sector workers have an average of 10 paid vacation days and six paid holidays a year, the report says. It notes that that does not meet the minimum requirement in 19 countries.

The report also finds a gap between the USA's lowest and highest earners. About 90% of high-wage workers (the top fourth) have paid vacation, vs. 49% of low-wage workers (the bottom 25%). About 91% of high-wage workers have paid holidays, compared with 50% of low-wage workers.

About 86% of employees in companies with 100 or more workers have paid vacation, compared with 69% in those with 99 or fewer. About 87% of employees of medium and large companies have paid holidays, vs. 69% in small ones.

The center first analyzed vacation and holiday data six years ago. "It is striking that six years after we first looked at this topic, absolutely nothing has changed," Schmitt says. "U.S law and U.S. employer behavior still lags far behind the rest of the rich countries in the world."

Rep. Alan Grayson, D-Fla., this week introduced a bill that would amend the Fair Labor Standards Act to require employers to provide paid annual leave. He first introduced the Paid Vacation Act in 2009.

"We need it for the health and well-being of our workers," Grayson says. "We also need it for businesses, because people who are forced to work every single day lose productivity."

But some are skeptical about a government mandate. James Sherk, a senior policy analyst in labor economics at the Heritage Foundation, a think tank based in Washington, D.C., says employers provide paid vacation to attract and retain a quality workforce. Employers take the cost of required benefits out of workers' pay, he adds; "Well, you might not want your pay cut."

Daniel Mitchell, a senior fellow at the Cato Institute, a Washington-based think tank, agrees. "When you make it more expensive to hire workers, fewer workers get hired."

Others stress the importance of ensuring vacation time for workers.

John de Graaf, executive director of Take Back Your Time, a Seattle-based non-profit that works on issues including vacation time and family leave, says it is "primitive" that the USA does not guarantee paid vacation. "We're paying the costs of health and stress as a society," he adds.

Joshua Coleman, a psychologist in the San Francisco Bay Area, says there is a strong work ethic in the USA. "People's identity is somehow strengthened by how busy they are," he says. "The idea is that if you're busy, then you are a productive, contributing member of society. The implication is that if you're not as busy, then you're not as ambitious or successful."

It's important to take a vacation even if the work is pleasurable, Coleman says. "Work is inherently stressful. There are psychological demands of interacting with other people, meeting deadlines and performing. We need breaks from that to recover, reboot."