

*Testimony of*

**Karen Kornbluh**

Director, Work & Family Program  
New America Foundation

*Before the*

**Subcommittee on Children and Families**

of the

**Committee on Health, Education, Labor & Pensions**

United States Senate

Hearing on

“Parents Raising Children: The Workplace”

April 22, 2004

Good morning. Thank you for your leadership in holding this hearing, Chairman Alexander, and for bringing your private sector and government leadership to shine the spotlight on the critical issues facing parents raising children. Thank you Senator Dodd for your continuing leadership in creating new policies to help children and families.

My name is Karen Kornbluh, director of the Work and Family Program at the New America Foundation, a nonpartisan policy institute here in Washington. The Work and Family Program is a new program created for the express purpose of bringing together research with public education to create a sense of urgency around issues of work and family.

We created this program for the same reason you are holding this hearing. The stresses on families at the dawn of the new century are too great – and too widespread. These stresses can no longer be seen as merely private problems that can be solved by individual families and employers acting on their own. They affect too many children, families and communities; they are caused in part by antiquated policies; and commonsense policy reform could help.

The timing of this hearing is appropriate. Families are finally beginning to identify the need for change. We are in the process of analyzing new poll results on these issues that we have not yet released. We can report that 76 percent of likely voters feel that it is hard for families to earn enough to pay their bills and still have time to care for their families. And 70 percent of likely voters think that this has gotten worse. They are worried about the children in these families especially. And they believe that reforms – including reforms that would make flexibility possible without sacrificing economic security – would ease the stress. We should be optimistic about the prospect for a commonsense agenda that addresses the ability of parents to spend more time with their families.

## **Historical Context**

The American family changed dramatically over the last decades of the twentieth century. In 1960, 70 percent of families had a parent home full-time. Today, this is reversed. Fully 70 percent of families with children are headed by two working parents or by an unmarried working parent.<sup>1</sup> The new “juggler parent” has responsibility for both making ends meet and caring for the family. And this family can now include elderly relatives – over 21 percent of households have at least one individual who had cared for a relative or friend over age 50 in the past year. Of those caregivers, 59 percent have worked and managed caregiving responsibilities at the same time.<sup>2</sup>

This change in the family has taken place in the context of – and to some degree as a result of – changes in the economy. Once a worker might expect to work 40 hours a week for 40 years for a single employer. Today global competition, communications technology, streamlining, and deindustrialization mean many employees are “free agents” – on average, they switch employers every five years and nearly one-quarter are “nonstandard” (e.g. temp, part-time, free-lance, contingent, day labor, on-call or self-employed).<sup>3</sup> The 21<sup>st</sup> Century economy offers a high premium on employees’ human capital. But it offers less security from a paternalistic employer-employee relationship.

The economics of the family has shifted before. As recently as one hundred years ago, most families lived on a farm. Both parents – and the children – worked at home. The family owned an important asset that supported them into old age. The change from the agricultural family to the industrial era breadwinner-homemaker family meant that suddenly the father left the home to work at a factory or office. The family was dependent on the father’s wages. If he became disabled, was fired, or retired, the family lost its sole means of support. The nation responded eventually with a set of laws designed to give this industrial-era family economic security: disability insurance, unemployment insurance, Social Security, the 40-hour workweek and then taxpayer-subsidized health insurance and pension benefits.

## **A Societal Problem**

Today’s parents face a new set of challenges. Let’s face it. There are only 24 hours in a day. Children need someone to raise them – preferably during the day when they are awake. Employers want employees to be focused on the job. In a nation where child care is the responsibility of the individual, most parents work, and workplaces are inflexible, something has to give.

Parents have not looked to Washington to solve their problems. Parenting and giving your family security are viewed as private concerns; as is negotiating time off with your employer.

But today, the tensions created by the needs of the new family and inadequate societal response are creating problems for children, families and communities across the nation. Americans today have 22 fewer hours a week to spend with their kids than they did in

1969.<sup>4</sup> Millions of children are left in unlicensed day care every day – or at home alone with the TV as a babysitter. Employed mothers lose almost an hour of sleep a day in their attempt to make it all add up.<sup>5</sup> Recent data show that parents with school age children show high signs of stress – stress that has an impact on their productivity and work – when they have inflexible jobs and unstable after-school care.<sup>6</sup>

Parents are caught in a Catch 22. Full-time jobs, with benefits and higher wages, tend to be inflexible and have long hours. 57 percent of workers have no control over starting and end times.<sup>7</sup> 54 percent of wage and salaried workforce with children say they have no time off to care for sick children without losing pay, having to use vacation days, or fabricating an excuse.<sup>8</sup> This is untenable for many parents – especially those lacking adequate child care or after-school options. But the alternative is often part-time or other flexible work that puts them at economic jeopardy: it comes with lower hourly wages, no benefits and little job security. Researchers have identified a well-established parent penalty. The gap between men's and women's wages is 10 to 15 percent larger for women with children than for women without children.<sup>9</sup> There is no real alternative that allows parents to work in good, mainstream jobs with some control over their hours.

For all parents, this is a difficult struggle. You often feel you are not doing anything well – not your work or raising your children. But, despite – or maybe because – of the near-universality of the struggle, the media and many professionals tend to trivialize the issue or assume it away. Because professionals often find a way to make it all work out – as a result of a forgiving boss, a stay-at-home neighbor, company-run emergency day-care or even bringing a child to the office – they assume that all Americans can. But it is a mistake to generalize from the experiences of workers with a great deal of leverage who work for well-financed companies to the rest of the workforce.

Take the snow days this past winter, as an example. Professional parents had it tough. They had to reschedule conference calls, cancel meetings, call-in sick. But, outside this rarified world, the vast majority of families faced a far less tolerant reality.

For the single mother with a job as a part-time security guard, or the married medical technician at the local hospital, the shift starts on time, whether school opens or not. If she doesn't show up for work, she could lose her job. And, if she loses a paycheck, she could lose family health insurance as well. If she goes to work, who watches her children? Her neighbors and family have child care responsibilities of their own.

These are the kinds of choices no parent should have to make.

Yet, they are the kinds of choices parents make every day in this wealthy nation of ours.

Part of the reason that parents must make these choices is that antiquated policies prevent workplaces from offering the kinds of flexibility necessary.

## **Antiquated Policy Helps Cause the Problem**

As Ellen Galinsky points out in her important new research, flexibility should be the watchword of 21<sup>st</sup> Century business. Recent management books with titles like *The Future of Work* and *The Seven-Day Weekend* argue that new communications and management tools make it possible for employees to have more autonomy.

And in fact, a number of studies find that giving employees access to flexible work arrangements can be positive for the bottom line – in terms of employee commitment, reduced absenteeism, and increased employee retention.<sup>10</sup>

But we should not be complacent that all businesses will get there – for all workers – on their own. As of yet, as The Families and Work Institute points out, employers tend to neglect the fact that their employees are whole people, with lives outside of work. There is already a tendency for flexible arrangements and benefits to be more available in larger and more profitable firms, and then to the most valued professional and managerial worker.<sup>11</sup> Small companies are less likely to offer both formal and informal policies and programs to help employees balance work and family. They report work/family issues occurring at least every other day but presumably lack the resources or the knowledge to respond in a way that would reduce the tensions.<sup>12</sup>

In addition, there are policies that stand in the way – policies that were put in place to help provide security to families, but that now contribute to their lack of security.

For example, because of the way we deliver health care and private pensions in the US, employers who provide these benefits face a high fixed-cost per employee. This creates a disincentive to offer job-sharing or part-time options – employers would prefer to work those employees as many hours as possible rather than hiring two workers.

Conversely, parents often “buy” flexibility by cobbling together part-time, temp or contract work—but doing so imposes a large penalty beyond the direct effect of working fewer hours. These jobs are not subject to the same rules as full-time regular jobs and so are likely to offer lower hourly wages, benefits and job security. As a result, only 14 percent of nonstandard workers have their own health insurance, compared to 69 percent of full-time workers in standard work arrangements. 16 percent of nonstandard workers receive pension benefits through their employer, in comparison with 66 percent of regular full-time workers. In terms of wages, regular part-time workers earn \$3.97 less per hour than regular full-time workers.<sup>13</sup> And so the very people whom the safety net should protect – those who are raising children and the children themselves – are left out.

There is no minimum requirement for sick or vacation leave. Almost half (47 percent) of employees in the private sector do not have paid sick leave.<sup>14</sup> 13 percent of non-poor workers with caregiving responsibilities lack paid vacation leave, and 28 percent of poor working caregivers lack any paid vacation time.<sup>15</sup> Thanks to the Family and Medical Leave Act, full-time employees can take up to 12 weeks of family and medical leave, but this leave is unpaid and applies only to workers at firms with 50 or more employees.

There are real worries about asking employers or employees to pay for this leave through an increase in taxes on employees. But this shouldn't stop the discussion. This kind of leave is essential in the 21<sup>st</sup> Century and society can find a way to pay for it.

The Fair Labor Standards Act applies the 40-hour workweek to only part of the workforce. For everyone else the workweek seems to have become 24x7. There has been a great debate in Congress about which employees are covered by these provisions and whether they can or should be able to take "comp-time" instead of time-and-a-half for overtime. But there has been little debate in the nation about a culture that often puts jobs and the needs of the workplace above all else – including the well being of our children and communities.

For most families, it is difficult if not impossible to find affordable, quality child care. It can cost a family from \$4,000-10,000 per year, per child – without tuition assistance.<sup>16</sup> Pre-K and after-school are far from universally available. The education day and year remain on an agricultural schedule.

### **Directions for Reform**

You and your staffs are already working on an agenda of reform to increase the options available to employers and families. Here are some suggestions for areas you might consider.

Family Friendly Full-Time. In order to make full-time jobs more flexible, we need to start by spreading the gospel that Ellen Galinsky has preached. The government and business leaders have a history of helping to spread best practice throughout industry. In the 1980s, American companies embraced higher quality standards. At first, they were reluctant. Spending on training employees, giving them more control and fixing processes would cost money. But business leaders, business schools, new institutions like the Council on Competitiveness and even government programs like the Manufacturing Extension Centers, the Advanced Technology Program and the Malcolm Baldrige awards helped them to realize that improvements to the bottom line result when the product quality is higher. Today, private sector leaders are beginning to carry the message that to operate in America in the 21<sup>st</sup> Century you will have to and you will be able to give employees more autonomy. They will have to incorporate flexibility over work hours into this message. The government can help.

- *National Award.* A new nationwide award to recognize excellence in providing employees more workplace flexibility would shine attention on the problem and best practices.
- *Research.* The Commerce Department could fund research into new ways for employers to measure employee performance and loyalty – other than hours in the chair.
- *Technical Assistance.* Outreach programs at Commerce Department and Small Business Administration can help companies realize that workplace flexibility is win-win for the workforce of the new century and give them new methods for allowing flexibility for different kinds of workers by sharing best practices.

- *Tax Incentives.* Tax credits akin to the telecommuting tax credit would help employers get started by removing some of the perceived risks of allowing employees to work flexibly. A pilot project – combined with the technical assistance – would allow for study of the effectiveness of such a credit.
- *Leave.* Americans need the flexibility to take time off for a new child; when the worker, a child, or a parent is ill; or to participate in family life. This is a necessary part of employing a “whole person.” In a 21<sup>st</sup> century, global economy, it is important to discuss whether using general revenues can be used to offset some of the costs to employers and employees.

Reducing the Part-Time Penalty. Workers who need flexibility must be “mainstreamed” – rather than shunted into an economic ghetto. This will require a cultural change. It also means making some of the benefits for health insurance and pensions available to part-time, temp and contingent workers.

Bring Education out of the Agricultural Age. Pre-K and after-school should be universally available. The dependent care tax credit should be dramatically expanded and made refundable. In addition, all employees should be able to use the flexible spending accounts available to upper income workers at certain companies.

Nest Egg Accounts. In a 21<sup>st</sup> Century economy, families are working harder with greater risk. New tax-preferred account would allow families to save for the various expenses they incur as soon as they make the commitment to raise a child. These accounts could be used to help offset the dip in earnings families suffer when one parent switches from full to part-time.

Data Collection. Senator Daniel Patrick Moynihan urged passage of a national family policy that would make it clear that the government should worry about the impact of its policies on families – of all kinds. The national employment policy led to the Economic Report of the President, produced by the Council of Economic Advisors. A new family policy could lead to a similar report presenting to Congress and the nation the economic, family and child well-being of the American family, providing a benchmark for policymaking.

---

<sup>1</sup> US Census Bureau, Bureau of Labor Statistics

<sup>2</sup> National Alliance for Caregiving and AARP (2004) *Caregiving in the U.S.*

<sup>3</sup> Mishel et al. (2003) *The State of Working America 2002/2003*. Economic Policy Institute. Ithaca, NY: Cornell University Press; Wenger, Jeffrey (2003) *Share of Workers in ‘Nonstandard’ Jobs Declines*. Washington, DC: Economic Policy Institute.

<sup>4</sup> The Annual Report of the Council of Economic Advisors (2000) *Economic Report of the President*. Washington, DC: United States Government Printing Office.

<sup>5</sup> Bianchi, Suzanne (2000) “Maternal Employment and Time with Children: Dramatic Change or Surprising Continuity?” *Demography*, 37 (4).

<sup>6</sup> Barnett, Rosalind Chait & Gareis, Karen (2004) *Parental After-School Stress Project*. Community, Families & Work Program, Brandeis University, summary available: [http://www.bcfwp.org/PASS\\_Findings.pdf](http://www.bcfwp.org/PASS_Findings.pdf)

<sup>7</sup> Bond et al. (2002) *The National Study of the Changing Workforce*. New York: The Families and Work Institute.

---

<sup>8</sup> Families and Work Institute (2004) *Workplace Flexibility: What is it? Who has it? Who Wants it? Does it Make a Difference?* New York: Families and Work Institute.

<sup>9</sup> Waldfogel, Jane (1998) "Understanding the "Family Gap" in Pay for Women and Children" *Journal of Economic Perspectives*, 12 (1).

<sup>10</sup> See Grover, S. & Crooker K. (1995) "Who appreciates family-responsive human resources policies: The impact of family-friendly policies on the organizational attachment of parents and non-parents." *Personnel Psychology*, 48; Bailyn, L. & Fletcher, J.K. (1997) "Unexpected connections: Considering employees' personal lives can revitalize your business." *Sloan Management Review*, 38; Bond et al. (2002) *The National Study of the Changing Workforce*. New York: The Families and Work Institute; and McCampbell, A. (1996) "Benefits achieved through alternative work schedules." *Human Resources Planning*, 19 (3).

<sup>11</sup> Golden, Lonnie (2000) *The Time Bandit: What U.S. workers surrender to get greater flexibility in work schedules*. Washington, DC: Economic Policy Institute.

<sup>12</sup> Pitt-Catsoupes, Marcie and Litchfield, Leon (2001) "How are Small Businesses Responding to Work and Family Issues?" in *Working Families: The Transformation of the American Home*, Rosanna Hertz and Nancy L. Marshall, ed. Berkeley, CA: University of California Press, Berkeley. CA.

<sup>13</sup> Wenger, Jeffrey (2003) *Share of Workers in 'Nonstandard' Jobs Declines*. Washington, DC: Economic Policy Institute.

<sup>14</sup> Smolensky, Eugene and Gootman, Jennifer Appleton, ed. (2003) *Working Families and Growing Kids: Caring for Children and Adolescents*. Washington, DC: The National Academies Press.

<sup>15</sup> Heymann, Jody (2000) *The Widening Gap*. New York: Basic Books.

<sup>16</sup> Schulman, Karen (2000) *The High Cost of Child Care Puts Quality Care Out of Reach for Many Families*. Washington, DC: Children's Defense Fund.