CHAPTER 1

Introduction

A. Families and Employers in a Changing Economy

“We’re in a period of frenetic change, with enormous pressures on people. A lot of our people are dealing with the problems of child care, they’re dealing with the problems of elderly and sometimes ill parents, they’re dealing with the everyday demands of managing two-income families. In our work environment, with the pressure we’re putting on people, we’ve got to be even better at helping them deal with those issues. We need the very best people as the foundation on which we build everything else, and we’ve got to be smart enough to figure out ways to address their requirements and their needs.”

Louis V. Gerstner, Chairman and CEO, IBM


Increasingly over the last twenty-five years, American businesses of all sizes, and in all sectors, have been confronting a changing world economy and the unleashing of powerful, competitive market forces for products and labor. The globalization of commerce and the lifting of trade barriers have resulted in a much more competitive environment for U.S. employers. The trend toward deregulation and the fast pace of technological advances used to produce new and improved goods have also brought continual change and instability to the business environment.

To thrive or simply to survive in this environment, many companies have sought to revamp their way of doing business. New methods increasingly focus on agility and market responsiveness, with many employers seeking to improve efficiency, quality and productivity through the introduction of new, flexible technologies and/or some form of work reorganization. A productive workforce - one with the
necessary skills and work organization to meet the changing demands of the market - has also become integral to each company’s ability to succeed.

These changes have occurred simultaneously with two other trends - an increasing number of employees working for smaller businesses, and an increasing number of people working in service sector jobs, many of which are low-wage. Contracting-out strategies have contributed to the growth of the business services sector, particularly in advertising, mailing and reproduction, services to buildings and management, and public relations. The health services, business services, and government and defense sectors accounted for fully one-half of the total 18.8 million non-agricultural jobs created in the United States between 1979 and 1989. Small businesses have been responsible for much of the country’s economic growth and job creation in recent years; however, some argue that the economic vitality of small firms is strongly linked to that of large firms. At the same time, however, many small firms experience difficulty in providing the same level of wages and benefits that the larger scale employers have traditionally made available.

Many responsible employers, as well as labor organizations and others, are seeking feasible solutions to cushion the impact of global competition on American workers. They are asking society as a whole to consider a difficult set of questions: what responsibilities do employers and workers have to each other? How can businesses effectively compete in a global economy while ensuring adequate living standards and benefits for their employees at home?

2. The Changing Workforce

The changing economy, which has brought new challenges to the American business community, has also wrought major transformations in the composition of the

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4 Potter and Youngman, p. 108.


6 For example, in a study of small manufacturing firms in the state of New York, the most important customer of more than half the small firms in the sample was a large corporation. The authors argue, “A main reason for the development and success of small firms seems to be the niche they have found in serving large firms, supplying them with custom goods on short notice under complex conditions.” See R. C. Young, J.E. Francis, and C.H. Young, “Small Manufacturing Firms and Regional Business Networks,” *Community Development: Research Briefs and Case Studies*, Ithaca: Cornell Community and Rural Development Institute, 1993.

American workforce. Families have been struggling to make ends meet in the only ways available to them - by working longer hours and by sending more family members, mainly women, into the labor force. First, individual workers have, on average, been working more weeks, and more hours per week. Second, women have been entering the country’s paid workforce in steadily increasing numbers. Indeed, one-half of the total labor force are now workers who live in dual-earner families.

This increase in the number of women on the job, and in the length of their tenure, can be attributed to a number of factors. For most women, the financial needs of their families are the key motivators spurring their entrance into the paid labor force. For some women, entrance into the labor force is linked to pursuit of higher education and their search for a fulfilling career. But increasingly, women entering the workforce serve as sole providers for their families. Married-couple families, though still predominant, make up a smaller share of families than they did in the 1950's and 60's. Approximately 23 percent of all workers with families have no spouse in the household to share wage-earning or caregiving responsibilities - and women now account for about 80 percent of that group. During the 1970's and 80's, some couples decided to delay marriage and some chose to have fewer children than in prior generations. As a result of all these factors, the years from 1970 to 1991 saw a dramatic surge of women - from 31-and-a-half million to 57 million - into the paid labor force. In 1994, women made up 46 percent of the total civilian labor force, an increase of 38.1 percent from 1970.

3. Living Standards and Employment Security

The security of having a regular wage earner is essential to the economic well-being of all families; it is particularly crucial for the many low-income working families whose small paychecks already fail to keep them out of poverty. Yet, since 1979, there has been a significant expansion of workers earning low wages and a shrink-
age in the share of workers, especially men, who earn mid-level wages. Many working poor families have already “topped out” in terms of hours they are able to put into a job, either because they are already dual-earner households, or because the sole family provider is already working.

In fact, women single heads of household, including older women living alone, face a number of difficulties securing a living wage, be it lack of access to training, lack of access to capital to start their own business, or lack of child care and other supports. While in 1993 women were found in almost every job and profession, most women are still working in traditionally female, low-wage occupations.

The youngest families, with household heads aged 25 to 34 years, have also fared poorly in recent years. Many families in this group are likely to be bringing up young children and trying to buy a home of their own.

While employment may not eradicate the threat of living in poverty, it is nonetheless the single most important weapon against it. Whether employees hold full-time or part-time jobs, whether they live in a one-income or dual-earner household, stable employment is crucial to most families’ hopes for economic security.

4. Employment and Family: Caught in the Squeeze

The dramatic increase in dual-earner and single parent families has fueled the rising need among workers for access to more flexible hours and family-friendly policies, including leave from work to deal with family caregiving responsibilities. The same needs and problems which families have always had - caring for each other,

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14 Mishel and Bernstein, p. 127, Table 3.10 and Figure 3E.
16 Almost 60 percent (57.4 percent) of the female workforce are in female-dominated clerical, sales and service jobs; only 28 percent of women hold professional or managerial jobs. See Bureau of Labor Statistics, Employment and Earnings, (Washington, DC: U.S. Department of Labor, January 1994), Tables 20, 22 and 56.
In addition, 75 percent of all women still earn $25,000 per year or less. See U.S. Bureau of the Census, Current Population Survey 1993, preliminary data Table 18, “Occupation of Longest Job in 1993 - Total Money Earnings in 1993 of Persons 15 years and Older by Work Experience and Sex.”
17 Families with household heads aged 25 to 34 years in 1993 had incomes of $5,507 per year less than their counterparts did in 1979 (in 1993 dollars). The incomes of these families eroded .5 percent per year from 1979 to 1989 and 2.8 percent from 1989 to 1993, in stark contrast to the 2.5 percent annual growth rate between 1967 and 1973. See Mishel and Bernstein, pp. 31-32, Table 1.3.
their young, their sick and their old still exist today. Now, as always, the family as an institution must, and does, provide for its own caregiving needs needs that change with time and circumstances. Certainly, time off to care for children is something that all parents at some time require. But it has intensified since the late 1970’s, as more and more mothers with young children have begun working outside the home. Indeed, recently, mothers with preschoolers and infants have accounted for the greatest growth in labor force participation among women. In 1980, 39 percent of mothers with children under two years of age were in the labor force. By 1992, 54 percent of mothers whose youngest child was one-year-old or younger were in the labor force. 18

There are also increasing numbers of working adults responsible for the care of their aging parents and other close relatives both providing and making arrangements for such care. 19 As workers grow older, they will also more often be called upon to care for the needs of seriously ill spouses, or to take time off for their own serious medical conditions.

As family members’ time on the job has increased, so has the tension between job and family. Historically, much of this caregiving has been carried out by women working as homemakers women who now, more often than not, are holding down a full-time or part-time paid job. Single heads of families and working-poor dual-earner families are most at risk in the job/family squeeze. When family demands or emergencies arise that cannot be handled in “after work time,” the precariousness of the balance is exposed. The problem is worst for low-income men or women who cannot afford the services that make working and caring for a household more manageable, such as adequate child care or eldercare. 20

Employer policies and public policies that enable employees to combine paid work and caregiving alleviate the kinds of pressures that cause stress and sap energy, both at home and on the job. Recent studies have shown that women who work

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18 Women’s Bureau, Department of Labor, Trends & Issues, pp. 10, 12, Tables 16 and 17.
19 Almost one-fifth (18 percent) of the U.S. workforce, men and women, expect to be providing care for an aging relative in the next five years. See Galinsky, Bond and Friedman, p. 60.
outside the home feel positively about having multiple roles, and are less likely to suffer from depression than women who are full-time homemakers.\textsuperscript{21}

The availability (or lack) of workplace policies that support families affects men as well as women. There is recent evidence that, as greater and greater numbers of women have joined the paid labor force, men’s participation in household work and caregiving has slowly been increasing.\textsuperscript{22} Indeed, according to the March 1995 Current Population Survey, there were two million children under 18 years of age living only with their fathers or male guardians, comprising 3.2 percent of the nation’s children. Men also have sick children and spouses, as well as elderly or disabled relatives, whose caregiving is their responsibility.\textsuperscript{23} Working fathers, too, find themselves risking their jobs or their career standings if they must take time off, or even limit their overtime work, for family responsibilities. And men who do take substantial periods of leave often face significant negative consequences and stereotyping when they return to work.\textsuperscript{24}

The situation is aggravated by the fact that, when women are forced to relinquish their paychecks to provide care, it is often the man to whom the family must turn for its sole support. These demands can cause stress, especially for low-income families struggling to make ends meet, and all the more so if a family member is suffering from a serious health condition, for which the continuation of the father’s health insurance benefits becomes crucial. Men’s role as providers often leaves them little time to provide their families with much-needed caregiving support.

5. Employment or Family: Making Choices, Meeting Needs

For many employees - especially those who are parents with young children or those who have elderly or disabled family members - going to work involves careful and often complicated alternative caregiving arrangements. In the life of any family, moreover, it is inevitable that, from time to time, some family member - or the


\textsuperscript{23} For example, the percentage of preschoolers cared for by their fathers while their mothers were at work increased from 15.1 percent in 1988 to 20 percent in 1990. See Casper, Hawkins, and O’Connell, p. 3.

employee himself or herself - will have serious, perhaps unanticipated needs or medical problems that will require time off from work. At these times, policies that provide family leave and/or temporary medical leave become especially beneficial. For example:

* Many infants are born into homes where both parents work. The American Academy of Pediatrics notes that infants (whether biological, adopted or foster children) are particularly vulnerable during the first few months of life, and require the active involvement of a parent or primary caregiver in the nurturing process. An infant’s physical, cognitive and social development depend on establishing a strong attachment to its parents or primary caregiver.  For parents to fulfill these important developmental needs, time off from work is often needed.

* Almost half (42 percent) of all wage and salaried workers have children under 18 living at home. As infants develop into toddlers, preschoolers and school-age children, they are bound to develop some illnesses along the way. Most are short-term, but some are chronic and a few are serious. A parent’s presence during a child’s serious illness is particularly crucial to a child’s physical and emotional well-being. The American Academy of Pediatrics notes that children have increased dependency needs when they are sick and require the unique warmth and security that their parents can offer.  Parental care and comfort for seriously ill children is sound pediatric practice, often requiring time off from work or other flexible, family-friendly arrangements.

* Workers, primarily women, but increasingly men, are also the primary caregivers for their aging parents and other ill or disabled relatives. Studies show that families and friends provide between 60 percent and 80 percent of the care older people

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26 Galinsky, Bond, and Friedman, p. 42.


28 Although parents often feel that personally taking care of their sick children is very important, in fact, workers miss very little work because of child care responsibilities. A national study found that in one three-month period, workers with children under 13 years of age took less than one full day off, and less than one day when they arrived at work late or left early, to attend to child care responsibilities. See Galinsky, et. al., p. 68.
receive. This translates into about ten to 15 percent of employed adults currently providing assistance to an older relative, and another five to ten percent providing assistance to a person under the age of 65 with a disability. To care for elders’ many and changing needs, employed primary caregivers often put in long hours providing informal care on top of their work hours. They often rearrange their work schedules, work fewer hours than they wish to, or take time off without pay. According to a 1989 survey of long-term care, 64.9 percent of employed caregivers made at least one of these accommodations to manage conflict between work and caregiving responsibilities.

These caregiving responsibilities will grow as the age and size of the older population of the United States continues to climb. It is estimated that one out of five Americans will be over 65 years of age by the year 2030. As medical science helps people to live longer - most women who reach age 65 can be expected to live to their middle 80's and men’s life expectancy is projected to reach 75 by the year 2010 - elders will need care for longer periods of time.

* Many workers must also be temporarily absent from their jobs for their own medical disability. In 1994, data from the Bureau of Labor Statistics showed that 3.1 percent of full-time wage and salaried workers 16 years and older had an absence from their job due to illness.

* Many workers also must take time off from their jobs to care for seriously ill spouses. According to analyses of the 1987 National Survey of Families and Households, 2.6 percent of Americans aged 34 to 49 and 4.6 percent aged 50 to 64 were providing informal care to a disabled spouse. These numbers can also be expected to grow as the population continues to age and both men and women live longer.

29 Women’s Bureau, Department of Labor, Trends and Issues, p. 156.
32 Women’s Bureau, Department of Labor, Trends and Issues, p. 150, Figure 2.
33 Ibid, p. 149.
Without the availability of leave from work to give birth or to take care of family responsibilities, employees - primarily women - are faced with the choice of returning to work prematurely or giving up their jobs. The economic cost of such a break in employment can be high. For example, in one study, employment breaks for childbirth and adoptions were estimated to cost women approximately $31 billion in foregone wages annually.36

The long-term economic effects of the lack of job protection have a particularly harsh impact on certain subgroups. Low-income and one-parent families experience the greatest difficulty in finding adequate infant and pre-school child care. Both lower wages and job loss result in larger numbers of families in need of public assistance and, consequently, in higher costs to taxpayers for Medicaid, food stamps and income assistance programs.37

Older women generally have a more difficult time reentering the workforce after losing a job than men, although it varies with skill and education level. When frequent breaks in employment to provide family care result in job loss, it is difficult for both women and men to vest in a pension, to amass Social Security credits, or maintain their health insurance coverage, exposing them to a greater risk of poverty and the need for public assistance in old age.

6. Family and Medical Leave Policies

Employers, employees and the general public all have a stake in the development of a highly productive American workforce and in families that raise healthy and capable children. In recent years, the nation has become increasingly aware of the severe problems employees often face in fulfilling both job and family obligations. Some employers voluntarily have taken formal action to reduce this tension through their own set of maternity, parental or family and medical leave policies before the Family and Medical Leave Act (FMLA) was passed. Today, many more employers are providing these kinds of policies through their compliance with the new law.

36 These costs resulted from lost earnings, experience and seniority, thereby contributing to the persistent wage gap between men and women. See Roberta Spalter-Roth and Heidi L. Hartmann, Unnecessary Losses: Costs to Americans of the Lack of Family and Medical Leave, (Washington, DC: Institute for Women’s Policy Research, 1990), pp. 16-17, Table 4.
37 Ibid., p. 25, Table 9.
While employer policies are inevitably part of any solution to work and family conflicts, the range and sufficiency of those policies must be considered in light of society’s overall needs, both to families and to the business community. The FMLA, which took almost a decade to work its way through Congress, was enacted to provide a national policy that supports families and employers in their efforts to strike a workable balance between the competing demands of job and home. This report attempts an initial assessment of family and medical leave policies in general, and FMLA in particular: are we approaching the workable balance envisioned by this nation’s lawmakers?