

Family Participation in the Workforce  
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*Remarks as Prepared*

I want to thank you for the opportunity to participate in today's discussion. Making full use of our nation's talent is vitally important for both working families and for our economy. It is important to create a 21<sup>st</sup> century economy that is competitive in the global marketplace, and it is good for both families and businesses.

America has long been a nation where prosperity has flourished because of our uniquely talented workforce—our workers are some of the most productive workers in the world. But we can do better and strengthening our workforce to support working families balancing the demands of work and family is key to doing better.

As we just heard the previous speaker explain, families have transformed over time and with that transformation has come large changes in our workforce. The increase in female labor force participation between the 1970s and 1990s was remarkable. Although women are now nearly half of our labor force (47 percent), participation of women in the prime working years stalled at roughly 75 percent in the 1990s. Researchers have pointed to a lack of family-friendly policies like paid parental and sick leave, available high quality daycare, and part-time work entitlements as an explanation for why the US has lost ground relative to other developed countries.

And research shows these policies are good for business and good for workers. Evidence from other countries and states that have adopted paid leave policies suggests that parental leave boosts female employment and helps increase subsequent earnings. At the same time, women who are offered maternity leave are more likely to return to the same firm, and many women who would not have otherwise returned to work re-enter the labor force within a year. Likewise, studies that have examined the effects of paid sick leave estimate these policies would *increase* businesses profitability, by improving productivity, and reducing turnover and absenteeism. In total, CEA estimated a few years ago that enacting comprehensive workplace flexibility policies could save up to \$15 billion a year across industries.<sup>1</sup>

In particular, paid family leave allows women to continue working for an employer after having a child. Recent research has examined the implementation of California's paid family leave and found evidence that it increased the weekly hours and pay of employed mothers of 1- to 3-year-

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<sup>1</sup> Council of Economic Advisers, "Work-Life Balance and the Economics of Workplace Flexibility," (March 2010), <http://www.whitehouse.gov/files/documents/100331-cea-economics-workplace-flexibility.pdf>

old children by over 10 percent.<sup>2</sup> Similarly, researchers have found that access to paid leave increased the likelihood of a recent mother returning to her employer in the US, Britain, and Japan.<sup>3</sup>

Yet many workers, particularly low-skilled workers, don't have access to paid leave. Although about 59 percent of workers have some paid leave through their employer—and the fraction of workers with some paid leave has increased since the 1990s—only 34 percent of the least-educated workers (less than high school diploma) do, compared to 72 percent of college-educated workers.<sup>4</sup>

The President recognizes this issue and has stated his support for workplace policies that help employees care for their families without jeopardizing their careers.

While female labor force participation has stagnated, women's role in the labor force has evolved. Women have overtaken men as college graduates and in graduate education. Their dominance in education over the past few decades means that women are the majority of our young, highly skilled workers. And women are receiving training and entering higher paying fields that were once the near-exclusive dominion of men. The Administration is working to continue to improve access to postsecondary education and increase the number of students, particularly women and minorities, in science and computer fields. These investments in mentoring, training, and financial assistance will help prepare our economy for the 21<sup>st</sup> century and improve the skills of our workforce.

Increased workforce participation and education help explain why women's earnings are increasingly important for families. Today about 4 in 10 families have a woman as the primary breadwinner. Among married parents, both spouses work in three out of five families—and these women's earnings account for more than 40 percent of household earnings.

Women have continued to gain skills. They are going into higher earning professions. They are increasingly relied on to provide for their families, and yet the gender wage gap is seen very persistently across the income distribution. We see it within occupations and we see it across occupations, and we even see it when women and men are working side by side doing identical work. And the gender wage gap isn't just a women's issue: it's a family issue. When women earn less, it means less for families, and less for children—and over a lifetime, substantially less in retirement savings. As the President has noted, this gap is inexcusable in 2014. He has taken

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<sup>2</sup> Rossin-Slater, Maya, Christopher J. Ruhm, and Jane Waldfogel. "The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes." *Journal of Policy Analysis and Management* 32.2 (2013): 224-245.

<sup>3</sup> Waldfogel, Jane, Yoshio Higuchi, and Masahiro Abe. "Family leave policies and women's retention after childbirth: Evidence from the United States, Britain, and Japan." *Journal of Population Economics* 12.4 (1999): 523-545.

<sup>4</sup> Bureau of Labor Statistics, *American Time Use Survey* (2012).

executive action and called on Congress to implement measures that help ensure women receive equal pay for equal work.

Here, too, increased workforce flexibility can benefit both workers and businesses' bottom lines by reducing turnover and absenteeism, while increasing worker productivity. Surveys of professional women demonstrate that women are penalized due to career interruptions, often from motherhood. And women also too often choose occupations because they offer flexibility without guilt and penalty. Yet occupations such as obstetrics have shown us that flexibility does not have to be a fixed characteristic of a job. When women demand that we rethink how an occupation is structured, significant changes can and do happen. And more occupations need to figure out how they can work better for women and families because we are too often failing to retain the talent that they need to remain competitive.

At the same time women have increasingly been participating in the workforce and education, the roles of men and family have changed.

In more and more families, both parents are working. While the percent of married parents with a stay-at-home dad increased from 4 percent in 1986 to 6 percent in 2013, the fraction of stay-at-home moms fell by even more—from 39 to 32 percent.

More dads and moms are raising kids alone—the number of children living with both parents has fallen over the past 40 years, with the number of both single mothers and single fathers has increased. Meeting both family and work obligations is imperative for these single parents.

These trends are apparent in the time-use data. While hours of paid work increased through the mid-1990s for mothers before stagnating, fathers' time spent at work has been relatively flat. Both mothers and fathers, though, have increased the amount of time they're spending with their kids.

Yet many parents report that balancing work and family is challenging. More than 40 percent of workers report their job interferes with their family life, and this share has increased since 2002 for both men and women, and for both salaried and hourly workers. And about a quarter of men and a third of women report that it is difficult to take time off of work for personal or family matters. Here, too, workplace flexibility and access to paid leave can help workers balance competing demands of work and family.

The President knows that leaving these issues unaddressed will erode our economic position in the world. That's why he has asked us to look to see what we can do to increase opportunities for families to succeed.

Between now and June 23<sup>rd</sup> (when the White House hosts a summit on working families with CAP and the Department of Labor), the President has asked his advisers to reach out to, and work with, business leaders, educators, researchers, advocates, Congress members, and state and

local governments to explore key issues including workplace flexibility, equal pay, worker retention and promotion, and paid leave. We are also engaging groups across the country to make sure we are all doing everything we can to make the best use of American talent and to ensure US competitiveness in the 21<sup>st</sup> century.

For instance, two weeks ago senior White House staff met with business school deans to discuss how to better educate future business leaders about these challenges. Business schools know that these issues are increasingly important, and the White House hopes they will commit to concrete changes in their curriculum to educate future business leaders on how to fully utilize the modern workforce.

And the President knows that there are things that Congress can do right now. They should pass the Paycheck Fairness Act: a bill that addresses the fundamental injustice that led to Lilly Ledbetter being paid less simply for being a woman for 19 years. Lilly's company used pay secrecy—the threat of retaliation against anyone who would share pay information as an important policy to allow discrimination to persist. If you can't find out how much others are making, you can't find out if you are being discriminated against. Lilly had to wait 19 years until a brave colleague anonymously slipped her a note.

The first law the President signed when taking office was the Lilly Ledbetter Fair Pay Act, which empowers women to recover wages lost to discrimination by extending the time period in which an employee can file a claim. And he knows that we can't stop there.

While we hope that Congress will act to do their part, the President is committed to doing what he can. That's why the President has taken two new executive actions to strengthen enforcement of equal pay laws. First, he signed an Executive Order prohibiting federal contractors from retaliating against employees who choose to discuss their compensation. Pay secrecy fosters discrimination and we should not tolerate that in federal contracting.

He also signed a Presidential Memorandum instructing the Secretary of Labor to establish new regulations requiring federal contractors to submit to the Department of Labor summary data on compensation paid to their employees, including data by sex and race. The Department of Labor will use the data to encourage voluntary compliance with equal pay laws and allowing more targeted enforcement by focusing efforts where there are discrepancies, reducing burdens on other employers.

The President has also taken executive action to ensure that workers receive fair pay for a fair day's work. He signed an Executive Order increasing the minimum wage for new government contracts. Since this action, three states have followed the President's lead, raising their minimum to \$10.10 and putting more money in the pockets of hundreds of thousands [about 790,000] of workers. He has also directed the Department of Labor to modernize the rules regarding overtime—to ensure that workers who put in extra time receive fair compensation.

The President is leading by example by using the pen to act where he can to help working families, and will continue to urge Congress to pass the Paycheck Fairness Act to ensure all employers are held to the same high standard working families deserve.

There is a lot more to be done. And over the coming months we will be working together to find ways of moving the ball even further forward. Because one thing is clear: when families succeed, America succeeds.