

Working More for Less

According to a study conducted by the Work and Family Program of the New America Foundation, low- and middle-incomes are falling even though productivity is higher than it's been in 30 years.

In the past, median families' real income grew in "lockstep" with productivity. That is, as workers accomplished more, they were rewarded with pay increases of equal value. But from 1973 to 2003, median family income grew at only one-third the rate of productivity. The "extra" value went to shareholders.

As this trend continued, wages and benefits in jobs available to low- and middle-income families declined. To compensate, many working families began working more hours. Between 1979 and 2000, married-couple families with children increased hours worked by 16 percent, or almost 500 annual hours. Without this increase in hours worked, middle-income families would have experienced an average real income increase of only 5 percent while lower-income families would have experienced a decrease in real income by 13.9 percent (and by 4.6 percent in the second quintile) over that period.

In most cases, this increase in hours worked was accomplished by the mother getting a job outside the home. As one would expect, this dramatically changed the demographics of the workforce. Between 1970 and 2000, the percentage of mothers in the workforce rose from 38 to 67 percent while fathers worked no fewer hours than before. This left a gap at home and the need for new support services to fill the gap. Often, however, these support services – subsidized child care and after-school care – failed to grow sufficiently to replace the parental hours once devoted to family care that now are devoted to market work.

Another problem in many workplaces is that employers do not permit employees to flex their hours in order to juggle work and caregiving. Because many women, mothers in particular, work part-time, nonstandard jobs, they not only have less flexibility, but also earn \$3.97 less per hour than regular full-time workers. Furthermore, women with children make 10 to 15 percent less than women without children.

These factors all contributed to increased levels of family stress. In 2002, 45 percent of employees reported that work and family responsibilities interfered with each other "a lot" or "some". A full 67 percent of employed parents felt that they did not have enough time with their children. Working parents with school-age children who worked in inflexible workplaces and had children in unsupervised settings were 4.5 times more likely to report low psychological well-being than their counterparts with more workplace flexibility and better after-school options. In addition, working mothers lost the equivalent of one night of sleep a week compared to mothers who were not in the workforce.

Furthermore, research has found that the more parents are away in the afternoons and evenings, the more likely it is that their children will fall to the bottom on achievement tests.

While increased parental work hours have negative consequences, families cannot easily give up the income of two parents. Benefit coverage is shrinking while living costs have increased. And according to the Bureau of Labor Statistics, wage growth for blue collar manufacturing and non-managerial service workers (constituting about 80 percent of the workforce) for 2004 was about 1 percent below inflation. In other words, even with the extra hours, families were slipping behind.

The authors of the paper offer three proposals to increase earned income: macroeconomic measures (e.g., full employment, thereby pushing up wages); new investments in education and training to create and

keep high-wage jobs in the US; and tax measures, such as the Earned Income Tax Credit and child care tax credit, to make work more profitable. In addition, they urge employers to make jobs more flexible so parents can better balance the responsibilities of home and family.

For the full report, go to http://www.newamerica.net/Download_Docs/pdfs/Doc_File_2437_1.pdf.