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POLICY BRIEFING SERIES

WORK-FAMILY INFORMATION FOR STATE LEGISLATORS

SUPPORTED BY: THE ALFRED P. SLOAN FOUNDATION



CREATED BY:

SLOAN WORK AND FAMILY
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WWW.BC.EDU/WFNETWORK

THE IMPACT OF THE RECESSION ON WORK AND FAMILY

For decades, working families have been struggling with how to juggle work and family responsibilities. The current economic recession has intensified these struggles. Widespread long-term unemployment and underemployment of the American workforce have led to increased economic insecurity and substantially reduced earnings for working families. Meanwhile, businesses, facing significant declines in revenue and earnings, are cutting work hours and shedding jobs. These challenges have serious consequences for work-family matters and help underscore the importance of work-family policies.

HOW IS THE CURRENT RECESSION DEFINED?

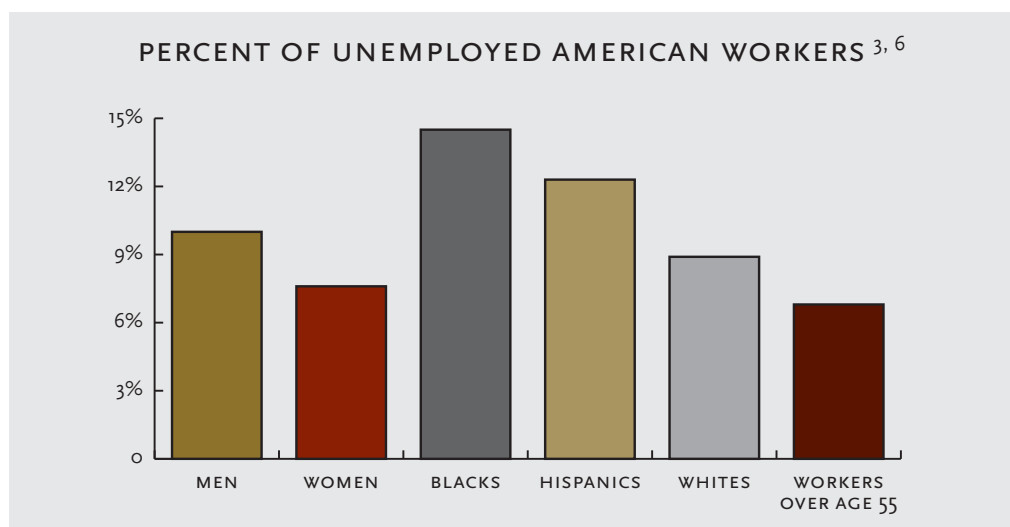
The National Bureau of Economic Research (NBER) defines a recession as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators."¹ The NBER determined that the current recession began in December 2007.

HOW IS THE RECESSION AFFECTING WORKING FAMILIES?

Where 70% of American households with children rely on two incomes or one single-parent income to make ends meet, the loss of earnings has devastating effects on the economic and physical well-being of most American families.² Due to the current recession, many families are experiencing one or more of the following:

Unemployment: According to the Bureau of Labor Statistics, as of August 2009, the unemployment rate was 9.7%, and the number of unemployed workers was 14.9 million.³

- Some 6.9 million people have lost their jobs since the recession began.³ These jobs losses have occurred across the employment sectors, although almost half of these jobs have been lost in construction and manufacturing, industries that traditionally employ men.⁴
- Men are losing three out of every four jobs lost over the course of the recession.⁵ Meanwhile, older workers and minorities have also been hard hit by the recession.
- Unemployed workers are having a hard time finding new jobs. There are now five unemployed workers available for every job opening, with almost one-third (29%) of those out of work searching for a job for at least 6 months.⁷



"TODAY, DURING THESE HARD FINANCIAL TIMES, MORE PEOPLE ARE TAKING JOBS THAT OFFER NO PAID LEAVE, JUST TO GET BY. WHEN A CHILD BECOMES SICK, OR AN EMERGENCY OCCURS AT HOME, NO ONE IS ABLE TO RESPOND. EMPLOYEES FORCED TO REPORT TO WORK SICK ALSO INCREASE THE SPREAD OF ILLNESS LIKE PANDEMIC FLU. WORK-FAMILY POLICIES LIKE PAID LEAVE ALLOW BOTH EMPLOYERS AND FAMILIES TO FUNCTION NORMALLY, AND WITHOUT CATASTROPHIC DISRUPTIONS."

— REPRESENTATIVE RYAN DVORAK, D-INDIANA, CONCERNING HIS PAID LEAVE BILL, HB 1353



HOW IS THE RECESSION AFFECTING WORKING FAMILIES? (CONTINUED)

Increased financial strain: Many employed and unemployed Americans are faced with tightening budgets, reduced access to credit, and the risk of losing their homes, their jobs, their health care, and their retirement and education savings.

- Many unemployed and reduced-hour workers are losing health-care insurance, as health-care coverage is traditionally tied to employment, and, thus, these families are incurring additional financial stress in the event they or their families need preventive or other medical care.⁸
- With men losing a disproportionate number of jobs, families are also increasingly relying on women's substantially lower earnings for economic support; in a typical dual-earner family, the wife usually earns about 35% of the family's income. Additionally, where women typically earn only 78 cents for every dollar men earn and often do not receive health insurance benefits, families are increasingly challenged to survive on a third of the family's income.⁸

Although states traditionally have helped provide services, like health-care coverage, to low-income households, at least 21 states have recently reduced access to health care or limited eligibility for low-income families due to widespread unemployment and resulting state budget cuts.⁹

Increased physical and mental stress: Eight out of 10 American workers recently surveyed indicated that the economy and money is a significant cause of physical or psychological stress, and almost half of Americans said that they are increasingly stressed about their ability to provide for their family's basic needs.¹⁰

- Many employed workers are working harder and longer than they would like, forgoing vacation and other time off, adding to their stress levels.
- Recession-related stress has resulted in increased reporting of irritability and anger, tightening chest, fatigue, headaches, and feeling depressed or anxious.¹⁰

More involuntary part-time work: In contrast to the workers described above, who are working harder and longer than they would like, many workers who are still employed are working fewer hours than they want and earning less than previously.¹¹ In fact, over 9 million part-time workers would prefer to be working full-time; this is an increase of 4 million since the start of the recession.¹¹ Because of their part-time status, these workers are at risk of losing health insurance, or of not having unemployment insurance.

Decreased time for caregiving: Due to the poor economy and dearth of jobs, working families are compelled to go to work, even if a family member is sick or a new child is born and needs their care. In a recent survey, 50% of working caregivers said they were less comfortable taking time off from work to provide care due to the economic downturn.¹²

- Meanwhile, the majority of workers lack both paid sick days¹³ and paid family leave¹⁴, rendering them potentially one illness or accident or childbirth away from needing to leave work and take care of a family member – possibly resulting in lost earnings or even unemployment.

HOW ARE BUSINESSES RESPONDING TO THE ECONOMIC RECESSION?

In a recent national survey, 66 % of companies reported that their revenues declined from 2008 to 2009.¹⁵ Also, 77% of all businesses, regardless of whether they reported declines in revenue, indicated they are making an effort to reduce or control costs during the recession; not surprisingly, businesses are implementing different strategies to do so.¹⁵

- Over two-thirds (69%) have decreased or eliminated bonuses or salary increases, 64% have laid off employees, 61% have frozen salaries, and 27% have reduced salaries/wages.¹⁵
- Other businesses are retaining, reworking, or even extending work-family policies to survive the economic downturn. In fact, 81% of employers are maintaining their workplace flexibility programs, while 13% are increasing their programs.¹⁵

WHAT STATE LEGISLATIVE WORK-FAMILY POLICIES ARE EMERGING AT THIS TIME?

Providing part-time workers with benefits: More workers are being forced into part-time work, which often does not provide standard benefits critical to working families. With many families already suffering from the recession, policy makers are exploring extending benefits to part-time workers, including:

UNEMPLOYMENT BENEFITS

More than one in six of all workers are part-time, but in more than half of the states, part-time workers cannot collect unemployment insurance because states require claimants to be able to work full-time. These workers are mostly women and disproportionately low-income workers.¹⁶

- In 2009, 11 states proposed extending unemployment benefits to part-time workers (AL, HI, ID, MI, MD, NY, OR, RI, TN, TX, WA).

WHAT STATE LEGISLATIVE WORK-FAMILY POLICIES ARE EMERGING AT THIS TIME? (CONTINUED)

HEALTHCARE BENEFITS

Health-care benefits have traditionally been provided only to full-time workers. Thus, millions of part-time workers—many of whom have been newly forced from full-time into part-time work and are already suffering from the decrease in earnings—also may lose health-care insurance for themselves and their families.

- In 2009, three states proposed extending health-care benefits to part-time workers (HI, MA, RI).

Providing equal pay for men and women/pay parity: Although women are increasingly (including before this recession) economically supporting families, women continue to earn 22 cents less on every dollar earned by men. To level the playing field and to support the majority of American families where women work, states have proposed equal pay legislation.

- In 2009, 14 states proposed equal pay legislation (AL, CO, CT, DE, FL, ID, IA, LA, MI, MS, NV, NY, PA, VT).

Providing paid family leave/paid sick days to working caregivers: With most working caregivers just one step away from reduced income or job loss when a family member requires their care, policies like paid family leave and paid sick days are being explored.

- In 2009, eight states proposed legislation concerning providing paid family leave (AZ, HI, MA, MO, NH, NY, OR, WA).
- In 2009, 14 states proposed legislation for paid sick days (AK, CA, CT, IL, MA, ME, MN, NH, NC, OH, PA, TN, VT, WV).

WHERE CAN I GET MORE INFORMATION?

Center for American Progress — <http://americanprogress.org>

- The Center for American Progress is a think tank dedicated to improving the lives of Americans through ideas and action.

National Employment Law Project — <http://www.nelp.org>

- The National Employment Law Project is a national advocacy organization for employment rights of lower-wage workers.

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The Sloan Work and Family Research Network can provide you with additional research-based information about working families.

VISIT WWW.BC.EDU/WFNETWORK, EMAIL WFNETWORK@BC.EDU, OR CALL 617.552.1708.