



INSTITUTE FOR WOMEN'S POLICY RESEARCH
1707 L Street NW, Suite 750 ♦ Washington, DC 20036

"Women's Work, Family Diversity, and Employment Instability:
Public Policy Responses to New Realities"

TESTIMONY

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by

Heidi Hartmann, Ph.D.

Director

Institute for Women's Policy Research
1400 20th Street, NW Suite 104
Washington, DC 20036
(202) 785-5100

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I am Heidi Hartmann, Director of the Institute for Women's Policy Research (IWPR), an independent scientific research institute specializing in research on policy issues of special importance to women. Trained as a labor economist, I hold the Ph.D. degree in economics from Yale University. I would like to share with you today some of the major findings from research conducted at IWPR by myself and my colleague, Dr. Roberta Spalter-Roth, a sociologist at IWPR and George Washington University. IWPR's research holds important implications for public policy, especially in the face of a rapidly developing recession.

Two major economic trends affect the nation's ability to pull out of recession as well as its long-term economic health: increasing diversity in the labor force and in family structures and increasing instability in employment relationships. Much of our public policy is anachronistic. It assumes both a predominantly white male workforce, living in traditional families, and stable employment patterns with socially responsible employers providing health insurance and other vital fringe benefits. Yet these conditions no longer hold, and consequently current public policies are particularly ill-suited to current economic realities.

First, the increased diversity in the labor force stems from continued increases in women's labor force participation rates and higher population growth and immigration among people of color than among whites. Along with women's increased work activity has come a new and increasing diversity in family types. Women's work patterns and their economic responsibilities for family well-being are increasingly like men's. More women work; they work more hours; and they work more continuously even through the child-bearing years. Among families with children, two-thirds rely on a female earner (either as the single earner or a dual earner), while only one-third do not. The traditional family with a working father and a mother at home now represents only one quarter of all families with children.¹ And, because of the

¹ About 8 percent of families have no earning parents.

growth in single-parent families, women are nearly as likely as men to be the single earner in their families. Among two-parent families, it was women's added earnings from increased work hours that kept real family incomes from falling during the 1980's. IWPR research shows that African-American women with children are especially responsible for the economic well-being of their families--60 percent of these working women are the major breadwinner in their family, whether married or single. But the vast preponderance of our public policy, I would argue, does not accept that women are independent citizens, often living without men, competing in the market place with men, and being equal breadwinners with men. Women, our public policies implicitly say, should be primarily wives and mothers, serving men and children at home. What is needed now are new public policies that deal with new realities: women's autonomy and women's economic responsibilities.

The second major trend is the deterioration in the conditions of work, and especially in the relationship between workers and employers. Contingent work--on-call arrangements between employers and employees, use of consultants and contract employees, limited duration direct hires, use of the temporary-help services industries--is growing much faster than total employment and may be developing into a permanent arrangement with many employers. Involuntary part-time work is also growing. There are now more than five million workers employed part-time involuntarily, about one-quarter of all part-time workers. The use of contingent and part-time workers allows employers to reduce labor costs by creating a two-tiered workforce, with the bottom tier having no or limited access to wage increases, fringe benefits, career ladders, seniority benefits, and employee rights. For example, data from the Census Bureau's Current Population Survey show that workers without employer-provided health insurance increased from 41 to 46 percent of all workers between 1980 and 1987. And only about one-quarter of part-time and temporary workers have any employer-provided health insurance. According to the Consumer Expenditure Survey of the Bureau of Labor Statistics,

declines in private health insurance covering dependents are especially large for working single mothers; in 1980, 26 percent of working single mothers had no such insurance, but by 1987, 37 percent had none. In addition, companies are providing limited amounts of on-the-job training to workers. A recent study by the Hudson Institute shows that two-thirds of surveyed firms spend less than \$2,000 for classroom and other on-the job education for new workers, helping to account for turnover rates among these workers that average 28 percent in the first year. Finally, according to Barry Bluestone and Bennett Harrison and other researchers, the "Great American Job Machine" was fueled in the late 70's and 80's by the growth of low-wage jobs, seriously worsening the overall income distribution.

Many of the low-wage jobs and part-time and contingent work arrangements are found in the growing service sector: finance, insurance, and real estate; personal and business services; and wholesale and retail trade. These industries generally pay lower wages, provide less health insurance, are less often unionized, and are most likely to employ women and minorities. The current recession seems to be affecting these industries more than in the past, and women are thus likely to suffer unusually high unemployment. Yet these are the very industries whose workers, because of irregular work arrangements and work patterns, will find it most difficult to qualify for unemployment insurance (or, for example, the new right provided by the 1985 law to remain in the employer's health insurance plan, if there is one, during 18 months of unemployment).

That these two trends are occurring is widely recognized, but what may be less well understood is that these two trends are highly interconnected. Increased workforce diversity and deteriorating employment conditions go together in our society. The race and gender of job incumbents undoubtedly affect working conditions, such as pay and benefits. For example, research on pay equity conducted for the National Academy of Sciences/National Research Council shows that, even in a state civil service system (surely the better protected jobs), jobs

were devalued--starting salaries fell--when the proportion of new entrants who were women or minority men increased, even though job qualifications remained the same. My own research, conducted with June Lapidus for the Labor Department's Commission on Workforce Quality and Labor Market Efficiency, indicates that temporary workers are more likely to be women and minorities, but not by choice. Two-thirds of temporary workers are women, and minorities are even more over-represented in temporary work. Moonlighting, holding multiple jobs increased five times for women between 1970 and 1989 while men's moonlighting increased only 20 percent. Forty percent of moonlighting women hold multiple part-time jobs.

A less white and less male labor force can all too easily be regarded as a labor force that is necessarily unskilled and less productive--a workforce that deserves lower wages and benefits. The downturn in economic activity may exacerbate devaluation and discrimination based on race, ethnicity, and gender and may lead employers even further along the unproductive path of low-investment high-turnover employment. But nothing about a person's gender or skin color makes them incapable of holding down well-paid highly-skilled jobs.

Clearly a high-investment strategy that recognizes the value of all workers is called for. Our long-term economic future does not lie in continuing on the route of becoming a lesser developed country--with cheap labor as our major resource.

But high investment in human capital will not by itself result in the full utilization of our increasingly diverse workforce. Recent IWPR research, for example, shows that even when women of color have equal amounts of work experience, education and training as white men, they are four times as likely to be low-wage workers. The intertwined issues of gender- and race-based discrimination and poor job conditions must be addressed directly.

To do so, I propose an alternative strategy grounded in two basic assumptions about the rights and the needs of workers. First, women and minority workers, like white male workers, have the right to achieve economic independence and to participate fully in the economy. They

have a basic human right to work and to work on equal terms with others. These rights include the right to a living wage and attendant benefits, including on-the-job training and advancement, the right to organize collectively, and the right to be free from discrimination and harassment. Second, all workers must be seen as having human relationships and therefore the need from time to time to provide for and care for dependents (both children and elders). Workers cannot be separated from these attachments, and workplaces must accommodate to workers' needs. If we do not address these rights and needs we will not have a highly productive workforce or a healthy economy in the long run.

The specific policies that I recommend include the following:

Combatting sex and race discrimination in employment is critical. Strengthening EEO remedies, for example by passage of legislation like the Civil Rights Act of 1991, is a necessity. Employment applications by matched pairs (male and female, black and white), similar to that done successfully in the housing area, is a promising area for initiative by the EEOC or other interested parties. Effective enforcement of equal employment opportunities is needed to allow groups traditionally discriminated against to become more productive workers. Pay equity, a remedy for the devaluation of jobs done by women and minorities, needs to have a higher priority in EEO enforcement. New legislation may also be required, such as that recently enacted in several Canadian Provinces. Even without new legislation, the EEOC can monitor Canadian pay equity actions, especially those involving firms with U.S. counterparts, for possible U.S. legal action should their wage structures be found to discriminate against women.

Rewards to work have to be raised for everyone. The economic growth experienced in the 80's was unbalanced, with the gains going only to a few, and the spread between the top and

the bottom increasing. Real wages have fallen for most groups of workers during the 80's. The income distribution has become more lopsided, with all but the top quintile of families experiencing a declining share of total income. Although taxation to redistribute income after it is earned is a useful remedy, it seems to me more attention now needs to be paid to why the market place is generating such skewed rewards. The decline of unionization among workers is certainly one important cause. It has long been recognized that workers lack power relative to employers and that collective bargaining helps to make the playing field more equal. Labor law reform, which could restore in practice workers' legal right to unionize, is much needed. Particularly in low wage service sector jobs, where turnover is high and so many women work, the cumbersome process now required to certify a union makes it virtually impossible for workers to organize. Encouraging quick certifications and elections would aid in unionizing workers in these growing industries where short-time and short-term employment practices are increasingly the norm. Currently, fines against employers who break the rules and harass workers for pro-union activity are so small they do not serve as effective deterrents. In addition, the ability of employers to hire permanent replacements for striking workers under current law virtually eliminates the value of workers' last resort in negotiations.

Flexible employment arrangements must conform to minimum labor standards. The new contingent work relations are often justified by employers because they provide useful flexibility in production processes. They allow employers to meet peak or unusual demands, insulate businesses from some of the uncertainty in future economic growth, and so on. But, in a system where workers have relied on stable employment relationships to meet basic needs, such as health insurance, this flexibility imposes serious hardships on workers. Recent legislation provides some measure of protection in pensions and health insurance for part-time workers with enough hours with one employer, but temporary workers are largely unprotected. Laws requiring pay and benefit parity with permanent workers should be considered. In the alternative, these benefits should be provided publicly outside the work relationship.

Wages in low-wage jobs must be raised. Although, IWPR research shows, low-income families increased their work effort over the past decade, working was less likely to lift them out of poverty than before. Too many families have no high earner; one-fourth of all low-wage workers are the sole support of their families, who often remain poor despite that work effort. Among single-parent families, those with a low-wage working parent are as likely to be in poverty as are those with mothers who do not work for wages at all.

A good criterion for setting the minimum wage would be that hourly wage which would, if earned full-time year-round, raise a family of four to the poverty level. That hourly wage is now \$6.33. Although not all poor families have four members, and the modal poor family is now thought of as a single mother with two children, the size of four is suggested because a family without a second parent needs to buy on the market the services that would have been provided by the missing parent.

Because many low wage jobs are in the service sector, productivity and wage growth needs to be enhanced in these industries, and the job structure needs to be transformed. An "industrial policy" for the service sector warrants consideration. Many low-wage jobs are also unstable; IWPR research shows that low-wage jobs have a short life span and do not provide job security. Upgrading these jobs, by requiring employers to pay higher wages, should result in productivity-enhancing investments. The jobs that remain will be better jobs that contribute more to U.S. economic growth. Through the incentive of a higher minimum wage standard and minimum employment quality standards (e.g. family leave), employers can be encouraged to treat workers as important resources and not as throwaways. This strategy could be labelled "wage-led productivity growth." By raising the wage and the stakes of the employment contract, employers, are encouraged to invest in their workers.

Fringe benefits must become more universally available. Health insurance is perhaps the most important benefit that many employers do not provide to regular workers, and virtually no employers provide for contingent workers. In retail trade and business and personal services including entertainment, only about half of all workers have employer-provided health insurance. The industries with the best coverage--the public sector, manufacturing, and transportation and communication--which also have the highest proportions of union representation, are the slowest growing industries. Even when they provide health insurance, employers are cutting back on their costs by passing more costs on to workers, particularly costs for dependent coverage. Jobs are growing in industries where workers are less likely to be represented by unions and where fringe benefits are less likely to be provided. Women, in particular, are the most likely to be in these new jobs and they are generally no longer able to rely on the lifetime provision of fringe benefits (health insurance and retirement income) by a husband. Only three-eighths of women have private pensions. Two-thirds of mothers are likely to support children outside marriage at some point in their lifetimes; therefore it is critically important that women's jobs have the fringe benefits associated with men's jobs. Either some fringe benefits such as health insurance can be mandated for all employers, or public provision of critical benefits, for example a universal health plan, needs to be developed if workers and families are to meet their basic life needs.

Public policy should consider the average worker as a person with family responsibilities; new minimum labor standards need to be developed with this in mind and existing policies and programs need to be revised. Nearly all public policy in the United States has been based on the model of the male worker supporting a traditional nuclear family. From the Fair Labor Standards Act of 1938, which makes the 40 hour work week the norm (practically presupposing a wife at home to take care of family needs), to unemployment insurance (designed to offer

wage replacement to full-time workers who are laid off but not to part-time or intermittent workers whose work patterns reflect the needs of family care), and social security (which provides per dollar paid-in a better deal for at-home wives than working wives), virtually all public policies fail to equitably meet the needs of working women. A shorter work week would better enable workers to meet their family needs; an expanded unemployment insurance system would better provide for the needs of part-time, intermittent, and contingent workers; and revisions in social security insurance would provide more equitably for older women, who constitute a majority of the elderly population.

The new realities for women and families call for new policies as well as revisions in existing policies. In an era when most women work and most women have children, facilitating child care and requiring parental leaves are logical first steps. Because families' childbearing and rearing experiences are increasingly similar, in that most families will have working mothers who have only one or two children, public support for families in the expensive family-building phase of the life cycle can be envisioned similarly to the social security system. Raising children, like retirement, is a life-cycle stage that nearly all families will go through, and it is a stage at which they need income assistance, for child care and for family-related work absences. All workers can be asked to contribute, through taxes or an insurance system, because all will take their turn in benefitting.

The increased reliance of families on women's earnings also expands the range of acceptable reasons for which wage replacement programs are created. Insurance plans to deal with unemployment, long-term disability, and retirement are justified on the grounds that the family dependent on a worker's earnings still needs income when the worker cannot work. Women are more likely than men to be absent for family-related reasons, including child-birth, parental care of newborns, and care of ill or disabled family members, yet their families are just as dependent on their earnings. Thus wage replacement programs for family related absences

need to be developed, along with insurance for short-term illness (less than six months). As women's work responsibilities have increased, so have men's family responsibilities; thus, just as women are becoming more like male workers, men are becoming more like women workers. They too must be thought of as workers who come with family needs attached.

As a minimal and first step the proposed Family and Medical Leave Act, which provides job security but no wage replacement for those who must take a short leave for illness or family reasons, should become law. IWPR research shows that, taken together, women who have babies but do not have the right to return to their job lose 607 million more dollars annually than those women who have babies and return to their former jobs; GAO research shows that the parental leave provisions of the proposed bill will cost businesses far less than 200 million dollars per year. Workers who have had an illness of more than one week's duration experience far more unemployment than those who have not. Presumably many of them have had to look for new jobs; the extra unemployment these workers receive amounts to 12 billion dollars annually. Thus the costs of inaction in this area are great.

In the future, in order to protect all families, the diversity of family types and the growth of nontraditional families must be recognized. Unmarried couples, cross-generational families, and non-heterosexual families all need basic family protections and benefits. Members of these nontraditional families currently particularly lack health insurance.

Conclusions

Our current public policies are anachronistic. They assume a traditional worker and family which no longer exist, and they assume stable relationships between employers and employees which are being eroded. Addressing the needs of different families and strengthening employment relationships where possible, and compensating for poor relationships where not possible, are challenges which public policy must seek to meet. As the current

recession develops, it will be important to keep in mind that the slowdown seems to be disproportionately affecting the sectors where women are employed and that the needs of families dependent on women workers will be disproportionately great. Specific policies aimed at ameliorating the effects of the recession--like public works to rebuild infrastructure--will not address these needs if infrastructure is narrowly construed as highways, tunnels, and bridges. In this context, infrastructure needs to be construed more broadly to include the social infrastructure that delivers human services such as health, education, and child care.

