

Employers and the Low-Wage Work Force

Description

The aim of this session was to gain a better understanding of how employers support (or do not support) low-wage workers and their families. Topics of discussion included: benefits, work schedules and workplace flexibility, work and child care interruptions, welfare reform, and economic development.

Facilitator

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Discussants

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Scribes

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Issues

- To what extent do employers in the service economy develop work policies to support the child care needs of their low-wage workers?
- How responsive have state policymakers been to the needs of low-income workers in occupations with nontraditional work schedules in structuring eligibility for child care subsidies? For example do they support FFN (family, friend, or neighbor care) or have special payment arrangements for night shifts)?
- Are there examples of employment policies that allow flexibility in shift scheduling to respond to employee child care needs?

Handouts in the Session Folder

- Employers and the Low-Wage Workforce

Discussion Notes

To what extent do employers in the service economy develop policies to support the child care needs of their low-wage workers?

This section presents a context for understanding child care in relation to the low-wage workforce beyond the nonstandard hours issues (see Power Point slides for definitions and examples in session folder).

- A large proportion of low-income families work in occupations characterized by varying types of shifts and scheduling patterns that fall outside the standard work week.
 - * Only 29% of the nation’s workforce works 9-5, Monday through Friday.
 - * Not all low-wage jobs are the same – it depends on the sector – but they are here to stay.
 - * Job instability is increasing and the duration of jobs is getting shorter, particularly in low-wage jobs.
 - * Most workers do experience some wage growth earlier in careers, even in low-wage jobs.
- Individual characteristics and firm and industry characteristics are associated with individual economic outcomes. Labor market success is often a result of changing sectors (from low-wage to high-wage occupations).
 - * Firms that support child care also tend to support career ladders, training, benefits, etc.
 - * The child care field needs to realize that instability may be a problem (the cost of changing jobs may be temporary unemployment) but it may also mean a move to higher paying positions — policies need to recognize this.
- Low-wage jobs are not just about low wages but also about lack of flexibility, complex schedules, and difficult working conditions.
 - * Nonstandard work schedules are characterized by lack of flexibility and timing – when you work and how you arrange that work – including variable or erratic work schedules.
 - * Flexibility in the low-wage sector is often determined or driven by the employer rather than the employee.
- Fluctuating hours make it difficult to use subsidies and “formal care” arrangements.
 - * Child care packaging and patchwork (multiple arrangements) are required and providers need to share the “burden” of child care.
 - * Child care providers could try extending hours, providing transportation, etc. but it is not just about child care accommodating the needs of workers

- in the low-wage sector – employers can and should work to contribute to these efforts.
- * Moreover, the challenges created by nonstandard schedules can be addressed through social policy (beyond child care policy) as well.
- Another question has to do with unemployment insurance (UI) and how to make it more accessible to nonstandard workers.
 - * There is a growing interest in modifying UI to make it more accessible to nonstandard workers, especially low-income parents. UI currently favors workers with regular work histories.
 - * Those states that provide UI to part-time workers set hour minimums per quarter and often do not count hours worked in the quarter immediately prior to the established accounting period. These requirements make accessing UI difficult for workers with marginal labor market attachment and for those with fluctuating work hours.
 - * Moreover, terminations must be “involuntary,” not the result of poor employee performance (i.e., formal lay-offs, not firing). Leaving a job because of a child care or other family-related reason is considered voluntary and therefore disqualifies a worker for UI.
 - * Work exits due to child care challenges are common among low-income women with young children, and are exacerbated in jobs with nonstandard, unpredictable, or fluctuating hours. In comparison, formal employer terminations are rare in the low-wage sector. It is much more common for employees to leave their jobs on their own volition when they are unable to get as many hours as they need or when they have trouble meeting employers’ scheduling demands or other demands of the job. Such “voluntary exits” disqualify unemployed workers for UI in most states.
 - * These issues have led to interest among some policy analysts and advocates to broaden UI's scope, by changing the formula for calculating the base hours and by including child care and other types of work exits as qualifying reasons.
 - There are definitional and statistical difficulties in the national profiles compiled by the Bureau of Labor Statistics for nonstandard work and child care occupations.
 - * The incidence of nonstandard work is very sensitive to definition. Qualitative research suggests that hour fluctuations, variable start and end

times, and unpredictable schedules are more common than survey data would suggest.

- * Many child care workers may not be counted in the BLS categories for child care occupations. There is significant discrepancy between the definitions used by BLS and those commonly used within the child care field. For example, the BLS defines in-home child care providers as household workers.
- Research examines how nonstandard work affects families and their children.
 - * Negative associations have been found between nonstandard work and outcomes such as marital quality, time with children in leisure activities, supervised homework, and mealtime, and child well-being. At this point, this research is correlational rather than causal.
 - * Researchers and the child care industry could work with job placement agencies and other intermediaries to better match workers with children to more “family-friendly” jobs.

What policy approaches are in place (or should be in place) to support low-wage workers?

- Focus on workers
 - * Most policies fall into the rubric of “make work pay” to help workers sustain themselves in the low-wage jobs (i.e., transitional supports such as EITC (Earned Income Tax Credit), child care subsidies, public health insurance programs, Child and Adult Care Food Program, etc.)
 - * It’s important to provide low-wage workers with skill-improvement opportunities so that they might become independent of transitional supports.
 - * Workers need better information about child care assistance and other public policies. Intensive case management may also be needed.
- Focus on employers
 - * Employer-linked training and services may also include placement incentives and awards.
 - * It is important to consider changes to low-skilled jobs themselves by recognizing that many workers who hold these jobs are parents with family responsibilities, including child care. Changes to scheduling practices are critical, as are efforts to improve the wages and hour stability of these jobs.

New Urban Institute Study

- The purpose is to understand more about the employers that hire low-wage workers, i.e., their characteristics and their practices.
- We are investigating the demand side:
 - * Examining the businesses that hire low-wage workers;
 - * Looking at rural vs. urban, etc.;
 - * Studying businesses that hire welfare recipients.
- This will be a national sample of employers.
- The survey will go out during the winter of 2006 with first round of results in late fall or early winter of 2007.
- See Power Point slides in session folder for details.

Open Discussion

Comment: Marriott housing work in the Atlanta area was promising.

Response: The new Urban Institute study does not reflect housing questions specifically.

Comment: Promotion paths and advancements – low-wage workers do not know how to “get ahead.” Hope that the surveys go into details of how advancement is shared with workers.

Response: We’ll ask employers if employees get ahead and obtain a specific employee’s history of employment but will not be covering organizational culture and perceptions. We’ll be looking at what employers say they offer and then look at a specific employee to see how the issues played out in reality for that person. We’re thinking of doing some follow-up interviews after the survey is completed and may be able to address some of these perception issues with private sector funds.

Comments on survey work (and related issues):

- * It would be great to get at the issues of perceptions that truly have an impact.
- * Comparison between what’s on the books and what is perceived is so important. In some cases people are unaware of their options; in others, the culture prohibits full use of child care or subsidies.

- * Retail workers are not seeing a realistic occupational ladder. Also, promotions to supervisory positions may be difficult to accept because of schedule requirements, less flexible shifts, more need to cover for supervisees.

Question: What is the relative importance of increasing family income even if it means nonstandard hours – is this a tradeoff for other risk factors? What is the relative impact of this?

Response: It is not a tradeoff. Nonstandard workers in low-wage jobs do not typically have higher wages than standard workers in these jobs; in fact, they tend to be more marginally employed. If there were a tradeoff, however, it would be interesting to know what matters more, money or time?

Question: Is it practical to ask employers to focus on these issues for their employees?

Response: In the retail field, they do care – it is also an efficiency issue. They are, via the National Retail Association, addressing some of these issues. Whether we can make a “business case” for improving scheduling is an open question. There are few empirical efforts in this area.

Question: Female-owned and minority-owned businesses – is there a difference in their policies versus others?

Response: We don’t know in terms of the low-wage sector. In the literature on some high-wage occupations, there is some evidence to suggest that women-owned businesses do have more equitable wages. The new Urban Institute study will look at whether the business is a minority and/or woman-owned firm.

Question: What are other questions that we as researchers need to be asking?

Response: We need to separate out nontraditional hours that are steady from those that cover a more variable range or shift continually.

Response: How can we know more about double-shifts and double-subsidies? Why are parents doing it and what are the implications for children?

Response: What are the child care preferences of parents who work in low-wage sectors? Have they been asked?

Response: Some low-income workers prefer to work nonstandard hours, but most are working these hours for labor market necessities. If parents are “stuck” with nonstandard hours, what preferences can they realistically have? If they had another choice, their preferences might change.

Question: If employers had more options of people on-call would this help?

Response: It is one approach. But then you have lots of employees with few hours. We are working to increase communication between employees and employers about their hour and shift preferences.

Question: How aware are the employers of child care assistance?

Response: The Urban Institute survey is asking employers if they support employees in setting up public assistance, including child care. Human resource people seem to be aware of these issues. Seven years ago there was a crosswalking project done by the Child Care Bureau about which businesses’ employees were using subsidies.

End of Session

Breakout session notes are brief summaries of issues, findings and ideas discussed by participants and do not necessarily reflect the views of the Child Care Bureau or other members of the Child Care Policy Research Consortium.