

**PARENTS RAISING CHILDREN: THE WORKPLACE**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON CHILDREN AND FAMILIES  
OF THE  
COMMITTEE ON HEALTH, EDUCATION,  
LABOR, AND PENSIONS  
UNITED STATES SENATE  
ONE HUNDRED EIGHTH CONGRESS  
SECOND SESSION  
ON

EXAMINING WORKING PARENTS AND THEIR CHILDREN, FOCUSING ON  
EARLY CHILDHOOD EDUCATION, ELDER CARE PROGRAMS, THE  
EARNED INCOME TAX CREDIT (EITC), AND WORKPLACE FLEXIBILITY

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# C O N T E N T S

## STATEMENTS

THURSDAY, APRIL 22, 2004

	Page
Alexander, Hon. Lamar, a U.S. Senator from the State of Tennessee, opening statement .....	1
Galinsky, Ellen, President, Families and Work Institute; and Karen Kornbluh, Director, Work & Family Programs, New America Foundation ....	3
Prepared Statements of:	
Ellen Galinsky .....	8
Karen Kornbluh .....	13
Klein, Donna M., President and CEO Corporate Voices for Working Families; Zoila and Manuel Martinez, Employees of Marriott Corporation; Joy Bunson, Senior Vice President of Human Resources, JPMorgan Chase; Michael Shum, Director of Global Workforce Diversity Operations, IBM; and Carol Evans, CEO of Working Mother Media, and Editor, Working Mother Magazine .....	23
Prepared Statements of:	
Donna Klein .....	25
Zoila and Manuel Martinez .....	29
Dodd, Hon. Christopher J., a U.S. Senator from the State of Connecticut, prepared statement .....	30
Prepared Statements of:	
Joy Bunson .....	34
Mike Shum .....	38
Carol Evans .....	45



## **PARENTS RAISING CHILDREN: THE WORKPLACE**

**THURSDAY, APRIL 22, 2004**

U.S. SENATE,  
SUBCOMMITTEE ON CHILDREN AND FAMILIES, COMMITTEE ON  
HEALTH, EDUCATION, LABOR, AND PENSIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:04 a.m., in room SD-430, Dirksen Senate Office Building, Hon. Lamar Alexander [chairman of the subcommittee] presiding.

Present: Senators Alexander and Clinton.

### OPENING STATEMENT OF SENATOR ALEXANDER

Senator ALEXANDER. Good morning. This is another in a series of subcommittee hearings on the job of being a parent in America today.

During the year 2003, we held five hearings at Fort Campbell, at Fort Stewart, Offutt Air Force Base in Nebraska, the Groton Submarine Base in Connecticut, and here in Washington, DC. All those focused on military parents raising children. Among other subjects, we investigated child care and housing, pay, reciprocity among States on educational standards, as ways of providing support for today's fighting men and women. More than half of whom are married, and more than half of whom have children.

The job of being a parent is harder today in the United States of America. Families are broken and parents are busier than ever before. Children, as a result, are hurting, and so is our country, therefore.

Perhaps our greatest single problem as a country is not terrorism, not jobs growth, but the absence of parents in the lives of their own children. Committed loving parents who set a good example are the greatest gifts that we can give to a child, but too often we have devalued the job of being a parent. Trash on television, the risk of drug and sexual abuse, higher taxes, the separation of marriage from parenting, unsafe streets, schools that don't educate, all of these make it harder for parents, especially low-income parents.

Our purpose in this series of hearings is to focus on ways that we can put the Federal Government back on the side of parents raising children. We recently have taken some steps in the right direction: increasing the child care tax credit, making it possible for parents to have more time at home with their children, and increasing support for after-school programs to make it more likely

that children have supervision while parents are still working or are away. But we can do better than that.

Today, which happens to be “Take our daughters and sons to work” day, we are going to be talking about making the workplace more family-friendly. There has been no greater social change in American society during the last 35 years than the increase in the number of mothers working away from home. In 1960, 70 percent of families had one parent at home full time. Today, it’s just the opposite. Fully 70 percent of families with children are now headed by two parents or a single parent who have a job away from home.

The workplace has been slow to respond to this new reality. The Federal Government has also been slow to respond. It wasn’t always this way. During World War II, women went to work in the factories. We remember hearing about signs of “Rosie the Riveter”, while the men went off to war. The workplace then bent over backwards to accommodate family needs with child care, grocery services at the work site, as well as flexible work schedules.

Then the men came home from the war and the women went back home, too, by and large, and that was the end of employer interest in a family-friendly workplace for a while. Gradually, this has been changing again, but not as rapidly as it needs to change. We can’t go back to the days of “Ozzie and Harriet”, and I am not suggesting that, but we can have a government that is on the side of parents raising children, and we can encourage employers to adapt and support the reality of working parents and perhaps make it easier for them to do so. Together, we need to look for ways to support parents, not undermine them, in this very difficult and important work of raising their children in our world today.

During this hearing, we will look at the challenges working parents face today, how employees are responding to the family issues of their employees, and what the Federal Government might do to help both employers and employees, whether that is through legislation, policy, regulations, or even just getting out of the way. We will address some of the key issues that American businesses are focusing on to improve their employee situations, such as flexible work schedules, early childhood education, the increasing need for elder care and the unique needs of low wage earning families.

We are fortunate today to have some important new research on the condition of parents who have jobs away from home. Our first panel will discuss parents at work, their needs. On that first panel will be Ellen Galinsky, the President of Families and Work Institute, who will discuss the Institute’s new research on what makes an effective workplace and the status of flexibility in the workforce.

Next, Karen Kornbluh will testify. Karen is the Director of Work & Family Programs for the New America Foundation. She will highlight the dramatically changing profile of American families and why flexibility in the workplace is an important issue.

Our second panel will discuss parents at work, the employers’ response. First we will hear from Donna Klein, President and CEO of Corporate Voices, a coalition of 45 of America’s largest employers. She will be followed by Zoila and Manuel Martinez, employees of the Marriott Corporation. They will give us an important perspective on workplace issues from the point of view of a wage earning family.

After the Martinezes, we will hear from representatives of two of America's largest and most respected companies, especially when it comes to responding to the needs of working parents. Joy Bunson, Senior Vice President of JPMorgan Chase, and Mike Shum, Senior Vice President of the IBM Corporation.

Our final witness will be Carol Evans, Chief Executive Officer of Working Mother Media and publisher of Working Mother magazine, which is perhaps best known for its annual list of the top 100 companies for working mothers. The list is now 18 years old and has served as a powerful incentive to encourage employers to become more family-friendly.

Since I have now pretty well introduced all the witnesses, we will begin with Carol Galinsky and Karen Kornbluh. As I mentioned, Ms. Galinsky will talk more about the new research that she has just announced. She has been doing that for a number of years, helping us understand the facts about the workplace and how it affects working families. She is a leading authority and is regularly seen on morning television shows across America.

After her, Karen Kornbluh of the New American Foundation, which is a nonpartisan policy institute here in Washington, will speak. She began her career as an economist at Alan Greenspan's economic forecasting firm, which may mean we won't understand a word that she says today if she learned from Dr. Greenspan. [Laughter.]

She also was at the Treasury Department working with Secretary Rubin. She will comment on this information and on the background and changes in American society as it affects parents, families, and the workforce. So we welcome Ms. Galinsky and we welcome Ms. Kornbluh.

Ms. Galinsky, we will start with you. If you could summarize your remarks in maybe 10 minutes, each of you, then we would have time for questions, and then we will go on to the second panel.

Welcome.

**STATEMENTS OF ELLEN GALINSKY, PRESIDENT, FAMILIES AND WORK INSTITUTE; AND KAREN KORNBLUH, DIRECTOR, WORK & FAMILY PROGRAMS, NEW AMERICA FOUNDATION**

Ms. GALINSKY. Thank you so much, Senator Alexander. It is wonderful to be here, and it is wonderful to be able to comment on these issues with my colleagues from the New America Foundation, and then from Corporate Voices and from leading corporations and with families.

As we know, the workplace today is not our father's workplace. No longer are whistles that signal the start and the end of the workday commonplace. No longer are photos of our family members at work the sole reminders that we have a life outside of work, and no longer is loyalty to employers an automatic promise of a job for life.

A sea change has occurred over the past decades that has affected our families, our society, our economy, our competitiveness, and our global presence. Technology, as we all know, because we had to turn off our cell phones to come in here, has blurred the lines between work and home. The economy is global and is 24/7.

New phrases have entered our vocabularies, such as the time squeeze or the time famine, and I have to say I am tempted to say it goes from “feeling overworked” to “you’re fired” these days.

Families and Work Institute conducts the largest and most comprehensive study of the U.S. workforce addressing issues of life on and off the job. Our national study of the changing workforce surveys representative samples of the Nation’s workforce every 5 years. We have these data available from 1992, 1997, and 2002, and we are building on a study that the Department of Labor used to do and stopped doing in 1977, but we have similar questions so that we can compare what has happened in the past generation over the past 25 years.

Our most recent report, as Senator Alexander mentioned, with findings on flexibility is the focus of my testimony today, and will also be the focus of upcoming business forums in eight communities in partnership with the Center for Workforce Preparation, which is an affiliate of the U.S. Chamber of Commerce, and with the Center for Emerging Futures, through funding from the Sloan Foundation.

There are a lot of key findings in this report, “When Work Works”, which was funded by IBM, so I am not going to tell them all to you. We do have them available on our website. But I would like to set the stage by sharing some data that I think are most relevant to our discussion. They reflect the world according to U.S. employees.

The time famine is real. The majority of U.S. employees, 67 percent, say that they don’t have enough time with their children. That stayed the same over the past 5 years. But the majority of employees, 63 percent, say they don’t have enough time with their spouses, and that has shot way up by about 13 points over the last 5 years. The majority of employees, 55 percent, say that they don’t have enough time for themselves.

I would like to remind you, though, before I go on, that this is a nationally representative study of the U.S. workforce. It represents workers from all levels of jobs, from all parts of the country. They work in gas stations, to corner offices, and they do reflect the genuine diversity of our country.

Although we talk about the 40-hour workweek, it is not a reality. Men work on average 49 hours per week, and women work 43.5 hours per week, and that figure includes the one-in-four women who work part time. So if you just took full-time workers, it would be way higher. Fourteen percent of employees have a second job, and 61 percent of employees, men and women alike, want to work fewer hours than they do—by about nine hours on average. They want to go back to more like the 40-hour workweek.

Seventy-eight percent of families in 2002 are comprised of dual-income earners, as Senator Alexander mentioned. In fact, only one out of every 33 fathers is now bringing home the bacon, compared to one-in-two 25 years ago. For dual earner couples with children, combined work hours have shot up by 10 hours, from 81 hours per week in 1977 to 91 hours per week, and the Senator talked about families, not really having time with their families.

Forty-five percent of the U.S. workforce feels conflict between their work and family life. They feel pulled, they feel stretched thin. In my book, “Ask the Children”, which was a nationally rep-



representative study of kids from eight to 18 years old, we asked kids what their number one wish would be for improving their lives with their families. To the surprise of many people, kids said that they wished their parents would be less stressed and less tired. We found in another study that one out of three young people feel very stressed themselves, so it is not just stress of parents. It is the stress of kids as well.

Now, in listening to this data, one might think why don't these employees just change things? Why don't they adjust their lives? After all, this is America, and choice is a very strong value in our lives.

But here is where the disconnect becomes evident. Employees do not feel that they have a choice or can make these changes on their own. That is very clear. When you do focus groups with employees, when you read what they write, in chat rooms, it is a very strong message, that the choices we supposedly have are choices either that aren't real to them—they feel there would be jeopardy—or they can't make them.

Thirty-seven percent of part-time employees would prefer to be working full time. But if you look at older workers, workers who are 60 and older, 57 percent very strongly want part-time work.

Health insurance, as we all know, is of huge concern to many in our country and is a major consideration in employment and job choice. But only 40 percent of employees in part-time positions are offered health insurance, and that is compared to 90 percent of people in full-time jobs. If you look at health insurance from all sources, only one-in-five part-timers have no coverage from any source.

As I have stated earlier, more families are finding it necessary to have two incomes to support themselves, and many of the choices that they are supposed to have come with serious consequences. I sometimes think of it as ticking time bombs on those choices. For example, if you work part time, when you get ready to retire you may not have a pension or enough money to retire, or you may have no access to health insurance. Or if you stay home with your kids, it's really hard to sequence back to work.

We also study what employers have done for employees, and there are many, many companies that have embraced change and have embraced the need to provide workplace flexibility. So you might ask, what's the problem?

Well, it is only 43 percent of U.S. employees who have access to flextime, and when they do, 68 percent of men use it and 79 percent of women use it. It is not just an issue for working parents; it is not just an issue for women. But again, as I mentioned, only two-in-five employees have this kind of access.

Thirty-seven percent of employees say it is very hard to take time off from work during the day if a personal or family issue arises, and although many companies have made strides to embrace flexibility, many, many employees don't have this kind of flexibility.

For those of us who are parents, we know what happens when one of our kids gets sick. It's a house of cards that comes tumbling down. Fifty-four percent of employees with children said that they can't take time off from work to care for their sick children without

either losing pay or making up some excuse, like pretending they are sick themselves.

With all of the advances in technology, one would think that working at home is far more common than it is, other than bringing work home, which most everyone does. But only 11 percent of employees work at home on a regular basis, and 43 percent of employees would like to.

So the question is, how do we continue to merge employees' needs with those of their employers? One of the most profound findings from this nationally representative study, "When Work Works", is that 79 percent of all employees want more flexibility—men, women, parents, nonparents, people with and without elder care responsibilities, people at different levels of earning, people in all different kinds of industries and jobs.

But wanting flexibility, being offered flexibility, and actually using flexibility are three completely different things. This is because, even for those who have it, there is a perceived penalty that is associated with its use. We found that 39 percent, two-in-five employees, think that if they use flexibility that they would jeopardize their advancement. Employees want flexibility, but they want it without jeopardy.

Now, does this sound like an employee advocacy position? It is actually not. In the 2002 national study of the changing workforce, we looked at a number of potential predictors of an effective workplace. Flexibility turns out—and I think this is a big surprise of our findings—to be as key ingredient of an effective workplace, with other things that one might expect, like learning opportunities or support from your boss or coworkers for your work success.

In organizations that do have a high level of flexibility, 66 percent of employees report that they are very engaged and committed to their jobs, and we all know how important it is for employees to be able to go that extra mile to help their organization succeed.

In organizations that have a high level of flexibility, 72 percent of employees plan to remain with their employer for the next year. We know again the cost of turnover is very high. The investment in recruitment, training and replacement of personnel all decrease significantly when there is flexibility.

Flexibility is even linked with better mental health. We consider that particularly important because our national study finds that one-in-three employees is reporting one or more symptoms of clinical depression, and we know the cost associated with that.

Now, there was an article, for those of you who read USA Today, about the SAS company, a model employer for providing these kind of benefits. The article was particularly interesting because it talked about the fact that, even during a difficult period for technology companies, SAS has done real well. They have continued to hire workers; they have a very, very, very low turnover rate; and they resisted the urge to go public during the .com bubble. What USA Today says, if they do ever go public, Wall Street will call for them to cut back on all of these so-called perks.

Well, I think that they have it wrong, because there are a lot of companies that are public that are finding, even in public companies, that you don't have to be private and it has the same kind of benefits. You will hear from two of those later, from JPMorgan

Chase and IBM. The financial reports are showing that they are in good shape.

So we understand that change is tough, but the old workplace doesn't fit the new workforce and the new economy. Work is something that we all value. It is more evident than ever, that when work "works," both employees and employers prosper.

I suggest a three-pronged approach to address these issues: engage in study, take action, and raise awareness. Engaging in study, I would recommend that a high level commission be established on how to make work "work". It should include very senior representatives of government, business and unions. It should take a fresh look—and I think I would underline the "fresh"—at some of the undercover but critically important issues of today, particularly the high level of workplace stress and its impact on families and on children, and the attendant health care repercussions and cost. I would like to see this commission come up with recommendations for action and an implementation plan.

Second, I recommend that the funding of innovative pilots and programs be established. These should include rigorous assessments of the results of these interventions that address some of the tough issues on workplace flexibility, such as the need to remove barriers. I think this is particularly important. As the workforce ages, we need to help those more-than-one-in-two older workers who want part-time but would jeopardize their pension or their retirement if they do so.

We need to provide health care for part-timers, to provide short leaves for parents of sick children, and we need to establish flex careers for people, the one-in-four women who want to take time out of the workforce. The opting out notion is real. But they do come back to work, and we need to help them with the on ramps so that they can sequence back to work.

These options also need to include fathers, those who need leave when they have teenagers, elder care responsibilities, compassion care responsibilities and so forth.

Finally, raise awareness. I recommend a campaign to raise awareness about how to change the workforce to address 21st century challenges and opportunities, and especially to reduce the conflict that millions feel.

Thank you very much for this opportunity to testify, to give voice to these issues, and to share our strong research finding that solutions that meet the needs of business and of working families are not only possible, but imperative.

Senator ALEXANDER. If the people want access to your research, your new report, how do they get it?

Ms. GALINSKY. We have a website called "When Work Works", and it's [whenworkworks.org](http://whenworkworks.org). Everything is on the website and downloadable. We have also brought copies that are on the side tables.

Senator ALEXANDER. Thank you very much. We will look forward to talking more about it.

[The prepared statement of Ms. Galinsky follows:]

## PREPARED STATEMENT OF ELLEN GALINSKY

The workplace today is not our father's workplace. No longer are whistles that signal the start and end of the workday commonplace. No longer are photos of our family members at work the sole symbol of our lives outside of work. No longer is loyalty to employers an automatic promise of a job for life.

A sea change has occurred over the past decades that has affected our families, our society, our economy, our competitiveness, and our global presence. Technology has blurred the lines between work and home. The economy has become global and 24/7. New phrases have entered our vocabularies such as the time squeeze, the time crunch and, I am tempted to say, it goes from "feeling overworked" to "you're fired."

Families and Work Institute conducts the largest and most comprehensive study of the U.S. workforce addressing issues of life on and off the job. Our National Study of the Changing Workforce surveys representative samples of the Nation's workforce every 5 years. We have the most robust data available on U.S. workers from 1992, 1997, and 2002. Prior to Families and Work Institute assuming this leadership role, the U.S. Department of Labor conducted The 1977 Quality of Employment Survey, with a number of parallel questions that make historical comparisons possible. We hope we can tell you just about anything you want to know about changes in the workforce over the past 25 years.

The most recent report from the National Study with findings on flexibility is the focus of my testimony today and will also be the focus of upcoming business forums in eight communities in partnership with the Center For Workforce Preparation, an affiliate of the U.S. Chamber of Commerce and the Center for Emerging Futures, through funding from the Sloan Foundation. There are so many key findings in this report, *When Work Works*, funded by IBM, that we would be here far too long if we were to review them in detail, but I would like to set the stage by sharing some data that we believe reflect the world according to U.S. employees.

- The majority of employees (67 percent) say they don't have enough time with their children. The majority of employees (63 percent) say they don't have enough time with their spouses. The majority of employees (55 percent) also say they don't have enough time for themselves. Before I proceed, I would like to remind you that our data are representative of U.S. employees. They work in all levels of jobs, from gas stations to corner offices, and reflect the genuine diversity of our country.

- The 40-hour workweek is also not a reality. Men work an average of 49 hours per week and women work an average of 43.5 hours per week, and that figure includes the one-in-four women who work part time. Fourteen percent of employees have more than one job. Sixty-one percent of employees—men and women alike—want to work fewer hours than they do.

- Seventy-eight percent of families in 2002 are comprised of dual-income earners. Only 33 percent of fathers are the sole wage earners today, versus 51 percent in 1977. For dual-earner couples with children, combined work hours are now 91 hours per week, up from 81 hours per week in 1977.

- Forty-five percent of today's employees feel pulled and stretched thin between their responsibilities at work and at home. In my book *Ask the Children*, a nationally representative group of children ages 8 to 18 were asked for their number one wish to improve their lives. The largest proportion wished that their parents were less tired and stressed, and one-in-three young people feels very stressed themselves.

Listening to the data I just presented, one might think, "Why don't these employees just make a change? Why don't they adjust their lives? After all this is America, and we believe in choice."

*This is where the disconnect becomes evident.* Employees do not feel they have a choice or can make these changes.

- Thirty-seven percent of part-time employees prefer to be working full-time, however, if you look at employees who are 60 years or older, 57 percent of them prefer to work part-time.

- Health insurance, as we all know, is of huge concern to many in our country and is a major consideration in employment and job choice. Only 40 percent of employees in part-time positions are offered health insurance, while 90 percent of employees in full-time positions are offered health insurance. One in five part-timers doesn't have health insurance from any source.

As I have stated earlier, more families are finding it necessary to have two incomes to support themselves and so many of the so-called choices families have come with serious consequences—for example, if you work part-time, you may have little or no money to retire on and no access to health insurance, or if you stay home with your children, you may have a very hard time sequencing back to work.

Families and Work Institute also studies what employers have done for employees and there are many, many, many companies that have embraced change and have embraced the need to provide workplace flexibility. So, one might ask, what's the problem?

- Of the 43 percent of employees who have access to flextime, 68 percent of men use it, and 79 percent of women use it. But only two in five employees have this access.

- Thirty-seven percent of employees say it is hard to take time off during the workday when personal or family issues arise. Although companies have made strides to change and embrace flexibility, there are many employees who are still struggling to make it work.

- For those of us who are parents who work, we know how difficult it is when a child is sick. Fifty-four percent of wage and salaried employees with children say they can't take time off to care for sick children without losing pay, having to use vacation days, or pretending they are sick themselves.

- With all the technology advancements that have been made, only 11 percent of wage and salaried employees work at home, but 43 percent would like to be able to do so.

So the question becomes, how do we continue to merge employees' needs with those of their employers?

**One of the most profound findings in our most recent study, When Work Works, is that 79 percent of all employees would like more flexibility.** This includes men, women, parents, nonparents, employees with and without elder care responsibilities, employees at different earning levels, employees in goods-producing industries and service industries.

Wanting flexibility, being offered flexibility, and actually using flexibility are three completely different things. This is because, even for those who have access to it, there is a perceived penalty associated with its use. Thirty-nine percent of employees believe that using flexibility would jeopardize their career advancement. So obviously employees want flexibility without jeopardy. But does promoting flexibility become an employee advocacy position? Not at all!

In the 2002 National Study of the Changing Workforce, we examined a number of potential predictors of an effective workplace. Flexibility turns out, perhaps surprisingly, to be a key ingredient, along with learning opportunities and the support of supervisors and coworkers.

- In organizations that have high levels of flexibility, 66 percent of employees report high levels of job engagement and commitment. We all know how important it is for employers to have employees who are willing to go that extra mile to help their organizations succeed.

- In organizations that have high levels of flexibility, 72 percent of employees plan to remain with their employers for the next year. Retaining employees has direct cost advantages for business. The investment in recruitment, the investment in training, and the investment in replacement of personnel all decrease significantly.

- Flexibility is even linked with better mental health.

## Conclusion

We understand that change is tough. But the old workplace doesn't fit the new workforce and the new economy. Work is a value that Americans hold dear. It is more evident than ever that when work "works," employees *and* employers prosper.

I suggest a three-pronged approach to address these issues: engage in study, take action, and raise awareness.

**1. Engage in Study.** I recommend that a high-level commission be established on how to make work "work." It would include very senior representatives of government, business, and unions. It would take a fresh look at some of the undercover, but critically important issues of today, especially the high level of workplace stress, its impact on families and work, and the attendant health care repercussions and cost. This commission would come up with recommendations for action and an implementation plan.

**2. Take action.** I recommend the funding of innovative pilots and programs that include rigorous assessments of the results of these interventions that address some of the tough issues in workplace flexibility such as:

- the need to remove some of the barriers, including the pension barriers, to enable the 57 percent of older workers who want to work part-time do so;
- the need to provide health care for part-timers;
- the need to provide short leaves for parents of sick children;
- the need to provide flexible career options for the one-in-four women who want to take time out of the workforce when they have children and the provision of on-

ramps that enable them to sequence back to work. These options also need to include fathers and others who need leaves when they have teenagers, elder care responsibilities, compassion care responsibilities and so forth.

**3. Raise awareness.** I recommend a campaign to raise awareness about how to change the workplace to address 21st century challenges and opportunities and especially to reduce the conflict between work and family that millions now feel.

Thank you very much for this opportunity to give voice to these issues and to share our findings that solutions that meet the needs of business and of working families are not only possible, but imperative.

Senator ALEXANDER. Ms. Kornbluh.

Ms. KORNBLUH. Thank you. Good morning.

Thank you very much for your leadership in holding this hearing, Chairman Alexander, and also for bringing both your private sector and government leadership to shine the spotlight on the critical issues facing parents raising children. I know that Senator Dodd isn't here, but he has demonstrated also, continuing leadership in creating new policies to help children and families, and this committee has played an important historical role in these issues as well.

At the New America Foundation, we collaborate very closely with the Families and Work Institute, and you will hear some echoes of what Ellen said in my remarks as well. Like them, we receive funding from the Sloan Foundation for our work on flexibility.

I believe that the timing of this hearing is very fortunate. The stresses on families at the dawn of the new century are too great and too widespread. Far too many mothers must choose every day between staying at home with a sick child or keeping their jobs. Too many fathers must choose between seeing their children at all when they're awake, or holding on to health insurance. And too many parents, as you know from your private sector experience, must choose between child care that they can't afford or leaving their children home alone with TV as their only babysitter. These are the kinds of choices that no parent should have to make, and yet they are the kinds of choices parents make every day in this wealthy Nation of ours.

Our main message is this: that these stresses can no longer be seen as merely private problems that can be solved by individual families and employers acting on their own. First, they affect too many children, families and employers; second, they are caused in part by antiquated policies that need reform; and third, despite the enormous strides that have been made by many employers—and you will hear about those today—and the strides that will be made in the future, thanks to the work of Ellen and Donna and Working Mother, these problems will not be able to solve themselves for all employees.

We find that families themselves are finally beginning to identify the need for change. We have just gotten back some polling results and we are analyzing them, but we can see already that Americans are worried about economic security and they are worried about the time that parents have to spend with their children. These are not either/or issues for them. They don't want to sacrifice either.

Just to give you a taste of that, 76 percent of likely voters said that they feel it is hard for families to earn enough to pay their bills and still have time to care for their families. And 70 percent think that this problem has gotten worse.

In my brief testimony I will provide a short historical context, describe the Catch 22 many parents find themselves in, and suggest very briefly some directions for a forum. You, Mr. Chairman, provided the context, I think, very well, but the American family changed dramatically over the last decades of the 20th century, and the way we characterize it is that, instead of a breadwinner, and a homemaker, we have new juggler parents, parents who themselves have to take care of both work and family. They have new responsibilities that the workers of yesterday didn't have.

This change in the family has taken place in the context of a very new economy. Once a worker might expect to work 40 hours a week for 40 years for a single employer, and this employee would find that his employer could provide security for this family through retirement. But today, instead of these company men, many employees have become global free agents. They switch employers every 5 years, nearly one-quarter are what we call non-standard temp workers, part-time, freelance, and they are competing with workers around the globe for wages and benefits.

The new parents and employees are caught in a Catch 22. They have to choose, as Ellen has described, between inflexible full-time jobs, created for the breadwinner, or company man of old, or part-time jobs with a high penalty. Because of the lack of flexible mainstream jobs, parents often buy flexibility by coddling together these nonstandard jobs, part-time jobs, temp jobs, or contract work, but doing so imposes a penalty because these jobs are not subject to the same rules as full-time regular jobs and so are likely to offer lower hourly wages, benefits, and job security.

Obviously, it doesn't have to be this way. Now that we're in the 21st century, it seems that it shouldn't be that parents have to choose between security and flexibility. Why not be able to have the security of a full-time job and the flexibility of a part-time job? After all, one of the watch words of the 21st century global economy is supposed to be flexibility.

Just very briefly, to give a little more history, the economics of the family has shifted. Before, as recently as 100 years ago, most families lived on a farm and were moving to the factory and the office. But on the farm, both parents and the children had worked, and they had an asset that provided their income, the farm. When they moved into jobs where the family became dependent on a single bread-winner's earnings, if that breadwinner was fired or became disabled or retired, the entire family's economic security was at risk. So eventually the country responded with a series of programs to provide that family with economic security—things like disability insurance, unemployment insurance, Social Security.

Many of these old policies, the purpose of them still make sense, providing family economic security. But the design of them was around the company man, the breadwinner and the homemaker. What we are urging is to look at these policies, not abandon them, but reform them for the new era.

To go into the health care issue that Ellen brought up, because of the way we deliver health care in this country, which is through employers, it provides a high fixed cost for an employer to provide health care for an employee. That means the incentive is to work

that employee as long as possible. In other words, it creates a disincentive to do job sharing or part-time options.

In addition, as you know, there is no minimum requirement for sick or vacation leave. Almost half of the employees in the private sector do not have paid sick leave. There is a new study out today, I believe, by the Urban Institute, that shows those who need family medical leave the most are the least likely to have access.

You and your staff, I know, are already working on an agenda of reform, but I just wanted to touch on some areas that you might consider. One is that to create family-friendly mainstream jobs, government has to help industry with knowledge and resources. I think the work that your other witnesses are going to do, and have done, before this hearing and will do after this hearing, will help to do this. But I think the Government can use its bully pulpit and other tools very effectively here as well.

For instance, work with industry to create a national award, to build on the Sloan awards that are going to be provided in the eight cities to best practice companies, to build on the Working Mother magazine 100 best companies list. AARP also has a company award. There is a Malcolm Baldrige award that currently exists for high quality companies, one for flexible companies that work well with their employers.

The Commerce Department could provide research into how flexibility can improve the bottom line, so that managers have better tools to understand how to evaluate employees besides how long they have sat in their chair. Also, technical assistance. There have been these manufacturing extension centers that help manufacturing companies improve their quality, while technical assistance could help small companies understand what the largest companies have been doing to implement flexible workplace practices.

Then, of course, tax incentives could help some companies who are reluctant to get started because of the perceived risks.

In addition, I think paid sick and family and medical leave are a necessary part of employing what Ellen has called a "whole person". I understand that there are concerns about, in a global economy, adding to the cost of employing people, so I think a full discussion could look at whether general revenues could be used or other means to offset some of those costs. But, I don't think we want to stop the conversation before it gets started.

It is also essential to mainstreaming flexible workers to find a way for part-time, temp, and contingent workers to obtain access to health care and private pension at affordable rates, and with the tax incentives that self-employed workers have and that full-time regular employees who get health benefits are provided.

Then, of course, we should bring education out of the agricultural age, make preschool and after school available, and work on making quality child care more affordable.

I have also proposed creating new nest egg accounts that would help families save for the various expenses they incur, because running in this 21st century global economy with a fraying social insurance system, families might use these accounts to offset the cost of child care to replace income that they lose when they go part-time.



Finally, Senator Patrick Daniel Moynihan used to urge passage of a national family policy, like the national employment policy that led to the creation of the economic report of the President that is produced by the Council of Economic Advisors. And a national family policy could similarly produce an annual report, presenting data on family well-being that would provide a valuable benchmark for policy making.

Thank you very much for your leadership on these issues. I look forward to your questions.

[The prepared statement of Ms. Kornbluh follows:]

PREPARED STATEMENT OF KAREN KORNBLUH

Good morning. Thank you for your leadership in holding this hearing, Chairman Alexander, and for bringing your private sector and government leadership to shine the spotlight on the critical issues facing parents raising children. Thank you Senator Dodd for your continuing leadership in creating new policies to help children and families.

My name is Karen Kornbluh, director of the Work and Family Program at the New America Foundation, a nonpartisan policy institute here in Washington. The Work and Family Program is a new program created for the express purpose of bringing together research with public education to create a sense of urgency around issues of work and family.

We created this program for the same reason you are holding this hearing. The stresses on families at the dawn of the new century are too great—and too widespread. These stresses can no longer be seen as merely private problems that can be solved by individual families and employers acting on their own. They affect too many children, families and communities; they are caused in part by antiquated policies; and commonsense policy reform could help.

The timing of this hearing is appropriate. Families are finally beginning to identify the need for change. We are in the process of analyzing new poll results on these issues that we have not yet released. We can report that 76 percent of likely voters feel that it is hard for families to earn enough to pay their bills and still have time to care for their families. And 70 percent of likely voters think that this has gotten worse. They are worried about the children in these families especially. And they believe that reforms—including reforms that would make flexibility possible without sacrificing economic security—would ease the stress. We should be optimistic about the prospect for a commonsense agenda that addresses the ability of parents to spend more time with their families.

#### Historical Context

The American family changed dramatically over the last decades of the twentieth century. In 1960, 70 percent of families had a parent home full-time. Today, this is reversed. Fully 70 percent of families with children are headed by two working parents or by an unmarried working parent.<sup>1</sup> The new “juggler parent” has responsibility for both making ends meet and caring for the family. And this family can now include elderly relatives—over 21 percent of households have at least one individual who had cared for a relative or friend over age 50 in the past year. Of those caregivers, 59 percent have worked and managed caregiving responsibilities at the same time.<sup>2</sup>

This change in the family has taken place in the context of—and to some degree as a result of—changes in the economy. Once a worker might expect to work 40 hours a week for 40 years for a single employer. Today global competition, communications technology, streamlining, and deindustrialization mean many employees are “free agents”—on average, they switch employers every 5 years and nearly one-quarter are “nonstandard” (e.g. temp, part-time, free-lance, contingent, day labor, on-call or self-employed).<sup>3</sup> The 21st Century economy offers a high premium on employees’ human capital. But it offers less security from a paternalistic employer-employee relationship.

<sup>1</sup> U.S. Census Bureau, Bureau of Labor Statistics.

<sup>2</sup> National Alliance for Caregiving and AARP (2004) *Caregiving in the U.S.*

<sup>3</sup> Mishel et al. (2003) *The State of Working America 2002/2003*. Economic Policy Institute. Ithaca, NY: Cornell University Press; Wenger, Jeffrey (2003) *Share of Workers in ‘Nonstandard’ Jobs Declines*. Washington, DC: Economic Policy Institute.

The economics of the family has shifted before. As recently as 100 years ago, most families lived on a farm. Both parents—and the children—worked at home. The family owned an important asset that supported them into old age. The change from the agricultural family to the industrial era breadwinner-homemaker family meant that suddenly the father left the home to work at a factory or office. The family was dependent on the father's wages. If he became disabled, was fired, or retired, the family lost its sole means of support. The Nation responded eventually with a set of laws designed to give this industrial-era family economic security: disability insurance, unemployment insurance, Social Security, the 40-hour workweek and then taxpayer-subsidized health insurance and pension benefits.

### A Societal Problem

Today's parents face a new set of challenges. Let's face it. There are only 24 hours in a day. Children need someone to raise them—preferably during the day when they are awake. Employers want employees to be focused on the job. In a nation where child care is the responsibility of the individual, most parents work, and workplaces are inflexible, something has to give.

Parents have not looked to Washington to solve their problems. Parenting and giving your family security are viewed as private concerns; as is negotiating time off with your employer.

But today, the tensions created by the needs of the new family and inadequate societal response are creating problems for children, families and communities across the Nation. Americans today have 22 fewer hours a week to spend with their kids than they did in 1969.<sup>4</sup> Millions of children are left in unlicensed day care every day—or at home alone with the TV as a babysitter. Employed mothers lose almost an hour of sleep a day in their attempt to make it all add up.<sup>5</sup> Recent data show that parents with school age children show high signs of stress—stress that has an impact on their productivity and work—when they have inflexible jobs and unstable after-school care.<sup>6</sup>

Parents are caught in a Catch 22. Full-time jobs, with benefits and higher wages, tend to be inflexible and have long hours. Fifty-seven percent of workers have no control over starting and end times.<sup>7</sup> Fifty-four percent of wage and salaried work-force with children say they have no time off to care for sick children without losing pay, having to use vacation days, or fabricating an excuse.<sup>8</sup> This is untenable for many parents—especially those lacking adequate child care or after-school options. But the alternative is often part-time or other flexible work that puts them at economic jeopardy: it comes with lower hourly wages, no benefits and little job security. Researchers have identified a well-established parent penalty. The gap between men's and women's wages is 10 to 15 percent larger for women with children than for women without children.<sup>9</sup> There is no real alternative that allows parents to work in good, mainstream jobs with some control over their hours.

For all parents, this is a difficult struggle. You often feel you are not doing anything well—not your work or raising your children. But, despite—or maybe because—of the near universality of the struggle, the media and many professionals tend to trivialize the issue or assume it away. Because professionals often find a way to make it all work out—as a result of a forgiving boss, a stay-at-home neighbor, company-run emergency day-care or even bringing a child to the office—they assume that all Americans can. But it is a mistake to generalize from the experiences of workers with a great deal of leverage who work for well-financed companies to the rest of the workforce.

Take the snow days this past winter, as an example. Professional parents had it tough. They had to reschedule conference calls, cancel meetings, call-in sick. But, outside this rarified world, the vast majority of families faced a far less tolerant reality.

<sup>4</sup>The Annual Report of the Council of Economic Advisors (2000) *Economic Report of the President*. Washington, DC: United States Government Printing Office.

<sup>5</sup>Bianchi, Suzanne (2000) "Maternal Employment and Time with Children: Dramatic Change or Surprising Continuity?" *Demography*, 37 (4).

<sup>6</sup>Barnett, Rosalind Chait & Gareis, Karen (2004) *Parental After-School Stress Project*. Community, Families & Work Program, Brandeis University, summary available: <http://www.bcfwp.org/PASS Findings.pdf>.

<sup>7</sup>Bond et al. (2002) *The National Study of the Changing Workforce*. New York: The Families and Work Institute.

<sup>8</sup>Families and Work Institute (2004) *Workplace Flexibility: What is it? Who has it? Who Wants it? Does it Make a Difference?* New York: Families and Work Institute.

<sup>9</sup>Waldfogel, Jane (1998) "Understanding the 'Family Gap' in Pay for Women and Children" *Journal of Economic Perspectives*, 12 (1).

For the single mother with a job as a part-time security guard, or the married medical technician at the local hospital, the shift starts on time, whether school opens or not. If she doesn't show up for work, she could lose her job. And, if she loses a paycheck, she could lose family health insurance as well. If she goes to work, who watches her children? Her neighbors and family have child care responsibilities of their own.

These are the kinds of choices no parent should have to make.

Yet, they are the kinds of choices parents make every day in this wealthy Nation of ours.

Part of the reason that parents must make these choices is that antiquated policies prevent workplaces from offering the kinds of flexibility necessary.

### **Antiquated Policy Helps Cause the Problem**

As Ellen Galinsky points out in her important new research, flexibility should be the watchword of 21st Century business. Recent management books with titles like *The Future of Work* and *The Seven-Day Weekend* argue that new communications and management tools make it possible for employees to have more autonomy.

And in fact, a number of studies find that giving employees access to flexible work arrangements can be positive for the bottom line—in terms of employee commitment, reduced absenteeism, and increased employee retention.<sup>10</sup>

But we should not be complacent that all businesses will get there—for all workers—on their own. As of yet, as The Families and Work Institute points out, employers tend to neglect the fact that their employees are whole people, with lives outside of work. There is already a tendency for flexible arrangements and benefits to be more available in larger and more profitable firms, and then to the most valued professional and managerial worker.<sup>11</sup> Small companies are less likely to offer both formal and informal policies and programs to help employees balance work and family. They report work/family issues occurring at least every other day but presumably lack the resources or the knowledge to respond in a way that would reduce the tensions.<sup>12</sup>

In addition, there are policies that stand in the way—policies that were put in place to help provide security to families, but that now contribute to their lack of security.

For example, because of the way we deliver health care and private pensions in the U.S., employers who provide these benefits face a high fixed-cost per employee. This creates a disincentive to offer job-sharing or part-time options—employers would prefer to work those employees as many hours as possible rather than hiring two workers.

Conversely, parents often “buy” flexibility by cobbling together part-time, temp or contract work—but doing so imposes a large penalty beyond the direct effect of working fewer hours. These jobs are not subject to the same rules as full-time regular jobs and so are likely to offer lower hourly wages, benefits and job security. As a result, only 14 percent of nonstandard workers have their own health insurance, compared to 69 percent of full-time workers in standard work arrangements. Sixteen percent of nonstandard workers receive pension benefits through their employer, in comparison with 66 percent of regular full-time workers. In terms of wages, regular part-time workers earn \$3.97 less per hour than regular full-time workers.<sup>13</sup> And so the very people whom the safety net should protect—those who are raising children and the children themselves—are left out.

<sup>10</sup>See Grover, S. & Crooker K. (1995) “Who appreciates family-responsive human resources policies: The impact of family-friendly policies on the organizational attachment of parents and nonparents.” *Personnel Psychology*, 48; Bailyn, L. & Fletcher, J.K. (1997) “Unexpected connections: Considering employees’ personal lives can revitalize your business.” *Sloan Management Review*, 38; Bond et al. (2002) *The National Study of the Changing Workforce*. New York: The Families and Work Institute; and McCampbell, A. (1996) “Benefits achieved through alternative work schedules.” *Human Resources Planning*, 19 (3).

<sup>11</sup>Golden, Lonnie (2000) *The Time Bandit: What U.S. workers surrender to get greater flexibility in work schedules*. Washington, DC: Economic Policy Institute.

<sup>12</sup>Pitt-Catsoupes, Marcie and Litchfield, Leon (2001) “How are Small Businesses Responding to Work and Family Issues?” in *Working Families: The Transformation of the American Home*, Rosanna Hertz and Nancy L. Marshall, ed. Berkeley, CA: University of California Press, Berkeley, CA.

<sup>13</sup>Wenger, Jeffrey (2003) *Share of Workers in ‘Nonstandard’ Jobs Declines*. Washington, DC: Economic Policy Institute.

There is no minimum requirement for sick or vacation leave. Almost half (47 percent) of employees in the private sector do not have paid sick leave.<sup>14</sup> Thirteen percent of nonpoor workers with caregiving responsibilities lack paid vacation leave, and 28 percent of poor working caregivers lack any paid vacation time.<sup>15</sup> Thanks to the Family and Medical Leave Act, full-time employees can take up to 12 weeks of family and medical leave, but this leave is unpaid and applies only to workers at firms with 50 or more employees.

There are real worries about asking employers or employees to pay for this leave through an increase in taxes on employees. But this shouldn't stop the discussion. This kind of leave is essential in the 21st Century and society can find a way to pay for it.

The Fair Labor Standards Act applies the 40-hour workweek to only part of the workforce. For everyone else the workweek seems to have become 24x7. There has been a great debate in Congress about which employees are covered by these provisions and whether they can or should be able to take "comp-time" instead of time-and-a-half for overtime. But there has been little debate in the Nation about a culture that often puts jobs and the needs of the workplace above all else—including the well being of our children and communities.

For most families, it is difficult if not impossible to find affordable, quality child care. It can cost a family from \$4,000–\$10,000 per year, per child—without tuition assistance.<sup>16</sup> Pre-K and after-school are far from universally available. The education day and year remain on an agricultural schedule.

#### **Directions for Reform**

You and your staffs are already working on an agenda of reform to increase the options available to employers and families. Here are some suggestions for areas you might consider.

**Family-Friendly Full-Time.** In order to make full-time jobs more flexible, we need to start by spreading the gospel that Ellen Galinsky has preached. The government and business leaders have a history of helping to spread best practice throughout industry. In the 1980s, American companies embraced higher quality standards. At first, they were reluctant. Spending on training employees, giving them more control and fixing processes would cost money. But business leaders, business schools, new institutions like the Council on Competitiveness and even government programs like the Manufacturing Extension Centers, the Advanced Technology Program and the Malcolm Baldrige awards helped them to realize that improvements to the bottom line result when the product quality is higher. Today, private sector leaders are beginning to carry the message that to operate in America in the 21st Century you will have to and you will be able to give employees more autonomy. They will have to incorporate flexibility over work hours into this message. The government can help.

- *National Award.* A new nationwide award to recognize excellence in providing employees more workplace flexibility would shine attention on the problem and best practices.

- *Research.* The Commerce Department could fund research into new ways for employers to measure employee performance and loyalty—other than hours in the chair.

- *Technical Assistance.* Outreach programs at Commerce Department and Small Business Administration can help companies realize that workplace flexibility is win-win for the workforce of the new century and give them new methods for allowing flexibility for different kinds of workers by sharing best practices.

- *Tax Incentives.* Tax credits akin to the telecommuting tax credit would help employers get started by removing some of the perceived risks of allowing employees to work flexibly. A pilot project—combined with the technical assistance—would allow for study of the effectiveness of such a credit.

- *Leave.* Americans need the flexibility to take time off for a new child; when the worker, a child, or a parent is ill; or to participate in family life. This is a necessary part of employing a "whole person." In a 21st century, global economy, it is important to discuss whether using general revenues can be used to offset some of the costs to employers and employees.

<sup>14</sup> Smolensky, Eugene and Gootman, Jennifer Appleton, ed. (2003) *Working Families and Growing Kids: Caring for Children and Adolescents*. Washington, DC: The National Academies Press.

<sup>15</sup> Heymann, Jody (2000) *The Widening Gap*. New York: Basic Books.

<sup>16</sup> Schulman, Karen (2000) *The High Cost of Child Care Puts Quality Care Out of Reach for Many Families*. Washington, DC: Children's Defense Fund.

**Reducing the Part-Time Penalty.** Workers who need flexibility must be “mainstreamed”—rather than shunted into an economic ghetto. This will require a cultural change. It also means making some of the benefits for health insurance and pensions available to part-time, temp, and contingent workers.

**Bring Education out of the Agricultural Age.** Pre-K and after-school should be universally available. The dependent care tax credit should be dramatically expanded and made refundable. In addition, all employees should be able to use the flexible spending accounts available to upper income workers at certain companies.

**Nest Egg Accounts.** In a 21st Century economy, families are working harder with greater risk. New tax-preferred account would allow families to save for the various expenses they incur as soon as they make the commitment to raise a child. These accounts could be used to help offset the dip in earnings families suffer when one parent switches from full to part-time.

**Data Collection.** Senator Daniel Patrick Moynihan urged passage of a national family policy that would make it clear that the government should worry about the impact of its policies on families—of all kinds. The national employment policy led to the Economic Report of the President, produced by the Council of Economic Advisors. A new family policy could lead to a similar report presenting to Congress and the Nation the economic, family and child well-being of the American family, providing a benchmark for policymaking.

Senator ALEXANDER. Thank you very much, and thank you especially for the historical perspective. We can always learn from history.

Your point in going back to the agricultural age, when families worked together and worked in the same place basically, which is a lot of what we’re discussing here. We are discussing the workplace and families. So we were having this discussion 100 years ago. We might still be having it, but the workplace would be the same place that the family lives, and the responsibilities were divided, I guess, in a very stereotypical way then between the father and the mother and the kids, all of whom worked. But it was a very different set of situations. Then the World War II situation, which I mentioned earlier, was a reminder that, when we have to, we can make sudden adjustments and support families in the workplace.

What I would like to do in a few minutes of questions is focus on the job of being a parent. It’s a little bit different way of talking and thinking about a family-friendly workplace, and it is not the only issue in a family-friendly workplace.

In thinking of history for just a moment, my sense of things is that a half century ago we placed a higher value in this country on the job of being a parent, that taxes were lower, neighborhoods were safer, the family structure was somewhat different. I suppose one reason might be that there were more people working at the job of being a parent.

Isn’t there some dramatic change in the last 50 years between the percentage of Americans who are parents and the percentage of Americans who aren’t? Do either of you have those statistics?

Ms. GALINSKY. I do, but I have them back there. But in the workforce itself, the percentage of people who are parents is much lower, and that is because the workforce is aging and the number of children has gone down a bit.

But, what I think we have seen is we have moved from a sense where your job defines you, your job is your identity, your job is your value, your job means you’re important. Particularly after 9/11, polls are showing people being much more family oriented, so I think this puts the people in kind of a double bind, because it is clear that you should pay attention to your priorities, that life is

more fragile than we used to think it was, and at the same time people are very worried about losing their jobs. So, it is hard to act on your values.

I feel like there is almost this dual going on inside of people, men as well as women. The national study of the changing workforce has shown a huge increase in father involvement. The time that mothers spend with their children and the time that fathers spend with their children on workdays has narrowed considerably to about 48 minutes between them. Fathers have increased their time considerably in the last 25 years. Thirty percent of mothers report that either they and their spouse take equal responsibility for their children, or that the husband takes more. So, that's one out of three.

This is very much—although women tend to take the major responsibility for children, and that remains true. You do see fathers increasingly wanting to be part of their children's lives, not to come home and hide behind the paper. They are much more involved and they care more. So, this is an issue for men and women.

But, they are battling within themselves. You know, the dual earner role, there's a provide for your family role and the take care of your family role.

Senator ALEXANDER. Ms. Kornbluh.

Ms. KORNBLUH. The only thing I would add to that is that it is harder for families to get ahead right now, that we had dramatic increases in median income for families in the decades right after the war. That slowed dramatically. So, I think parents have been throwing more and more hours on the fire in order to keep their families' income increasing, as the American dream would say they want to. So, I think that really lends itself to what Ellen is talking about, that if you believe your job is to give your child a better economic future than you had yourself, that means you and your spouse—or just you if you're a single parent—have to work harder and harder. And, because these jobs don't come in bite-sized pieces, that can often mean dramatic increases in work.

But, I don't want to underestimate, I think the economic issues are terribly important, but I don't want to underestimate the non-economic issues that you may be alluding to.

I just noticed a headline that said alcohol advertising is way up, directed to children, and I think there are a number of other things going on in society, you know, that are separate from these economic issues. People value their children but, of course, it has become difficult to place those values in context with commercial values.

Senator ALEXANDER. We heard a great deal over the last 15 years as we entered the so-called "information age," that this would create a sort of revolution that might be helpful, in that more people would be able to work at home and that would mean there would be less conflict between the workplace and the place where one lives when the job of being a parent comes up. You mentioned a little bit about that.

What did you find out about that? Are we finding that one or both parents are able to work at home as a way of spending more time as a parent or not?

Ms. GALINSKY. Well, two percent of employees work at home as their regular place of employment. That is their main place of employment. I'm talking about wage and salary people, people who work for someone else. Nine percent spent part of every week working at home. It is regularly scheduled time at home. So, it is 89 percent who don't and 11 percent who do.

I actually looked at the impact of tele-work on children in the "ask the children" studies, and I found some interesting results. In many ways, it is really quite wonderful. But, because you are right there, it also can be hard. You can feel more pulled. There are no barriers between should you do this for work or should you sit down at the kitchen table and help your kids with their homework. So, I found mothers and fathers reporting high levels of conflict between their work and family life.

The kids, when I looked at the kids, did not see that in their mothers. They felt that their mothers were really there for them, in kid speak, in kids language. But, they did feel that their fathers—they could feel the tension in their fathers, which is interesting, because both mothers and fathers felt that mothers seemed to be able to shift focus and focus on their kids. So, it is an incredible solution, but it also depends on how you handle it. That is, you have to decide what your boundaries are.

I agree with Karen completely, that this is not a personal problem, that this is a societal issue, and certainly many more people want to work at home and they should be helped to do it. But we're battling a lot of assumptions here, too, about if we don't see them, how do we know if they're working and, you know, give them an inch and they'll take a mile—

Senator ALEXANDER. Did your research show that more people would prefer to work at home? I think that is what you said earlier.

Ms. GALINSKY. Very strongly, yes. I think it was 43 percent—

Senator ALEXANDER.—who would prefer to do some work at home?

Ms. GALINSKY. Would prefer to do—

Senator ALEXANDER. Only 11 percent are doing some work at home.

Ms. GALINSKY. Of the 89 percent who don't work at home, there is two-in-five who would prefer to have regularly scheduled hours. I'm not talking about bringing work home, which tons and tons of people do. Increasingly, you know, people carry their office home if they have that kind of job and carry it back to work the next morning, or do their e-mail and so forth.

Senator ALEXANDER. Well, it doesn't sound like 11 percent is a high percent, but, in our workforce in America, that would be, with 129 million people working, that would be a lot of people, 13 or 14 million. What you are saying is 40 or 50 million people would like to do more of the work they now do outside the home in the home.

Ms. GALINSKY. In the home, particularly parents of teenagers, who have learned that those after school hours are the times when kids get in trouble.

It is also, by the way, more than double. The number of people who work at home full time went from .7 percent to 1.7 percent, or 2 percent, just in the last 5 years.

Senator ALEXANDER. So, that's a million, million-and-a-half people.

Ms. GALINSKY. Yes.

Senator ALEXANDER. That's a lot of people.

Ms. GALINSKY. Right. So it has been a big increase.

Ms. KORNBLUH. One thing just to add to that, a topic that is not before this committee. But, despite the promise of telecommunications and the availability of broadband in large businesses, it is not as available in small businesses and certainly not to individual homes, so, one advantage of pushing that technology and making sure it is available at home would be—in addition to telemedicine and entertainment—would be the ability to work more easily from home. It is now still difficult in many places to get affordable broad-band access.

Senator ALEXANDER. I am very involved in that issue on another front.

I want to get on to the next panel, but you were very helpful in your testimony in making some specific suggestions. Of course, we have lots of things to consider here at the same time we're in a global marketplace. All businesses are working hard to keep costs down, so that jobs will stay here instead of going to China and Mexico, so all of that comes in.

Plus, we Americans like to work. Our family moved to Australia after I was Governor in 1987, and because we had been so busy, my wife felt we should take 6 months off, which we did, which most families can't. But, we found in Australia most families do. They actually have a national law that requires companies, every 10 years, to give employees 6 months off. This goes back to the time when Australia was founded, and it would take 2 months to sail back to England, 2 months to visit with the relatives, and 2 months to sail back. That's a national law.

You suggested some things that don't cost much, at least in taxpayer dollars, that might make some difference. So, let me ask each of you this question.

If you were focusing just on the Federal Government—because this is a societal problem, but the Federal Government is a big part of society—from your list or from other ideas, if you were a United States Senator, what would be the first two or three things that you would suggest we go to work on to help create more flexibility in the workplace and value more highly the job of being a parent?

Ms. KORNBLUH. I guess where I would start in terms of importance, but not ease, definitely, would be health care, somehow getting over this problem that if you need a flexible job, you put the ability to get health care—

Senator ALEXANDER. Would disconnecting health care coverage from the workplace be one way to do that? I know the New American Foundation has some ideas about that.

Ms. KORNBLUH. Yes, certainly. That would be one way. And, then there are other ideas for how you could provide—you could do it more incrementally. You could do it through tax incentives or providing the ability to provide group health insurance to workers who can't get it through their employers. But, certainly if it was citizen-based, that would be another way to do it. That would require a wholesale change.



Things that are on the easier side to do would be some of these issues of working with employers to help them get over the hump and do what they can do in terms of creating these awards, working with companies to provide tax incentives. I know there is a great deal of discussion about leave policies, so that at least parents, when they really need to be with a sick relative, whether it is an older parent or a child, would be able to get the time off.

Senator ALEXANDER. I believe you suggested the Malcolm Baldrige type of award for companies that do the best job of creating a family-friendly workplace. I know many companies who ordered their whole existence around trying to win the Malcolm Baldrige award, and the goal there was quality. Any more thoughts about that?

Ms. KORNBLUH. I think during that whole quality—I will let Ellen answer more fully, but during that whole move toward quality, there was a sense among American businesses at first that it's going to cost me money to train my workers and reduce my number of defects to meet these quality standards. Why would I want to? It is going to be more costly to the bottom line.

I think some of the leaders in the business schools and in the most forward-looking companies realized that no, it is going to improve American companies' competitiveness and bottom line if they implement these quality standards and spend a little money upstream, and through awards like that, through activities by the business community and business leaders and the Council on Competitiveness and elsewhere, they spread that gospel and I think it is now very widely understood. Ellen is starting that work in the area of flexibility, as has Working Mother magazine.

Ms. GALINSKY. Well, you will hear from Carol Evans on what an enormous incentive these awards are. I don't think it is the only solution, but I do think it is an important solution.

We decided to pilot this notion of awards, particularly focusing on small and mid-sized companies, because most Americans, as you know, work in smaller companies. We are going to pilot these in eight communities, working with an affiliate of the Chamber of Commerce. We are doing business forums and will be giving awards. We see that as a platform to taking these awards more national, including small and mid-sized companies in them.

We do a benchmarking study. We do a study of employees, but we also do a study of employers, called the Business Worklife Study, and we are going to benchmark these awards to see whether, in fact, they do bring about change.

On the policy side, if I had to start somewhere, I guess I would start two places. One is really looking at reduced hours, looking at the wage penalties. In our study, 61 percent of employees that worked for companies that employed part-timers felt that they didn't receive the same kinds of wages on a pro rata basis. That is, if you worked part-time, you have a lower salary than you would if you were doing the same exact job full-time. I think that that is an area of important reform.

We looked in the report that we published in the fall at the gap between women's and men's wages, and there still, of course, is this glass ceiling and wage gap, as we all know. We were able to statistically equalize the earnings of men and women by controlling

for a few things, like part-time work. There were a number of other things that made a difference, but working part-time was one of the major predictors of the wage gap, if you just look at the wage gap on an hourly sort of basis.

I also think that as the workforce ages—and grandparents are very important in raising children these days, too, so my definition of parents would include grandparents. I would really look at the majority of people who would like reduced hours, but the penalties that they have with reduced hours, and then ways of providing health care, whether they are innovative health care pools, the kind set up for freelancers, or whether it is changing the whole health care system, so that people who work part-time don't have to give up the health care for themselves and their families.

Senator ALEXANDER. Thanks very much to both of you for coming. We look forward to continuing this discussion.

Ms. GALINSKY. We do, too. Thank you.

Senator ALEXANDER. I would invite the second panel now to come to the table. Thank you very much.

I am going to briefly introduce each of the witnesses, and then, we will start with Donna Klein and just go right down the table, if we may do that.

Donna Klein is President and founder of Corporate Voices for Working Families, a nonprofit coalition of 46 corporations, committed to bipartisan public policy solutions and private sector practices that strengthen and support working families.

Mr. and Mrs. Martinez, who are here, both work for the Marriott Corporation. They are going to tell their story of how flexible work environment helps them as they try to be what modern parents are, jugglers, with their family responsibilities.

Joy Bunson is Senior Vice President and executive in charge of leadership and development for JPMorgan Chase. She has global responsibilities for their work life programs.

Michael Shum is Director of Diversity and Workplace Effectiveness for IBM, with global responsibilities for IBM's worklife programs, and Carol Evans, who has been mentioned a few times, is the founder of Working Mother Media, and they publish—showing a fascination with lists in America. One of the lists we are most fascinated with is the 100 best companies for working mothers, which many companies compete for.

So, I thank all of you for coming. You have all got big stories to tell, but if you could summarize your remarks maybe in five minutes each, then that will leave us more time for questions. We have a vote that will be coming up after 11:30, some 20 to 12:00, so we will have to end the hearing by about then.

So, Donna Klein, thank you.

**STATEMENTS OF DONNA M. KLEIN, PRESIDENT AND CEO CORPORATE VOICES FOR WORKING FAMILIES; ZOILA AND MANUEL MARTINEZ, EMPLOYEES OF MARRIOTT CORPORATION; JOY BUNSON, SENIOR VICE PRESIDENT OF HUMAN RESOURCES, JPMORGAN CHASE; MICHAEL SHUM, DIRECTOR OF GLOBAL WORKFORCE DIVERSITY OPERATIONS, IBM; AND CAROL EVANS, CEO OF WORKING MOTHER MEDIA, AND EDITOR, WORKING MOTHER MAGAZINE**

Ms. KLEIN. Senator Alexander, thank you for the invitation to appear before you today. I also thank you for your leadership in bringing the issues of working families before Congress.

Corporate Voices is a nonpartisan, nonprofit partnership organization, created to bring that private sector voice into the public dialogue and to improve corporate practices with respect to working families.

Since we began in 2001, we have grown to 47 company partners, 47 members, representing 4 million employees and \$800 billion in revenues, and 75 percent of our companies are from the Fortune 500, and our members have operations in all 50 States.

Corporate Voices member corporations are leaders in the work-family field. Twenty-one of these are on the Working Mother List that we talked about already this morning. Many are also recognized as Fortune Magazine's best places to work, as well as Fortune's most admired companies.

But no matter how much they endeavor to meet the needs of their employees, they cannot accomplish it alone. Although our partner companies employ 4 million, this is a small percentage of the 137 million private sector American workers—actually, it is less than 3 percent—69 million of the 137 million work for medium and small size enterprises, those companies with less than 500 employees. The reality today is that only some workers in some companies and in some places have the support services they need to be both strong productive employees and caring parents.

Unless communities provide for both pre-school and after-school programs, there is no place for the children of employees to go. Without programs to help seniors continue to be as independent as possible within their own communities, employees cannot meet their obligations to their elderly relatives.

Moreover, the lack of flexibility in work schedules holds employees to rigid patterns of work that do not reflect the variabilities and the in-the-moment problem solving required by today's work and family realities.

Finally, we must make family support for low-wage workers more accessible by revising the application processes for advance EITC. It would be a simple solution, but it would help workers and their families avoid the potential financial crisis that one small mishap in their life creates. Some scheduling flexibility would mean a worker with a sick child would not have to feel threatened with the loss of a job. It would mean an entire household may not plunge into financial crisis when a car breakdown causes unavoidable absences from work and potential job loss.

These realities have led to the work of Corporate Voices. We focus on four essential pillars that working families need and often do not have: early care and education for young children, as well

as after school for older children; flexibility in the scheduling of work; supportive elder care policies and programs; and family economic security.

Today this committee will hear from two of our corporate partners, providing detailed testimony on both elder care and the education and care of young children, and Corporate Voices is pleased to endorse their testimony.

In each focus area, Corporate Voices is working to make the business case for private investment as well as public investment, to make it clear and visible. Working with our members and a wide circle of strategic partners, we disseminate and share what we learned about the potential return on these investments as core business practices. We share that learning with policymakers, advocates, and the media. Our emphasis is on making the business case that improving the ability of employees to balance their work and family obligations is essential to improving employee and customer satisfaction, decreasing the costs of absenteeism and turnover, increasing retention and improving customer satisfaction—all of which are factors in increased productivity and shareholder value.

Recent research shows these are strong correlations. However, this research has not yet influenced the work culture in most corporations. Worse, business and government support for programs and policies that working families must have lags behind the increasing prevalence of these dual-earning families in the workforce.

Additionally, despite valid research supported by considerable survey and anecdotal evidence, the conventional wisdom of the stock market has essentially dismissed the fact that employee satisfaction is a key determinant to a healthy bottom line. With few exceptions, Wall Street generally rewards the firms that take the hard line—laying off employees and decreasing benefits to meet quarterly profit targets, and labels those who do not do so as “soft.”

Recently—in fact, in March of 2004—in the article, “Costco’s Dilemma: Be Kind to Its Workers, or Wall Street?” the Wall Street Journal contrasted a gigantic retailer to Costco, tying Costco’s relatively low stock price to Wall Street’s perception of its overgenerous benefits package.

Corporate Voices is working with a number of groups to develop a sound business case that can help to change the culture of the workplace and the reactions of Wall Street. For example, last May, Corporate Voices and the Business Roundtable released key principles of early education, “A Call to Action from the Business Community.” It articulates consensus among 195 companies on the need for quality care for three- and four-year-olds, and increasing an expanding roll for all stakeholders, both public and private.

In the few minutes remaining, I would like to focus on just a couple of points. First, Corporate Voices and our partner corporations can be a resource to this committee as it begins to craft policy solutions by making available the innovative practices and the research of our companies. Today, we are releasing the report “Increasing the Visibility of the Invisible Workforce: Model Programs and Practices for Hourly and Lower Wage Employees.” By participating in this study, the 15 companies that are profiled are demonstrating

their commitment to educating policymakers and the greater business community about the wisdom of such supports.

Second, we would like to share our suggestions on four ways that the Congress can provide leadership resulting in policies supportive to working families.

First, simplify and promote the Earned Income Tax Credit and Advance Earned Income Tax Credit to increase family economic stability. For a minimum up front investment, employers can promote family economic security among low wage employees. This year, Corporate Voices released an EITC tool kit that was produced by employers for employer outreach. It educates employers on the pitfalls of for-profit tax preparation, motivates employees to use the IRS free tax preparation sites, and encourages employers to promote Advanced EITC.

Second, we urge support for high quality pre-school for three and 4 year olds, and after-school programs for school-aged children. As reflected in our statement of principles on high-quality early childhood education, such programs directly correlate into success in the K-12 system.

Third, we urge the creation of a meaningful public dialogue over the laws that govern workers' flexibility. The workplace of today has evolved significantly, yet the laws governing workplace schedules have remained stagnant. Improvements are desperately needed that will allow increased flexibility for working families. We also encourage the inclusion of all stakeholders in this conversation—business, labor, families, and policymakers.

We also urge the creation of a national commission on elder care. You will hear shortly testimony from IBM that the elder care problem is increasing rapidly and it will only intensify along with its cost to business. It is a national problem and deserves national attention.

Corporate Voices feels that now is the time for elevating the deliberation on public policies to support the working families that keep America productive and strong. Neither working families nor the companies they work for can carry the full load. Government must become a partner if we are to reach the scale necessary to provide the services families need. They need them to be both productive employees and caring family members.

I would like to introduce you to the Martinez family, who will talk about their challenges and how they work to overcome them on a daily basis. Mr. and Mrs. Martinez hold down the equivalent of almost three full-time jobs between them. They did not qualify for EITC in 2003. With nearly three full-time jobs, they were marginally over the eligibility threshold. This couple, and so many like them, work day in and day out to honor their commitments to their employer, Marriott, and to each other and to their children.

Thank you, Mr. Chairman.

Senator ALEXANDER. Thank you.

[The prepared statement of Ms. Klein follows:]

PREPARED STATEMENT OF DONNA M. KLEIN

Senator Alexander, Senator Dodd and Members of the Committee, thank you for the invitation to appear before you today. We welcome this hearing and the leadership of you, Mr. Chairman, and this subcommittee in bringing the issues of working families before the Congress. I am Donna Klein, President/CEO of Corporate Voices

for Working Families, and most recently, Vice President of Workforce Effectiveness at Marriott.

Corporate Voices ([www.cvworkingfamilies.org](http://www.cvworkingfamilies.org)) is a nonpartisan, nonprofit partnership organization created to bring the private sector voice into the public dialogue and to improve corporate practice on issues affecting working families. Since we began in 2001, we have grown to 47 member corporations with 4 million employees and \$800 billion in revenues, 75 percent of whom are Fortune 500 companies. Our members have operations in all 50 States.

Corporate Voices member corporations are leaders in the work-family field: 21 are on the *Working Mother list of 100 Best Companies for Working Mothers*. But no matter how much they endeavor to meet the needs of their employees, they cannot accomplish it alone. Although our partner companies employ 4 million employees, that is a small percentage of the 137 million private-sector American workers (actually .029 percent); 69 million of whom work in small- or medium-size enterprises. The reality today is that only some workers in some companies in some places have the support systems they need in place to be strong productive employees and caring parents.

Unless communities provide for both pre-school and after-school programs, there is no place for the children of employees to go. Without programs to help seniors continue to be as independent as possible in the community, employees cannot meet their obligations to their elderly relatives.

Moreover, the lack of flexibility in addressing commuting needs in scheduling work and meetings holds employees to rigid schedules that do not reflect the differences in today's work and family realities. Finally, we must make family support for low-wage workers more accessible by revising the application for Advance EITC so that workers and their families no longer live one small mishap away from financial crises others might be able to shrug off more easily. Worker sick leave underwritten by some schedule flexibility means a sick child will not threaten the loss of a job or that an entire household can be plunged into financial crises when a car breakdown causes unavoidable absences from work.

These realities have led to the work of Corporate Voices. We focus on the four essential pillars that working families need and often do not have: early care and education for young children as well as after-school for older children; flexibility in the scheduling of work; supportive elder care; and family economic security. Today this committee will hear from two of our corporate partners providing detailed testimony on both elder care and the education and care of young children. We are pleased to endorse their testimony.

In each focus area Corporate Voices is working to make the business case for private investment and public dollars clear and visible. Working with our members and a wide circle of strategic partners, we widely disseminate and share what we learned about the potential return on these investments as core business practices with policymakers, advocates and the media. Our emphasis is on making the business case that improving the ability of employees to balance their work and family concerns is essential to improving employee satisfaction, decreasing the costs of absenteeism and turnover, increasing retention and improving customer satisfaction—all factors in increased productivity and shareholder value.

Recent research shows that employee satisfaction is directly related to increased productivity, customer satisfaction and shareholder value. However, such research has not yet influenced the work culture in many corporations. Worse, business and government support for programs and policies that working families must have has lagged behind the increasing prevalence of the workforce.

Additionally, despite valid research supported by considerable survey and anecdotal evidence, the conventional wisdom of the stock market has essentially dismissed the fact that employee satisfaction is a key determinant of a healthy bottom line. With the exception of selective mutual funds focused on socially responsible investing, Wall Street generally rewards the firms that take the "hard line"—laying off employees and decreasing benefits to meet quarterly targets and labels those who do not as "soft." Recently, (March 26, 2004) in the article, "Costco's Dilemma: Be Kind to Its Workers, or Wall Street?" the *Wall Street Journal* contrasted Walmart and Costco, tying Costco's relatively low stock price to Wall Street's perception of its over-generous benefits package.

Corporate Voices is working with a number of groups to develop a sound business case that can help to change the culture of the workplace and the reactions of Wall Street. For example, Corporate Voices and the Business Roundtable developed "A Call to Action from the Business Community: Why America Needs High-Quality Early Childhood Education." In addition, we are consolidating proprietary data from our member companies and surveying their practices and experience to make a more compelling case for private and public investment in the workers of America.

In the few minutes remaining I would like to focus on two points: First, Corporate Voices and our partner corporations can be a resource to this committee as it crafts policy solutions by making available the innovative practices of our member companies. Today we are releasing the report “Increasing the Visibility of the Invisible Workforce: Model Programs and Practices for Hourly and Lower Wage Employees.” This pertinent report was authored by Dr. Leon Litchfield of Boston College. By participating in this report, the companies profiled are demonstrating their commitment and educating policymakers along with the greater business community contemplating workplace supports.

Second, we would like to share our thoughts on four ways that the Congress can provide leadership resulting in policies supportive to working families. We would be happy to provide the committee with additional information on these recommendations:

1. Simplify and promote the Earned Income Tax Credit and Advance EITC to increase family economic security. For a minimum upfront investment, employers can promote family economic security among low wage employees. This year Corporate Voices released an EITC Tool Kit that was produced by employers, for employer outreach. It educates employers on the pitfalls of for-profit tax preparation; motivates employees to use IRS free tax preparation sites; and encourages employers to promote Advance EITC enrollment.

2. Support high-quality pre-school for 3- and 4-year-olds and after-school programs for school-aged children. As reflected in our statement of principles on high-quality early childhood education, high-quality early childhood education programs are important to families and business. High-quality preschool and after-school programs can make a difference in social and academic school readiness.

3. Create a meaningful public dialogue over the labor laws that govern workers schedules. The workplace of today has evolved significantly, yet the laws governing workplace schedules have remained stagnant. Improvements are desperately needed that will allow increased flexibility for working families. We encourage the inclusion of all stakeholders in this conversation: business, labor, families and policymakers.

4. Create a National Commission on Elder Care. As you will hear in testimony by Mike Shum of IBM, the elder care problem is increasing rapidly and it will only intensify. Further, it is a major cost factor for business. Individuals are struggling with providing the care that their elderly or disabled family members need—often from a great distance and at a cost to their productivity and career opportunities. All too often public discussions have focused solely on the elderly or disabled citizen without giving attention to the caregiver and the economic and business impact of the difficulty of providing such care while being a productive employee. It is a national problem and deserves national attention from all involved.

Mr. Chairman, Corporate Voices feels that now is the time for deliberation of public policies to support working families in their commitment to keep America’s productivity strong. Neither working families nor the companies they work for can carry the full load; government must become a partner if we are to reach the scale necessary to provide the services working families must have to be both productive employees and caring family members.

Finally, I would like to introduce you to the Martinez family who will talk about their challenges and how they work to overcome them on a daily basis. Because Mr. and Mrs. Martinez hold down the equivalent of almost three full-time jobs between them, they are now over the eligibility threshold for the EITC. They have two young children ages 7 and 8 at home and have not been able to afford the quality child care they would like their children to receive. This couple, and so many like them, work day-in-and-out to honor their commitments to their employers, each other, and their children who will 1 day be employees themselves. I believe you will find their story to be a compelling one. Thank you, Mr. Chairman.

Senator ALEXANDER. Mr. and Mrs. Martinez, welcome.

Mrs. ZOILA MARTINEZ. We are here to talk about our day care. We have three kids. One is 21 years old, who is in college, and we have two boys, who are 7 and 8. When they were younger, we were looking for day care for them, what we were looking for was so expensive that we cannot afford to put them in day care and we have to look for something cheaper that we can afford to pay.

We paid \$88 for both of them each week, and really, the day care they attended didn’t make me happy to have them there, because there weren’t enough quality teachers who can take care of them very well.

When I came and picked them up from the school, they were wet, dirty, and nobody was paying attention to them. Really, I was feeling so bad. I guess you, too, when you see little kids wet and dirty, you will feel the same way, the way I was feeling, you know.

It is really hard to be working, both of us, at the same time. Where we're working at now, we have a facility that I can request days off and my husband can pick them up at the school. Now, they are in the school in second and first grade. I can request my days off to put them at the public school, 2 days when I'm off at work on Thursday and Friday, and my husband can do it on Tuesday and Wednesday. But still, the public school does not have enough teachers to take care when they are out playing or when they go for activities.

Sometimes they come in after school and we need more people who can take care of them there at the school. We don't have that. We have to rush from work to pick them up from school. Sometimes, we have to rush them to try to catch the bus, and sometimes the bus passes by. It is frustrating, you know.

Senator ALEXANDER. Mr. Martinez, would you like to add something to that?

Mr. MANUEL MARTINEZ. Yes. Good morning, Senator Alexander. I would like to add something else.

One of the worst situations is in the summertime after school. We have the problem of who's going to take care of them. One of those problems is when they have a half-day, for example at 12:00 o'clock, and we get off from work at 3:00 o'clock. That's one of the things that make us have to call for someone to take care of them and we have to pay extra money for that.

We would like to have something where——

Ms. KLEIN. Manuel, would you like to tell Senator Alexander exactly how much you have to pay to have someone walk your children to school or for that half-day of care?

Mr. MANUEL MARTINEZ. Yes. Most of the time we pay like about \$30 for the half day——

Mrs. ZOILA MARTINEZ. Just to walk the kids to school.

Mr. MANUEL MARTINEZ. Yes, to the school. Of course, they don't say we have to pay this, but we have to because, who knows, the next day we may see the same situation, or like almost any day.

I work like at two places, and it is very hard for us to take care of them.

Mrs. ZOILA MARTINEZ. Sometimes, we have to sacrifice our daughter. She is in college, you know, and sometimes we have to tell her that today, you know, we can't take the kids to the school and you are going to do it, or before the year she started her college, she had to make a schedule and she is asking us, okay, mom, these are the days I can take the kids to the school. I say, okay, which is sometimes Mondays or sometimes Friday, but most of the time when I'm over there working at the Marriott company, I'm off Thursday and Fridays. Sometimes my mother, too, or my daughter has to do something, and we cannot depend on them. We're the ones who have to take care of them. I cannot sacrifice my daughter because of my kids or my mother because of that. My mother is a working person, too. She works and cannot stay home.



But, if I can have my mother home, of course, I have her stay with the kids or take the kids to the school. But unfortunately, we can't do that.

Senator ALEXANDER. Thank you very much for your coming here and for telling your story. That's a great help.

[The prepared statement of Mr. and Mrs. Martinez follows:]

PREPARED STATEMENT OF ZOILA AND MANUEL MARTINEZ

My name is Zoila Martinez and this is my husband, Manuel Martinez: We live in Washington, DC., and own our own home.

We have three children, a daughter, 21, and two sons, 8 and 7. I am a lobby attendant now and have been with Marriott Metro Center's Housekeeping Department for 15 years. I have also worked in hospitality since I came to this country from Guatemala 19 years ago. I am now a U.S. citizen. I try to help my mother, who has diabetes, with doctor's appointments and anything that requires translation from Spanish to English. My mother still works and lives independently, but I do help her many times a week.

My husband, Manuel, who is originally from El Salvador, has been a member of the bell staff at the Marriott Metro Center for 3 years. Prior to that, he worked with the valet staff at the hotel for a number of years. He works full-time, 5 days at the Marriott and an average of four shifts per week at a Sheraton Hotel as a driver.

*Company Support*

In 2003, we did not qualify for EITC. We needed to use some of the community services that are offered from time-to-time. For instance, an agency helped us in Spanish with the paperwork, application and to understand the financial process to buy our home.

The greatest support Marriott offers us is flexibility. For example, I was promoted from housekeeper to lobby attendant. This means I can work from 6 a.m. to 2:30 p.m. I wanted this position so I could be at home for my boys when they leave school because we could not afford an after school program.

My husband and I now work at the same hotel. Manuel's schedule allows him to walk the boys to school and I can meet them when school is over. We both use public transportation to get to work and take the boys to and from school. It gets very stressful when the buses run late or we miss the regular bus we are used to taking. It means Manuel or I could be late for work or worse, I would be late in picking my sons up at school. I worry a lot about getting our sons at school and taking them home. I do not like for them to have to wait for me alone, without an adult. Too many bad things could happen.

I change my work schedule when school is closed for a half or full day. I try to coordinate with my mother, my older daughter or a friend to watch the boys for me. If I cannot make other arrangements, I will have to miss work. However, Marriott supports me and Manuel, and they do not make us feel bad about needing to be home to care of our children.

Along with our schedule flexibility, both Manuel and I appreciate the medical benefits: health and dental, short and long-term disability, and life insurance, that we have with Marriott. We also participate in profit sharing and have credit union accounts. All these things are very important to us and our family.

We used the credit union to get a loan for a used car. We do not use the car for work because it is too expensive to park.

When our boys were younger, I looked for quality daycare locations for them. But we could not afford the tuition (\$170-\$200 per week). I finally put them in a community daycare at a Christian center and we paid \$88 per week total for the two of them. I really felt bad about them being there because I wish we could have put them in a better place. Sometimes when I picked them up they were wet or had dirty diapers, and the child care giver did not seem to care. It made me feel sad to leave them and they said they did not like it there. As the boys became older they would complain and tell me that other children pushed them around and hit them. Clearly, adult supervision was not good enough.

Our sons are both school age now. Our biggest challenges are overseeing the quality of their schooling and arranging for care when school is closed. The teacher to student ratio at school is not good and what is offered for after school and summer are of too low a quality for what we can afford to pay.

During the summer, we have more problems because the only program we can afford is at a school for half-a-day. I am always trying to work with my husband's days off, my mother's schedule, and my daughter and friends. Sometimes we need

to pay someone \$25 to walk their kids to school. Or we may need to pay someone about \$30 for half-a-day. It all depends on who is doing what and how much money they need.

Another challenge we often face is when our hours are cut. Then it is very hard for us to make ends meet. The years 2001 and 2002 were very hard but our hours are back to normal now. At another time, we both had our hours cut. We each went to our managers to talk to them and the hotel was able to increase both our hours enough so that we could make ends meet.

We do not feel like we need to sacrifice our most basic life needs for our family because of our insurance coverage. When times are tight with money, we do not go on our annual vacation to see our families in Guatemala and El Salvador. We cannot imagine retiring right now because we do not have the money. We are working on our profit sharing to help us when the time comes. We do not buy Marriott stock because we do not have extra money to do that. Our daughter is paying for her own education at the University of Maryland with some help from her employer (the government). She works full-time to pay for college and we are very proud of her.

Thank you for allowing us to testify today.

Senator ALEXANDER. In a moment, we will hear from the other witnesses, but first I have a statement here from Senator Chris Dodd, who may not be able to come today, but who is the ranking Democratic member of the committee and has been a strong leader on these issues for a long, long time. We work together on the issues.

I would like to submit for the record his statement.

[The prepared statement of Senator Dodd follows:]

#### PREPARED STATEMENT OF SENATOR DODD

Mr. Chairman, I want to thank you for holding this hearing today about balancing work and family. This is a critical issue for millions of Americans, particularly the impact on children, as parents struggle to do their best at work and at home.

I commend your efforts, Mr. Chairman, to highlight the importance of this issue and I look forward to working with you in the months ahead to further examine how we can build more effective partnerships to help parents raise their children.

I also want to thank today's witnesses for the dedication and devotion to better workplace practices to enable parents to succeed in their jobs and also to have quality time for their children.

I have long been interested in improving the work-family balancing act that so many parents juggle on a daily basis. Particularly as a parent of a young child, I know first-hand how hard it is to balance a demanding job while still feeling as if I have enough quality time with my daughter.

It was over 20 years ago that I first introduced the Family and Medical Leave Act. Finally signed into law in 1993, more than 35 million Americans have taken family and medical leave. I have also introduced legislation to provide States with funds to create paid leave policies so that those who cannot afford to take leave under the Family and Medical Leave Act, since it's unpaid leave, can do so.

Despite the many Americans the Family and Medical Leave Act has helped, too many continue to be left behind. Too many continue to have to choose between job and family. The facts are clear: while family and medical leave is one aspect of workplace flexibility, access to flextime, access to sick leave and vacation leave, as well as paid leave are also important in promoting a healthier balance between work and family.

Times have changed over the years. More and more mothers are working. While only 27 percent of mothers with infants were in the labor force in 1960, by 2001 that percentage rose to nearly 55 percent. Employees are working longer hours today. Men now work nearly 50 hours per week on average while women average over 40 hours. With increased access to technology such as computers, cell phones, pagers, and blackberries, the line between work and home can often be a blur.

It is no wonder that 67 percent of employed parents say they don't have enough time with their children.

I know we will hear today about encouraging practices and trends to encourage or promote a better balance for parents raising children, and also, for parents caring for elderly parents—a growing phenomenon that my generation faces.

Other major industrialized nations have implemented policies that do an outstanding job of promoting early childhood development and family caregiving. At least 128 countries, including not only industrialized nations but developing nations—from Algeria to Zimbabwe—provide paid and job-protected maternity leave, with 16 weeks the average basic paid leave.

Compared to these nations, the United States is far behind in efforts to promote the wellbeing of our families.

This hearing today is only one of a series of hearings we will have about raising children and balancing work and family. I am hopeful that we will be able to work in a bipartisan manner to draft legislation to promote greater access to paid sick leave, paid family and medical leave, and also greater incentives for employers to offer more flexible work schedules.

When we talk about a more compassionate America, nowhere is that more evident than in our caregiving leave policies. No one should have to choose between work and family. Women and men deserve to take leave when family or health conditions require it without fear of losing their job or livelihood. Parents need to be able to work and have quality time for their children—not just when their children are sick, but also to become involved in their children's lives.

We must not simply pay lip service to the goals of family unity and of a healthy workplace. Instead, we must actively work to make these goals a reality for every American Family. In my view, it is simply impossible to proclaim a belief in "family values" if our laws do not value families.

I look forward to today's testimony. And, again, I want to commend the chairman for his interest in this area and for holding this hearing today.

Senator ALEXANDER. We are delighted to have Senator Clinton with us today. I wonder if you would like to make some comments, Hillary.

Senator CLINTON. I want to thank you, Mr. Chairman, for holding this hearing. I apologize that I couldn't get here in time for the first panel, but I want to have a chance to hear this panel. I know how important these issues are, and I especially appreciate the leadership of many in the business community who recognize the tough implications of making sure that there is some kind of structure to support working families.

I particularly want to thank Mr. and Mrs. Martinez for being here to share their story.

Senator ALEXANDER. Thank you, Senator Clinton.

Ms. Bunson is next, and then we will go to Mr. Shum and to Carol Evans.

Ms. BUNSON. Good morning. First, I would like to thank you for giving JPMorgan Chase and myself the opportunity to talk about this critical issue of early childhood education.

I think that I could not demonstrate in any better way than the story that Mr. and Mrs. Martinez just told, on how crucially important it is to people who work in the United States to be able to be productive and effective at their jobs and still be valued as parents.

In the interest of summarizing my remarks, I think you know about all of the research that demonstrates that high-quality early childhood education matters, that it gives children an advantage in starting kindergarten that without some may never actually be able to recover in terms of lost wages, in terms of their ability to stay in school, in terms of their ability to really contribute to their full potential in society.

So we at JPMorgan Chase, having heard from many employees with stories, perhaps a little bit like the Martinez family, decided to invest in early childhood education for our staff. What we thought would make the most sense was to really go out and ask people.

Our strategy and our story really begins as far back as 1990, when we happened to be moving lots of people from Wall Street to a facility in downtown Brooklyn. We thought we would take a step back and say to people, gee, you know what? What's going to actually make this a great place for you to work, because we would really like you to come with us.

A little bit to our surprise, the issues that surfaced were really around balancing their work and their home lives. I think then we called it work and family in 1990. They said to us, you know what? We really need some help here. This is not something that companies have talked about in the past. We would really like you to make some investment. So, we ask them what. Gee, what kind of investments would make the most sense for you?

Again, to our surprise, by asking people, what they said was, you know, as hard as it is—and I think you heard this—we can get to work every day because we have child care. But you know what? When our child care system breaks down in some way, we have no options. There are no options in our communities. We have to take three or four or five subway stops away from our workplace to drop our child off at our mother, so that she can watch them for three hours, and then have to worry that, when she has to go to her job, they get appropriately dropped off with somebody else.

So, if you are going to make any investment in child care for us, please make it in providing us with options around back-up care, and please provide us with options around summer care. In fact, that's where we need help the most.

What they also told us is that, on average, they miss 3 days a year of unscheduled work time because of child care breakdowns. So, from every perspective, from an employee perspective, which is what you just heard today, and from an employer perspective,

where it is important for us to have people coming to work, making this investment in early childhood education really made sense for us.

So, in 1992, we opened our first back-up child care center at the Metrotech facility, which is in downtown Brooklyn, NY. Today, we have 16 back-up child care centers in communities around the United States. We offer up to 20 days of free back-up child care to our employees, in addition to what we kind of call kind of transition care. So, we offer 8 weeks of full-time care to employees who are training to work after either having or adopting a baby—we call it the “8 week advantage”.

We offer employees 8 weeks of full-time child care if they are relocating from one of our facilities to another and they're in that critical transition time when they're trying to find other help. We have extended time for employees whose partners or spouses are serving in Iraq. So, we really try to use our back-up child care centers as a way to support all of the needs that full-time care, as reliable as it is sometimes, can't provide for people.

But, no way can I sit here and say to you that we have provided for all of our employees' diverse needs in terms of child care. We were very specific in terms of focusing on back-up care. With that, we are also specific about investing in the communities in which our employees live and work, in terms of increasing the quality and supply of child care, both through our foundation and both through supporting the development and the building of new child care centers, through the work within our child care centers of programs like the CDA accreditation, which we offer to community workers, and through a series of efforts that we've done in homeless shelters and in battered women shelters in communities all over the United States, where we have helped to provide safe places that are appropriate for children of all ages.

So for us, what we are trying to do is couple a strategy around back-up care with a strategy around increasing the supply and quality of child care in communities.

But, we know we can't do it by ourselves. One of the reasons we were so pleased to be here is to give us a chance to say that one of the gaps that our employees have in almost every community is the ability to find affordable quality child care. To the extent that there is something the Federal Government can do to enable people like the Martinez family, people like our own employees, to have better access to quality—and I will talk about quality for a minute, because for us, quality has been a cornerstone of all of our child care efforts.

Ten of our back-up child care centers are nationally accredited, and the other six are in the process of getting accredited. I think you know only six percent of child care centers nationwide receive national accreditation, and as we give our employees the opportunity to participate in child care in our centers, we also give them an opportunity to learn about what quality child care is.

But, I will say that that's a little bit of a mixed blessing, because, in fact, the quality they see in our centers is often not found in the communities in which they live and work. To the extent that, again, as you look to find opportunities to make a difference in the world of working families, we think that making a difference in

terms of providing more and better child care that is affordable to all would make a huge difference in the lives of people who work in this country.

Thank you.

Senator ALEXANDER. Thank you, Ms. Bunson.

[The prepared statement of Ms. Bunson follows:]

PREPARED STATEMENT OF JOY BUNSON

Good morning. I'm Joy Bunson, senior vice president of Human Resources at JPMorgan Chase, and I'm pleased to be here this morning to talk to you about the important issue of early childhood education. I'll share with you some of things we're doing at JPMorgan Chase for our own employees—but also some of the studies we've participated in and some of the investments we're making to improve the quality of child care and early childhood education across the U.S. As you'll hear we're committed to doing this for very selfish reasons: we believe it gives us a tremendous leg up on attracting and retaining the best employees and, as I'll talk about, we have the employee feedback and survey data to back that up. But we also do it because, frankly, it's the right thing to do. Studies have shown that high-quality early childhood education makes a difference in terms of children's school performance, the chance they'll stay in school, and their lifelong earnings potential. It's simply an issue too important to ignore.

First, studies show that the U.S. needs high quality early childhood education. A study sponsored by The Business Roundtable, an association of 150 CEOs across the U.S. and Corporate Voices for Working Families, found that by the time children enter kindergarten, there's already a wide gap in their readiness for school—and that those at risk continue to fall further and further behind.

Children of families of lower socio-economic status enter school with much poorer skills in the major areas of development and learning—there can be up to a 60 percent difference in achievement scores between those from at risk groups and those in the highest socio-economic group.

There are significant differences in average vocabularies—how quickly students gain letter recognition, counting, reading and math skills. And these children remain further behind children with fewer at-risk skills. The positive news is that children—from both low and high socio-economic status families—who attend high quality early childhood education programs score higher on measures of skills and abilities that are important for school success. Cost-benefit analysis of several programs have found a cost savings of \$7 for every dollar invested—supporting the notion that early education can be a good investment.

So not only does high quality early education make a difference for children, it clearly matters to their employed parents. For employers like JPMorgan Chase, it's therefore a doubly pressing matter. We want to be responsive and supportive to the needs of our employees today—and, indeed, believe such programs allows us to attract and retain top talent—but a commitment to quality early childhood education also helps us ensure the quality of our future workforce.

At JPMorgan Chase we're an organization of 95,600 employees in 1,076 offices around the world. (And we're slated to nearly double the size of our employee base with the impending merger with Bank One.) Here in the U.S. 60 percent of our workforce are women, with child care and good education being a chief concern.

Several years back we conducted a survey with employees in order to formulate our child care and work-life policies. In that survey, our employees told us that their number one issue was finding quality back-up care, closely followed by having enough time to participate in their children's activities. Our findings told us that, on average, employees lost 3 days a year of unscheduled time due to child care breakdowns—and, studies done by other companies have shown that, in a heavily female workforce, 6 days a year of unscheduled time due to child care breakdowns is the norm.

So, in looking at what's important to our employees—and our goal of attracting top talent both now and in the future—this need to quality back-up child care has driven a series of strategic choices for us at JPMorgan Chase. In a nutshell, our strategy is to implement those programs that allow our employees to contribute their best and be successful both at work and at home. There are four cornerstones of our strategy—four criteria, if you will—that all programs must meet. First, they have to be leadership-level quality (I'll talk more about that in a minute when I explain our child care programs, but it specifically means accreditation-level quality). Second, the solutions need to be inclusive of all life events, from employees who have just become new parents to those facing elder care issues. Third, employees

across the country and at all levels need to be able to access them. These are not programs just for our head office or just for our senior leaders. And fourth, we need to be able to measure the effectiveness of the program. If we can't define the impact to our employees, their families and how we do business, we don't do it.

So let me explain how this has translated into our strategy for early child care education, i.e. child care. I mentioned that employees told us their number one concern was emergency back-up child care. At the same time, offering back-up care offers us the opportunity to support greater numbers of employees (as full-time care typically services the same number of enrolled children.)

In worksites across the U.S. with 1,000 or more employees, we've built on-site or near site back-child care centers. Our first back-up child care center was built in 1992 in Brooklyn, New York. Fourteen years later we have a total of 16 on-site centers, with well over 20,000 families enrolled. We have a tremendous focus on quality, with 10 of our centers receiving national accreditation and all other centers working toward their accreditation. Nationwide, only 6 percent of centers across the U.S. are accredited, but we felt it important to set a quality standard for our employees' children whereby every single center would work toward that goal.

Employees can use our centers at absolutely no cost for up to 20 days per year per child. It's important to note that our program is so much more than 8 to 10 hours of free child care for a child. Let me give you a flavor for the kinds of programs our centers offer that have such an impact on our JPMorgan Chase children:

- All our centers offer monthly Lunch-N-Learns and Parent Education Workshops, where parents can discuss parenting skills and education topics.
- We've sponsored Child Safety Seat Check days in our centers.
- Our Growing Readers program sends age-appropriate reading lists and fun activities for parents to do at home.
- Our Parent Resource Libraries offer books and resources that can be loaned out or used in the center.
- We sponsor special events in the centers—like family story night, holiday fairs and luaus, “books for breakfast” sessions—simple events that get parents involved in their children's development and to have some fun along the way.
- Teenagers of JPMC employees can attend babysitting classes.
- Nurses make home visits to those parents participating in our Eight Week Advantage Program, a unique program whereby our employees are provided 8 weeks of free child care in our centers as they transition back to work after the birth of a child.
- And in recognition of our effort to improve child care in our communities, we offer seminars and workshops for caregivers of JPVIC children. These can include topics like health and safety, music, reading, and so on.

Would we like to offer full-time quality care to all employee children? Absolutely. Is it a reasonable offering to thousands of employees spread across the country? No. So our back-up child care strategy offers us the opportunity to reach out to many employees—and as they experience the quality of the back-up child care provided in our centers, they raise the benchmark in their minds of what an early childhood education experience should be—and strive to duplicate that level when making their full-time child care arrangements. The impact to JPMorgan Chase of these programs has been tremendous. I've mentioned that we had the children of over 20,000 employees enrolled in our centers—meaning thousands of parents who have experienced the very best in education and child care arrangements. When we've surveyed employees about the centers' impact, they've told us that having offering quality child care leads to increased ability to concentrate on the job, improved morale, increased productivity, better attendance, and a huge boost in their commitment to JPMorgan Chase. In fact our most recent employee survey done last fall noted that there's up to a 40 percent difference in satisfaction, commitment and productivity scores between those employees who say their managers support their work-life balance, and those who say their managers are less than supportive. We work hard to work with those areas with lower scores because we see the bottom line impact of having committed, satisfied, productive employees. Let me give you just two quick examples of how our quality programs are impacting JPMorgan Chase families.

- In our center in San Antonio, Texas, the director of our child care center noticed that a child was coming into the center on several consecutive days and, in talking with the child's mother, found out that the child's babysitter had quit on short notice and that the child's father had just been deployed to Iraq. The center suggested the idea of providing 20 extra days—on top of the 20 already received by employees—for any child whose parent was being called up for military duty—and thus was born our “Patriotic Advantage” child care program. We were able to help em-

ployees already under a great deal of stress and provide some safe, quality care in the process.

- Another center was able to accommodate a family whose 18-month old child was born with fluid on the brain. Teachers were able to spend time—in the short time the child was at the center—working on the toddler’s developmental skills. By the time she left the center, she was able to communicate with a few words which she previously did not have the capability to do. Additionally, our center was able to provide information to help the family research quality full-time child care arrangements.

And again, that’s the point. Our aim is to let parents experience quality child care and education—and guide them to finding similar experiences in their communities and families.

In addition to helping our employees, JPMorgan Chase is committed to investing in quality child care and early education in the communities where we do business.

- In several of our centers we’ve sponsored, in partnership with Bright Horizons who runs our back-up child care centers, a Child Development Associate Program for teachers in the community to earn a formal child care credential.

- Another joint program between JPMorgan Chase and Bright Horizons is the Bright Spaces program, which adopts local homeless shelters to provide fully-equipped play areas.

- The JPMorgan Chase Child Care Grant Program was launched in 2000 in support of Welfare-to-Work initiatives and the need for safe and affordable child care options for needy families as parents look for jobs. So far, the program has provided 21 organizations over \$1.4 million and recoverable grants of \$1.1 million to 5 organizations.

- In New York City, we participated in the New York Child Care Seed Fund, which has a goal of creating 900 quality child care spaces.

I’ve been talking about back-up and full-time quality educational options. After school is a huge issue as well. JPMorgan Chase recently participated in a study with Brandeis University’s Community, Families & Work Program and the Alfred S. Sloan Foundation that found that parents with after-school stress are more than three times as likely to report high levels of job disruptions and more than four and a half times as likely to report low levels of psychological wellbeing than parents with lower levels of after school stress. In terms of employers the news is not good: employees can miss up to 5 extra days of work because of after school issues . . . and parents say they’re often interrupted, distracted and drained of energy at work by nonwork issues—significantly make errors and turn down requests to work extra hours—and miss meetings and deadlines at work.

After school issues is something that Corporate Voices is working on as well. From a JPMorgan Chase perspective, we’ve worked hard to give our employees the flexibility to set an alternative work schedule if it makes sense for the business and for their clients. Indeed, over 20 percent of our employees are on some kind of flexible work arrangement. Employers need to see this as an issue and look to the benefits of flexible work arrangements. But community stakeholders—community leaders, schools, local legislators—need to fund those community programs that keep kids safe and supervised after school and to drive the development of new ones.

Employers like JPMorgan Chase can pave the way for tremendous change in child care and education policies. I believe we’ve shown that there’s a bottom line benefit of doing so—we see a more committed, talented workforce as a result—and studies show the huge benefits of preparing our children well for the future.

We at JPMorgan Chase have put our “money where our month is.” And believe the other companies you’ll hear from today, from IBM to Marriott, should be commended for doing so as well. We urge Congress and the Administration to make early childhood education a priority for the country as well. We’ll be happy to continue to share our experiences and our successes with you to make sure this happens.

Senator ALEXANDER. Mr. Shum.

Mr. SHUM. Thank you, Mr. Chairman, Senator Clinton.

I am here today on behalf of Corporate Voices for Working Families. The 47 corporations that are members of Corporate Voices believe that elder care is an important business issue and one where considerable corporate experience can be instructive to developing public policy to support working families with elder care responsibilities.



As the demographics change, care giving for elderly relatives has become and will continue to be a pressing concern for employers and employees. Elder care giving is a responsibility that is expected to touch almost all families. The experience should not be personally or financially devastating, but for many Americans today, it is.

There is a myth that care giving is mostly a problem faced only by women. This may have been true in the past, but men now make up 44 percent of the care giving population. Another myth indicates that the most frail older people are cared for in nursing homes. The number of older people in institutions are quite small compared to those living in the community. And for those older people in the community, family members provide 70 to 80 percent of the care.

In a care giver's role, he or she must balance the responsibilities of serving their elders with the demands of job and career. Employees caring for older family members take time off from work to deal with care issues, pass up promotions, training opportunities, reduce contributions to their own retirement savings, and sometimes give up work entirely and retire early.

The stress of care giving is linked significantly to higher rates of physical and mental health problems. A 1999 study of the MetLife Foundation of the National Alliance for Care Givers estimated that American businesses lose at least \$11 billion per year because of employees needing to provide care for their loved ones. That study estimates the total cost of business in the U.S. was nearly \$30 billion for all costs associated with care giving.

IBM has continually seen elder care needs grow for its employees. In fact, the need has increased 200 percent since 1986. Today, one-third of IBMers worldwide have elder care responsibilities. That is about 100,000 employees. And, about half of our employee population expect to have elder care responsibilities within the next 5 years.

To address this, IBM has created a 5-year global elder care strategy to help our employees with care giving responsibilities. In 1988, we created the first national elder care resource and referral service. This national infrastructure we created now serves about 4.3 million employees and 270 employers.

Almost half of our employees who used this service last year have parents between the ages of 75 and 84, and 30 percent of the employees have parents who live between 400 and 1,000 miles away. This introduces a new complexity to this issue—long distance care giving.

By identifying employees' needs and the company's desire to maintain corporate leadership in the field, IBM will continue its elder care strategy. To this end, we have invested almost \$5.5 million in more than 200 elder care projects.

Much has been accomplished and much has been learned. Investments to supporting working families with elder care responsibilities has consistently shown an increase in worker retention, productivity, and loyalty.

However, businesses have also learned that despite the investments, they cannot address the issue alone. Significant new action is needed because of the growing magnitude of elder care, new pub-

lic policies, public/private partnerships are required to support family care giving to optimize the future workforce development.

Here are a couple of examples. Financial assistance and tax breaks to help with the noncompensated cost for incidentals, such as transportation, respite care, home modification, medical supplies, equipment, and medicines.

Another one would be the dependent care spending accounts, the DECAP. Currently, the IRS definition as to what constitutes dependents is far too limited and prevents most families from being able to have tax-deferred expenses associated with elder care in the same way that employees are able to care for children.

In summary, elder care is a silent problem. While it is socially acceptable to speak openly about the struggles with your child care issues, no one will speak to the difficulties they are having with their elderly relatives. In fact, you may even earn a badge of courage or sympathy from your coworkers as you explain that you were up until 3:00 in the morning with a sick child, and they may even offer help with a project that you have due that day.

But, no one will know that you were up until 3:00 in the morning because your elderly relative became ill in their bed and you had to help bathe them and put them back into bed. Just like child care, elder care takes hearts and minds out of the workplace. In fact, many employees will spend a longer time caring for their older parents than they did for their children.

I thank you for the opportunity to share the compelling issues that individuals face every day as they care for their elderly relatives.

Thank you.

Senator ALEXANDER. Thank you, Mr. Shum

[The prepared statement of Mr. Shum follows:]

#### PREPARED STATEMENT OF MIKE SHUM

Mr. Chairman and Members of the Subcommittee on Children & Families, my name is Mike Shum, and I'm the Director of Global Workforce Diversity Operations with IBM. I'm here today as a partner of Corporate Voices for Working Families.

Corporate Voices is a nonprofit organization with 45 member companies dedicated to enabling corporations to more effectively collaborate with policymakers and other stakeholders to accelerate the adoption and implementation of bi-partisan solutions that improve the lives of all working families.

The 45 corporations that are members of Corporate Voices believe that elder care is an important business issue. It is one where considerable corporate experience can be instructive in developing public policies to support working families with elder care responsibilities.

As the demographics change, care giving for elderly relatives has become and will continue to be more and more of a pressing concern to employers and their employees.

Concerns about care giving for the elderly are rising rapidly. As our population ages, care giving is a responsibility that is expected to touch nearly all families. The experience should not be personally or financially devastating. For many Americans today, it is.

More than one-quarter of the adult population has provided care for a chronically ill, disabled, or aged family member or friend during the past year, according to recent studies.

In February 2003, the Pew Research Center found that the proportion of Americans worrying about having to care for an aging parent or relative has more than doubled since 1988 to 44 percent. Other studies have found that within corporations that percentage is even higher—54 percent of working Americans expects to take on elder care responsibilities in the next 3–5 years.

More than half of caregivers (53 percent to 64 percent) under the age of 65 are employed outside the home. In 1997, it was estimated the total number of employed

caregivers would be 15.6 million by 2007—roughly 10 percent of employees. Yet, more recent data suggest there may already be over 28 million employed caregivers!

There is a myth that care giving is mostly a problem faced only by women—this may have been true in the past, but men now make up 44 percent of the care giving population.

Contrary to the myth that most frail older people are cared for in nursing homes, the number in institutions is quite small compared to those living in the community.

And for those older people in the community, family members provide 70–80 percent of the care elderly persons need to stay independent and in the community as long as possible.

Home care is a \$32 billion business and \$83 billion is spent a year on paid nursing home care; that is dwarfed by the data showing that family care giving amounts to an economic contribution of \$196 billion and will always be the biggest contributor to care giving.

The prevalence of elder care will only get greater—the population over 85 (those most in need of care giving) is the fastest growing segment of the population and half of them need help with personal care.

In addition, the pool of family caregivers is dwindling. In 1990 there were 11 potential caregivers for every person requiring care, in 2050 there will be just four.

As our population ages, care giving is a responsibility that is expected to touch nearly all families.

Employees' elder care giving responsibilities have been a growing issue for many years—a trend that will continue and accelerate as the work force ages.

Nearly one in every four households cares for an older family member, and nearly two thirds of the caregivers are employed.

Caring for an older relative consumes an average of 12 to 13.5 hours each week, or 2 to 10 hours a day, depending on whether an employee is the primary caregiver or sharing care duties with other family members. Most caregivers will have these responsibilities for more than 6 ½ years.

Whatever the employed caregiver's role, he or she must balance the responsibilities of serving their elders with the demands of job and career.

Employees caring for older family members take time from work to deal with care issues, pass up promotion and training opportunities, reduce contributions to their own retirement savings, and sometimes give up work entirely and retire early. The stress of care giving is linked to significantly higher rates of physical and mental health problems.

Elder care is less visible in the workplace than child care, because employees tend not to talk about their elder care responsibilities in the same way they talk about their children.

In fact, 80 percent of 1,200 organizations surveyed by Eckerd College's Human Resource Institute in 2000 said they either "did not know or had to guess at the percentage of caregivers in their workforce". But while many employers may not be as aware of the issue, the effects are as real and the scale of the problem is as great.

A study comparing the workplace effects of child care and elder care responsibilities showed that workers who care for older family members in their homes have more symptoms of anxiety, irritability, depression, and physical illness than those with child dependents.

Elder Care is a "Silent" problem. While it is socially acceptable to speak openly about the struggles with your child care issue, no one will speak to the difficulties they are having with an elderly relative.

In fact, you can "earn" a badge of courage and sympathy from your co-workers when you explain you were up till 3:00 in the morning with a sick child. They may even offer to help with the project you have due today.

But, no one will know when you were up till 3:00 in the morning because your elderly relative became ill in their bed and you had to help bathe them and put them back to bed. Elder Care has taken more hearts and minds from the workplace than child care ever has or ever will.

A 1999 study by the Met Life Foundation and The National Alliance for Care giving estimates that American business loses at least \$11 billion per year because of employees needing to provide care for loved ones over 50. That study estimated the total cost to business in the U.S. is nearer to \$30 billion for all costs associated with care giving.

Over the next decade, the number of employees caring for older relatives is expected to double. American businesses can expect additional productivity impacts over the coming decade as the number of elder caregivers in the work force grows. And they can expect to lose valuable employees for whom the strain of working and care giving becomes too difficult.

About one in five employed caregivers (18 percent of those under age 65) quit their jobs to provide care. Another 42 percent reduced the number of hours they work.

What is almost impossible to estimate are the costs associated with the loss of productivity due to employees being understandably preoccupied with the problems associated with caring for loved ones when they are at work.

If your mother or father has Alzheimer's Disease and lives hundreds of miles away, you are likely to spend a great deal of time, both on and off the job, thinking about your parent, and your parent's problems and safety.

You are also likely to spend a large amount of time at work on the phone making arrangements for your family member's care.

Elder care giving can also have devastating consequences for one's family. According to a study by Brandeis University's Center on Women and Aging, **care giving costs individuals an average of \$659,000 in lost wages, pension and Social Security contributions.**

Whereas 35 percent of the overall population has an annual household income of under \$30,000, among care giving families that number is 43 percent.

No wonder, then, that six in ten (61 percent) of "intense" family caregivers (those providing 21 or more hours of care per week) showed clinical symptoms of depression.

This is a problem that is not going to go away. As our population ages, more and more employees, and, therefore more and more employers, are going to be impacted by care giving.

There are many areas where employers can not only lessen the burdens that care giving places on their employees, but also lessen absenteeism and increase employee loyalty and retention.

Now I would like to brief you on IBM's Eldercare Strategy.

IBM has continually seen the need for elder care grow for its employees. In fact, in the U.S., the need has increased 200 percent since 1986 (9 percent to 27 percent).

And this is not just a U.S. issue.

From IBM's 2001 Global Work/Life survey, 45 percent of employees in Asia Pacific, 41 percent in Latin America (up from 33 percent in 1998), 26 percent in Europe, Middle East and Africa and 25 percent in Canada have responsibilities for elders.

Today, one third of IBMers worldwide have elder care responsibilities—that's about 100,000 employees. And about half expect to have elder care responsibilities in the next 5 years.

To address this, IBM created a 5-year Global Elder Care Strategy with three components: employees as elder caregivers; employees' elders and employees as mature workers.

According to IBM's recent studies, the "ideal" workplace of the future for the elder caregiver will offer:

- Flexible hours for employees
- Managers who respect working caregivers
- Family-friendly culture
- Healthcare benefits that recognize dependent care for older relatives and the mature worker
- Access to a low-cost care manager
- Access to information about community resources and services.

Getting closer to this ideal workplace is an important business strategy for IBM, so the company can attract and retain top talent in the industry and help employees meet their needs to balance work and personal lives.

That's why we've invested almost \$5.5 million dollars in more than 200 elder care projects.

In 1988 we were the first companies to add national elder care to our existing child care resource and referral service in the U.S., which is now known as Lifeworks.

Forty-eight percent of employees who used our elder care resource and referral services last year have parents between 75–84 years old and 30 percent of employees have parents who live between 400–1,000 miles away.

IBM has a wide span of supportive programs and services that starts with the community level where IBM works with local employees and communities to identify specific challenges and solutions to those challenges.

For example:

- IBM hosts elder care support meetings for our employees.
- IBM sponsors elder care fairs in the workplace.
- The company provides tip sessions on areas of specific interest for employees.

- IBM surveys employees regularly to continue to refresh and learn about emerging issues.
- And the company's research and development for elder care transportation resulted in the elder care driving kit and community-specific elder care transportation services.

On a national level, through the American Business Collaboration for Quality Dependent Care—a collaboration of corporations formed in 1992 and committed to “do together what none of us can afford to do alone—IBM has:

- Developed kits to educate employees about how to help their elder relatives' transition out of self-transportation.

- Worked on projects for elder day care facilities to address the issues of quality dependent care through accreditation models.

IBM's major elder care programs include:

- **Long-Term Care Plan**—offers employees the option to purchase insurance for eligible family members at group rates. Benefits help pay expenses relating to disabilities or illnesses when people can no longer care for themselves.

- **Counseling and Referral** through LifeWorks—IBM offers a free elder care counseling and referral service to help employee's and their family locate elder care service providers such as medical services and in-home services; housing arrangements; nursing homes, etc.

- **Lifeline Personal Response Service**—Emergency care to an employee's older or physically challenged relative at the touch of a button. The service is available 24 hours a day. Waterproof wrist or neck help buttons, designed to be worn at all times, combined with a phone monitoring unit that uses voice prompt features, make Lifeline simple to use.

- **Elder Care Webinars**—An Online Seminar or “Webinar” uses a collaborative tool to deliver a Web-based seminar to employees. Webinars are delivered live by LifeWorks trainers, experts in their field, and facilitated by a technical meeting host.

- **Elder Care Moderated Chats**—Designed to help IBM employees share information, advice and support with the guidance of an expert. Moderated chats are held weekly for an hour, over a period of 4 weeks.

- **Generations on Line**—Easy-to-use software will teach even the most skeptical elders to use the Internet and e-mail! Net-surfing is possible in 25 languages!

- **SeniorNet**, a partnership designed to provide elder relatives (55 and older) with training and an introduction to technology in centers around the country (we've just announced a grant of 660k with SeniorNet and Generations Online to provide simplified Internet access to older adults in over 1,000 communities).

- **Intergenerational Programs**—A program to pair individuals from SeniorNet with school age programs. It is particularly popular with people from cultures who really value the interaction between elders and young children.

- And IBM provides a series of topic-specific tapes, booklets and pamphlets and, most recently, the comprehensive **Elder Care Management Services, which allow employees to have an in home care assessment or a facility assessment to better understand the needs and options for their elders.**

Let me briefly outline the third component of IBM's strategy—the mature worker. IBM defines mature workers as employees 50 and over.

Older workers are remaining in the workforce—the early retirement trend is reversing. Employees want to work longer—but differently. We know that most of IBM's mature workers would prefer to retire gradually.

In addition, there will be a shortage of IT workers—a 1.6 million shortage by 2005, so it's important to address the company's mature workers' needs now.

The average age of IBM's U.S. workforce is 42, up from 40 last year. And IBM's customers are getting older too.

As a result of this maturing workforce, IBM plans to build on its existing foundation of services, programs and policies to develop a leading edge, comprehensive response to attract and retain mature workers.

By identifying employees' needs, what IBM knows is good business sense, and the company's desire to maintain corporate leadership in this field, IBM will continue its three-pronged strategy.

Just as employers adapted to the unprecedented entry of women into the work force in the second half of the 20th century, so they will need to adapt to this equally momentous demographic shift toward an aging society.

The employer response to the entry of women was gradual and lagged significantly behind the needs and opportunities presented by the labor force change. We now know that many employers gained competitive advantage and improved productivity by introducing policies and benefits that encouraged the recruitment and retention of talented women and addressed the needs of working couples and parents.

In the same way, employers today face new challenges and opportunities related to an aging work force, one of which is increasing numbers of employees, men and women, who must arrange for or provide care to aged family members.

The challenges these working families face, on a day-to-day basis, represent a very high cost to the business bottom line. Because of this understanding and to reduce these costs, American corporations have been investing in policies and programs to support employees with elder care responsibilities for over 15 years.

Much has been accomplished and much has been learned. Investments to support working families with elder care responsibilities have consistently shown an increase in workforce retention, productivity and loyalty.

However, businesses have also learned that despite the investment, they cannot address the issues alone. Significant new action is needed because of the growing magnitude of elder care. New public policies and public private partnerships are required to support family care giving and to optimize future workforce development.

Some of those pressing issues include:

- Family and Medical Leave Act (FMLA). Family members caring for elderly parents may need more than 12 weeks, especially when a parent or loved one is nearing end of life.
- Flexibility in working hours and/or ability to use sick leave for caring for family members.
- Financial assistance and tax breaks to help with the noncompensated costs for incidentals, transportation, respite care, home modifications, medical supplies, equipment and medicines.

Dependent Care Spending Accounts (DECAP). Current IRS definitions of what constitute a dependent elder are too limited and prevent most families from being able to tax-defer expenses associated with elder care in the same way employees are able to for child care expenses.

- Respite care services to relieve stressed caregivers are sorely needed.
- Availability of affordable long-term care insurance to cover the catastrophic costs of nursing home care or in home health care services.

I thank you for this opportunity to share with you today the compelling issues that individuals struggle with every day as they care for their elderly relatives.

Senator ALEXANDER. Carol Evans.

Ms. EVANS. Thank you, Senator Alexander.

I would like to tell you a little bit about our list. It is quite a famous list. It gets about 800 million media impressions every year when it hits the newsstand in October.

It was started back in 1986 by Vivian Cadden, who was our first editor. She was a personal friend of Eleanor Roosevelt, and a very interesting lady. She had a very simple idea. She thought that if she could get CEOs to compete every year, to make a list that would acknowledge the companies that are doing the most for working mothers, that she could get one CEO to be jealous of another CEO being on that list, and by that jealousy, actually have them focus their attention, which is very limited—I mean, how much time can a CEO spend on any one issue—to focus their attention on the needs of our readers. Of course, that is exactly what happened.

Two decades later, almost, the list has become the measure of how American companies should lead in this area, and how they should treat their working mother employees on so many issues. In fact, the application for this list, as many in this room know, has 535 questions. We ask every imaginable question about how employers treat their working parent employees, on everything ranging from whether you have a lactation room in the office, your flexibility policies, child care policies, all of the issues that relate to elder care, many of the issues that we are addressing here today. These are quantified on the application form, measured by a computer, and an actual ranking of companies comes up that we use to create our list.

I doubt that Vivian Cadden, actually, so many years ago, would have had any idea of the enormous impact of this list. The reason why this list has had such an impact is because the need is so strong.

I want to make a very clear case here about something, though, which came up in your questioning, Senator Alexander, and that is that there is an enormous amount of joy in the idea of a lifestyle of being a working mother. Many, many working mothers come to their jobs with a sense of great exhilaration, challenge, creativity, looking forward to being able to contribute to a productive American society in the way that they do. The fact that they want to contribute and want to lead, in fact, American companies is really important for us to get into our heads when we look at what we need to do for working parents.

This is not just about the care and feeding of children. That is an incredibly important part, but it is also about the psyche of the American woman, though, and what she wants to be doing and how she wants to be contributing to the American world today.

We have seen incredible changes in the work family landscape. More women are in top ranks because of maternity leave and phase back programs allow them to remain on track. There are many more on-site child care centers today, and a lot of companies realize that it's not just about creating a headquarters child care center, but really spreading out the care among all the employees nationwide. The increase in aid and leave for adopting parents has been a huge sea change and, of course, flextime not only allows parents a sense of balance, but also a sense of control, which is incredibly important.

Family-friendly benefits—I want to make a statement on that, too. They are very good for American companies. Steve Sanger, the CEO of General Mills, said it very well at our conference last October. He said, “Work life benefits aren't expensive. Turnover is.” That's a huge point. Being able to attract talent and being able to keep talent in American companies, being able to make women a very important and vital part of our workforce, is what this is all about.

But, there is also good news, in that there is an ROI that we have seen on programs that the 100 best companies institute. In fact, last year a study from Cornell University by Daniel Simon said that there was a billion dollars of market cap per company that they could identify for companies on our list, that was related to customer satisfaction that he traced back to employee satisfaction. A billion dollars of market cap per company, that's a huge amount of value created by working mothers and working fathers.

Every year, we raise the bar on what makes a company an employer of choice for working mothers, and there are five trends I want to identify today. One is child care programs, of course, which are very important. But, what companies are doing—and Joy mentioned this very nicely—companies are adding to the basics of child care by adding after-school programs, vacation care, and kindergarten. I have been to the JPMorgan center in Manhattan. What a place that is, right in downtown Manhattan, where children are playing and having fun. It's an amazing sight.

Of course, IBM, one of the leaders in this area, has 63 on or near site child care centers that they support all across the country. Companies like Marriott give child care credits and contract with child care centers to give a discount to their employees, an equally valuable idea.

Two, adoption aid has become very important. Today, 48 percent of the 100 best companies offer paid adoption leave and some support for adoption payments as well. It's a very high percentage.

Three is support for parents with teens and tweens. We all think about the trials and tribulations that Mr. and Mrs. Martinez are going through with their 7- and 8-year-olds. But, what about teens and tweens? When you have big kids, you have very big problems. I can tell you that because I have a 17-year-old and a 14-year-old.

Actually, what happens is that also, as women reach the top of their careers, and when they are the most productive and most helpful to their companies and to the American society and productivity, is when their kids are older. Then, those problems hit and how do you handle that? JPMorgan Chase and Eli Lilly both have incredible programs designed to help parents of older kids, even teaching courses to employees about how to manage teenagers, so when they go back home, they know what to do.

Four is flexible scheduling and benefits for part-time workers. One-hundred percent of the 100 best companies have flextime scheduling. That is a huge difference from most companies in the country today. The effectiveness of programs like compressed work weeks, tele-commuting and flextime really showed up after 9/11, when companies in New York City and in Washington, DC were able to rely on systems that they had put in place to create flexibility. Those systems saved a lot of companies from having an even more disastrous time during those horrible days and months after 9/11.

The fifth trend is that companies are helping employees with life's emergencies, something that we really didn't predict when we started the list. Emergency situations, child care, even a sick babysitter or sick child care provider, elder care emergencies, these are huge. It is estimated that companies lose \$12 billion a year due to absences. So, companies are really working hard on how to create a support system that really impacts these kinds of emergency situations.

Another small point I want to make is that this is not just for moms or dads equally benefiting from this. When men use work life benefits, a point that we have been telling to all of our male friends, when men use work life benefits, the stigma of having these benefits just for women is lifted. That has a gigantic impact on women's careers, as companies make choices of who to move up further and farther into P&L responsibilities. We encourage all men to take their vacations, for example, and also to take advantage of paternity leave, of which there are now many companies offering paid paternity leave, one of the things we measure for the 100 best companies.

Of course, there are many, many problems. Even big companies, even Fortune 1000 companies who aren't on our list, are lacking in some of these very basic benefits. And, then you look at the companies who have less than 50 employees, who aren't even covered by



the FMLA. There are huge problems, where so many companies don't even have to give basic paid maternity leave, or basic maternity leave benefits. That means that 40 percent of America's workforce is not covered by maternity leave laws.

Finally, I want to mention the welfare-to-work mothers, of which there are so many today, are in a double bind of having no affordable child care and being required to work full-time jobs. It is a very difficult double bind, what I would almost call a double jeopardy for welfare-to-work moms. We need to straighten that out and need to figure that out.

Companies are doing so much for employees, especially the 100 companies that make the list every year for the 100 Best Companies for Working Mothers. We are proud of those companies. But, it is not enough just to rely on corporate America. You know that, we all know that. Everybody needs help from the Government. We are asking you to take a very close look at programs that can support working families.

There was a very interesting law passed in California that created family leave laws for smaller companies and for all employees in that State, where employees are contributing money to be able to draw back down when they have children.

We also want to look at the part-time worker employee situation. We want to have a great focus on the child care problem. The New York Times recently wrote a very interesting editorial about a \$6 billion welfare/child care bill that's in the Senate, and we think that is a wonderful start. We also think the Senate and the Congress should support Head Start every year and not have that become a big issue, as it seems to come up every time it needs funding.

So, we're in this together, corporate America with Government, with working families, and we are so proud of the work that Working Mothers is doing to make this country one of the most highly productive countries in the world. We think their contribution is essential to our economy. In fact, I like to give credit to Working Mothers for the great economic State that the country has been in for the last 25 years. But, we believe there is so much support that they need and we are so grateful to you for taking the time out of your incredibly busy schedules to look at these issues.

Thank you.

Senator ALEXANDER. Thank you very much, Ms. Evans.

[The prepared statement of Ms. Evans follows:]

#### PREPARED STATEMENT OF CAROL EVANS

One of the reasons that I came back to acquire *Working Mother* magazine in 2001—3 weeks before 9/11—was the remarkable legacy of the magazine's founding editor Vivian Cadden.

A personal friend of Eleanor Roosevelt, Vivian launched the list we now call the 100 Best Companies for Working Mothers in 1986. That first list acknowledged companies offering some kind—any kind—of solution for working mothers. She knew that getting CEOs to compete to be the employer of choice for working mothers would catalyze change.

And it has. Almost 2 decades later, the list—with its competitive analysis of over 400 different elements of work/life programs for working parents—has become the measure of how leading companies should deal with the important needs of working mothers and fathers, ranging from maternity and paternity leave, breastfeeding and flextime to elder care and child care. Our list sets a standard for others to live up to.

But I doubt that even the visionary Vivian Cadden could have predicted the impact of *Working Mother's* 100 Best list on corporate America: what a coveted award this would become, or how it would lead to a sea change in corporate America and in the lives of all working parents. Every year, hundreds of companies vie for a spot on the list. Human Resource departments carry the list into the corner office as evidence of what can and needs to be done. Companies began keeping records of the numbers of employees using programs so they can compete to make the list. And that has led to real change: What gets measured gets done.

Significant changes in the family-friendly work landscape include:

- More women in top corporate ranks, as maternity leave and phase-back programs mean women can have families and remain on track;
- Increased number of on- and near-site child care facilities as well as resource and referral services;
- Advent of aid and leave for parents adopting children; and
- Flextime scheduling that allows America's working parents to balance work and family commitments.

Of course, corporate America would not have made these changes had the bottom line not improved as a result. Family-friendly benefits are good for business, good for the economy and good for the country. In the words of Steve Sanger, CEO of General Mills: "Work/life benefits aren't expensive; turnover is."

The 100 Best Companies find that programs that support working parents increase productivity and build employee loyalty. In fact, a Cornell University study by economics professor Daniel Simon found that the 100 Best winners have more satisfied employees and therefore, more satisfied customers, which correlates to substantially higher stock values.<sup>1</sup>

Every year, companies continue to raise the bar on what makes a company the employer-of-choice for women. Here are some key new trends at leading companies:

1. Child Care Programs Increase. Companies are adding to what they offer in child care to include afterschool, vacation and sick-child care, as well as kindergarten. According to the Children's Defense Fund, full-day child care costs \$4,000 to \$10,000 per year. Of the 100 Best, 63 percent offer on- or near-site child care.

Another 96 percent offer resource and referral services and reimbursements. At the company that wrote the book on corporate child care—IBM—parents have access to 63 on- or near-site child care centers across the country. Marriott offers pretax set-asides for child care and has contracted with a network of caregivers who give employees an average discount of 10 percent for full-time, before- and after-school care and some backup care.

2. Adoption aid. One of our readers wrote to thank us for calling attention to adoption benefits in our 100 Best list, saying, "Because many employees base their paid leave benefits on pregnancy's classification as short-term disability, most adoptive parents aren't allowed comparable paid leave. An adoption may require additional time to promote bonding or extended travel for international adoptions, so adoptive parents are often put in the difficult financial situation of taking extended unpaid leave." Of the 100 Best, 48 percent offer paid adoption leave.

3. Support for parents with teens and tweens. As the mother of two teenagers, I KNOW how hard this is. Big kids equal big problems. The issues are compounded by the fact that by the time women are dealing with teens, they have achieved a high level of responsibility in the workplace. To help such women, some companies are offering innovations. For example, JPMorgan Chase has designed afterschool and vacation programs to help fill a nationwide shortage for the postplayground set. Eli Lilly offers "Safe Sitter" workshops for employees' children, where during vacations, kids learn how to earn money and take responsibility for younger siblings. Pearson Education gives an Active Parenting of Teens workshop series on sexuality, self-esteem, violence and discipline. GlaxoSmithKline offers an SAT prep course.

4. Flexible scheduling and benefits for part-time workers. One hundred percent of the 100 Best Companies now have some sort of flexible scheduling—even in manufacturing industries and those that operate 24/7. The effectiveness of programs like compressed workweeks, telecommuting and flextime were validated post-9/11. In addition to fostering an independent working environment, companies were able to

<sup>1</sup>Making the **Working Mother 100 Best Companies** list increased customer satisfaction by between one and five points on the American Customer Satisfaction Index (ASCI). Cornell University Economics Professor Daniel Simon concluded that the 100 Best winners significantly boosted their worth because their generous work/life benefits resulted in happier, harder-working employees who, in turn, provided customers with better-quality products and better services. (Daniel Simon, *Happy Employees, Happy Customers: Understanding the Relationship Between Human Resource Management and Practices, Labor Market Opportunities and Customer Satisfaction*, study, Cornell University, 2002)

maintain “business as usual” through programs like telecommuting and part-time work arrangements. Also important: Many of those 100 Best employees who work a part-time schedule of as few as 15 hours a week have access to benefits.

5. And the last trend I’ll mention: Companies are helping employees with life’s emergencies, like elder-care issues or sick and emergency child care. Pernille Spiers Lopez, president of IKEA North America—named as our Family Champion this year—says, “Take care of your personal life, and the work will follow.” It’s estimated that companies lose at least \$12 billion a year, due to absences—many of which can be tied to life’s little emergencies like dealing with an elderly parent or a sick child.<sup>2</sup> Financial company PNC sends a trained geriatric specialist into the home to assess and plan for living issues for an elderly parent, such as nutrition, medicine, safety and psychological needs. KPMG offers 60 hours of in-home emergency dependent care.

It’s clear that these benefits aren’t just for moms—they’re for everyone. More dads at the 100 Best are taking advantage of these benefits. When men use work/life benefits such as parental leave or flextime, it helps lift the stigma for women.

And companies are realizing their employees need support in all stages of life. The 20-something employee needs time to get degrees or get exercise. New parents need time off to care for a baby. The seasoned worker has to handle a troubled teen or an ailing parent.

Now the 100 Best Companies are amazing—but there are only 100 of them. They employ only slightly more than 2 percent of the over 138 million employed Americans. There are millions of employees who still don’t have access to programs and benefits to help them balance their work and family lives, including some at Fortune 1,000 companies and in smaller businesses and especially at those not covered by FMLA (which affects only 6 percent of the Nation’s businesses).

There’s still much to be done. Only a handful of companies offer any paid parental leave, and only a few offer job guarantees beyond FMLA, so millions of families need the government’s help today. Forty percent of the labor force is not entitled to leave. *The New York Times* recently reported that “only 15 percent of children eligible for federally financed child care actually get it. More than 400,000 children will fall off the rolls over the next 5 years. That will mean disaster for their families.” And the double bind of required work hours and no affordable child care that faces welfare moms is untenable.

Companies can do a great deal to support their working family employees, but it’s only part of the solution.

We are asking you to support programs to help America’s working families. A national paid family leave law like that recently implemented in California would be a great start. And let’s continue the conversation about helping the part-time workers in America.

And we must continue to work toward a solution to America’s serious childcare problem. The \$6 billion welfare/childcare bill in the Senate is a great start. We at *Working Mother* also stress the importance of continued support for Headstart.

Thank you for your attention to the issue. Together, we can make a difference for America’s children, for working parents and for our country’s economy.

#### APPENDIX I

How the companies on *Working Mother* magazine’s 100 Best Companies for Working Mothers list compare with the companies nationwide:

100% of 100 Best offer flextime vs. 55% nationwide  
 99% of 100 Best offer an employee assistance program vs. 67% nationwide  
 98% of 100 Best offer elder-care resource and referral services vs. 20% nationwide  
 96% of 100 Best offer child care resource and referral vs. 18% nationwide  
 94% of 100 Best offer compressed workweeks vs. 31% nationwide  
 93% of 100 Best offer job sharing vs. 22% nationwide  
 77% of 100 Best offer therapeutic massages vs. 11% nationwide.  
 47% of 100 best sponsor sick-child care vs. 7% nationwide  
 44% of 100 best offer before/afterschool care vs. 4% nationwide  
 39% of 100 Best offer paid paternity leave vs. 12% nationwide  
 27% of 100 Best offer paid maternity leave beyond the short-term disability period vs. 14% nationwide

Senator ALEXANDER. This has been very helpful for us and for the entire U.S. Senate. This is the way we do our work. We make a record, we put a spotlight on the issues, we invite those who

<sup>2</sup>MetLife Study of Employer Costs for Working Caregivers, June 1997.

know what they're talking about to come here and share their wisdom with us. You have been especially helpful in your testimony, because you have been specific about the things that you think we could do.

I would like to invite you, after you reflect on this, if you have any further thoughts, we would like to have them. If you would like to make a list in a little different way, let me suggest this:

There are some big ideas that many of you have suggested; there are some expensive ideas. But, you should make a list for us starting with the easiest things to do and working up to the hardest that would help put the Federal Government on the side of parents raising children. Now, we will include elder care in that as well, Mr. Shum, because that is an important part of it. But we can work on several things at once, and while we're working on the tougher things or the more expensive things, there is no need to ignore the things that we might be able to just agree on and get done.

I am thinking not just about things that we need to proactively do, but some of you have suggested some barriers in the way. So, if you have time to do that, I would welcome that, and I am sure Senator Clinton and other members of the committee would as well.

Now, Senator Clinton and I have a vote in a few minutes, so we will have to wrap this up shortly. But, why don't I ask one question and then ask Senator Clinton if she would like to ask a question, and as long as we have time, we will alternate, and if you will be brief in your answers, that will give of us a chance to ask questions.

Let me go to you, Ms. Klein. You mentioned the Advance EITC problem. Tell me exactly what we need to do about that.

Ms. KLEIN. The Advanced EITC is very cumbersome for employees to apply for. What it does is give them the money and, rather than at the end of the year, it puts it in their paycheck, which is much more family-friendly, if you will. They can spend it on real weekly expenditures, whether it's utility bills or transportation, etc.

The process is very cumbersome because it requires a lot of documentation, a lot of record keeping. It requires a lot of work on the part of the employer to get the employees enrolled because it is the employer's role to do that. They can't apply for it individually. It's very cumbersome. It's just a very user unfriendly piece of legislation.

I think that was complicated this year, because the IRS did roll out a pilot to do some precertification on EITC applicants in general. That made it doubly burdensome for Advanced EITC. I think that pilot did occur last fall and it is ongoing. We would like to see and be involved in discussions about any kind of precertification or modifications to Advanced EITC. That would be, I think, as you pointed out, a very cost effective thing to do.

Senator ALEXANDER. Thank you.

Senator Clinton.

Senator CLINTON. Thank you very much.

I also want to thank the corporations that are represented here for their commitment to this, and recognize Marriott's long time commitment to employing welfare workers and getting them into

the workforce, which has been a tremendous success. We really thank you for that.

One of the mysteries to me is, as I have been involved in these issues now for a long time, it seems like, both on a personal level, balancing family and work and worrying about sick care givers and all kinds of other challenges. I have attended innumerable meetings and conferences. I have visited child care centers in every kind of setting you can imagine, emergency backup centers as well as more traditional ones. I have read the reports that seem to come out every year underscoring the benefits to businesses for these kinds of investments.

And, here we are in 2004 having yet another hearing on these matters, because we still have a big problem. As Mr. Shum's testimony pointed out, from his IBM experience, we are heading for the biggest "sandwich generation" crisis that one can possibly imagine.

Mr. Chairman, I recently met a 75-year-old woman who is now caring for her 95-year-old mother, and her 52-year-old daughter who just was in a serious automobile accident. The longer we live, the more those responsibilities will increase. We are right on the cusp of seeing an incredible conflict between the productivity needs and the personal desires of our workforce, men and women—but we all know most of the burden falls on women—and are not prepared for it. We don't have a structure in place. We don't have the right incentives in our tax system. We just are behind the curve.

I guess the first question I would like to ask each of the representatives of Marriott and JPMorgan and IBM, and of course, Carol Evans, who follows this. What do we need to do to both make the case more effectively, and if you could do one thing, either in the private or public sector, that would encourage more businesses to follow your lead, to make the investments, what would it be? Ms. Klein?

Ms. KLEIN. Thank you. That is the reason Corporate Voices was founded 3 years ago. Our charter, what we are funded to do, is to communicate the business case to medium and small sized companies. Right now, you have large corporations and big brand companies, consumer brand companies, that are involved because of a lot of branding issues, etc.

But, the medium and small sized companies are who we need to reach. We issued a report today—and it's available on the side table—and it identifies and articulates 15 company best practices for low wage and hourly earners. We will be disseminating that through the chambers, through the Business Roundtable, etc., to small, small companies throughout the country. That is exactly the reason we exist. So, we hope we are beginning to make a dent into that.

I think your point is well taken. I don't think it is that the companies don't want to do any kind of supportive policies and programs. I really think they don't know about it.

Senator CLINTON. I think that's a fair comment. There is still a lot of mythology out there about what it means. I would love to get a copy of that report on the side table, too, if somebody could maybe grab that for me.

Ms. Bunson?

Ms. BUNSON. I would actually echo what Donna just said. I think that many companies—you know, I think probably everybody here in this room with a vested interest in this issue has sat through many forums like this, where the business case is very clear. But, I don't know that, on a national level, we have had a real concerted campaign, essentially, to get the business community enrolled, the business community being large and small employees, about the value of providing these kinds of support services to working parents.

Having been in this field for maybe 14 years now, I think the attention at the national level is a little bit episodic in that it ebbs and flows. My experience in the business world is you can't give up because of that. Getting attention for a short time and then lose attention are things that business leaders start to question. And, what we're talking about is a long-term strategy for change.

So, I think some sort of a campaign that would really say, you know what, this issue is critical, it's critical to the country, it's critical to our employees, it's critical to our competitiveness, and it is not going away, in compelling language, would make a huge difference for issues that employees face both in dealing with parenting issues as well as elder care concerns.

Senator CLINTON. Thank you.

Mr. Shum?

Mr. SHUM. Thank you.

Two things. We found that flexibility is not just a nice thing to do. It is a business imperative. We have also found that there is a direct correlation between a manager who believes in flexibilities and allows flexibility practices in his or her department and the employee morale and productivity for that particular group. There is a direct relationship.

We also have done a number of work life surveys, and we asked questions like "what would be the things that would cause you to leave IBM before your time?" Work life issues typically come in around number three or so. But, for three groups of employees—our top performers, employees under 40, and women—the number one reason was work life balance. So, those things have made it very compelling for us, and that's the story that we tell.

Senator CLINTON. What percentage of your total workforce are those three categories; do you know?

Mr. SHUM. I don't have that exact percentage with me right at the moment.

Senator CLINTON. That is a significant number. Thank you.

Mr. SHUM. Yes.

Senator CLINTON. Ms. Evans?

Ms. EVANS. Well, on the small and medium sized companies point, first of all our list has no limit on size, either up or down. So, we have lots of small companies that apply and we have lots of small companies that make this list. I think it's very interesting. Patagonia has only 492 employees, and they have made the list for years. JFK Medical Center, many hospitals that focus very clearly on their female employees because they have a very high percentage, are doing great, great things.

The small companies say, oh, the big companies have so many resources, it's easy for them. And the big companies say, oh, the

small companies have so few employees, that it's easy for them. The truth is that they both can do it.

But, I think institutionalizing some of the things that just make logical sense is such an important point. For example, when you take flexibility, if you can take flexibility from being the manager's discretion and you say this flexibility is required to be allowed by every manager and every department, and we will set up a template that reflects the reality of that department, but it will follow flexibility rules for the company, then every employee gets flexibility, not just the ones who have a really nice manager. This is what we're trying to encourage companies to do, is to institutionalize.

One thing that the Government can do, very importantly, is to look at their relationship with their employees—and the Government is probably still the biggest employer in the country. You should look at how the Government could institutionalize flexibility for their employees, and lead as an example. I mean, the Government can be, and is in many cases, a test case of how flexibility, how child care, how all of these benefits for employees can work for American businesses.

Senator ALEXANDER. Thank you again. I think we're coming up so close to voting time, Senator Clinton, that it is time to wrap this up.

This has been very helpful. It coincides with the release of some important new research and information by two of the witnesses' organizations here today. You have given us specific suggestions about how we can work on this, and we will continue to focus in this Subcommittee on Children and Families on the job of being a parent, and this discussion today on workplace and family-friendly workplaces has been very helpful.

I would like to thank our staff, which has worked awfully hard putting this together. Marguerite Sallee and Page Curry have done a terrific job working with Senator Dodd's staff. Thank you very much.

The hearing is adjourned.

[Whereupon, at 11:45 a.m., the subcommittee adjourned.]