

The Economics of Work and Family

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Introduction

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Each of the six chapters in this volume was first presented as a public lecture as part of the Werner Sichel Lecture-Seminar Series for the academic year 2000–2001. This series is sponsored jointly by the Department of Economics at Western Michigan University and the W.E. Upjohn Institute for Employment Research. The series was titled “The Economics of Work and Family” and included research from six prominent economists specializing in family- and employment-related economic studies. The chapters tackle five broad subjects: child care, parents’ time allocation, childbearing decisions, the Family and Medical Leave Act (FMLA), and the relationship between family structure and labor market outcomes.

Each of the authors is a nationally known and widely published expert. However, rather than attempting to present highly technical research evidence, the intent of this volume is to be accessible to readers from a wide variety of backgrounds, including policymakers, social scientists, and college students. In fact, the collection of lectures would serve as a useful companion piece in a course on economics of gender.

Perhaps the most significant problem workers face when attempting to mesh their work lives with their family lives is what to do with young children during parents’ work hours. Broadly stated, the child care problems are availability, affordability, and quality. What are the magnitude and scope of these problems, and what might be government’s role in alleviating these concerns? The first two chapters in this volume address these topics.

The first chapter, by Professor David M. Blau of the University of North Carolina at Chapel Hill, is titled “Federal Child Care Policy: An Evaluation and Proposal for Reform.” Blau, a leader in framing the child care debate in the language and logic of economics, begins by describing the current role of the federal government in subsidizing child care and early education. Next he outlines the sources of market

failure in the child care market, and based on this outline he delineates the goals that federal child care policy should address. Finally, centered on these ideal goals, he presents his vision for federal child care policies and illustrates their costs.

As Blau describes, the job of regulating child care falls to the states. At present, the federal government intervenes in the child care market by providing financial support through a number of targeted child care subsidies. After describing the various federal child care subsidy programs, Blau analyzes two broad reasons for federal government involvement in the child care market. First, government intervention might be necessary to help low-income workers achieve self-sufficiency because quality child care is expensive and unaffordable for many lower- or even moderate-income families. Second, the government might play a role in rectifying some of the imperfections in the child care market; for example, parents often do not possess complete information about the overall importance of quality child care nor about the actual quality of care their own children receive. Blau explains that the numerous justifications for intervention can be reduced to two oft-conflicting goals: encouraging parents' employment and enhancing child development.

Blau concludes that the primary goal of child care policy ought to be to strive (within obvious cost constraints) to enhance child development. Using this policy goal, he describes in detail a totally revamped federal child care policy that provides significant child subsidies to parents, who will then be responsible for making their own employment and child care decisions. His proposal offers incentives for purchasing quality care, but they are not contingent on parental employment. Finally, in his conclusion, Blau hopes to influence the child care debate with a clearly devised policy that recognizes trade-offs between different goals and takes a stand behind a single goal—improving child development.

The second chapter, also on the topic of child care, is written by Professor Emerita Barbara R. Bergmann, retired from both American University and the University of Maryland. Bergmann exploits her many years of commitment to the integration of sound economic thought with responsible social policy in her more expansive interpretation of government's role in child care. This chapter, titled "Thinking about Child Care Policy," focuses on the importance of affordable, quality child care to lower-income families and their ability to achieve

economic self-sufficiency.

Contrasted with Blau's chapter, Bergmann's piece, while filled with data and computations, is more of an advocacy statement concerning the impact of child care costs on families' standards of living. She summarizes the costs of care and its affordability for families of different income levels. Next, based on these analyses, she develops a workable definition of "affordable" child care and outlines its important characteristics. Finally, she projects the costs of three new child care policy plans, with increasing subsidy eligibility for more families. The plans range from targeting the most disadvantaged families to providing universal coverage. She argues that while these plans are expensive, they are cost-effective and crucial if we as a nation wish to ameliorate the effects of child poverty and encourage self-sufficiency (with an accompanying improvement in quality of life) for disadvantaged families.

Professor Cordelia W. Reimers of Hunter College and the Graduate School of the City University of New York is the author of the third chapter, titled "Parents' Work Time and the Family: Thirty Years of Change." This chapter summarizes the evolution over time in the way that parents divide their time between home activities and paid work. Reimers explains that the enormous changes in work behavior, family incomes, family structure, and fertility rates throughout the last three decades of the twentieth century have worked both to increase and decrease parental time available for their children. This chapter examines the demographic trends in detail and reports the net impact of these trends on parental time devoted to their children.

Reimers details the following five demographic trends: changing family structure (in particular, the rise in single-parent households), increases in parents' combined work time (arising from increased maternal employment and work hours), the surprising stability in median family income, the widening distribution of family income, and declining fertility rates. Reimers uses national survey data for various years spanning the period 1960–1999 from the Current Population Survey, a survey conducted by the U.S. Census Bureau. She includes in her discussion a comparison across race and ethnicity and explains the net outcomes for children arising from these broad trends. She exploits the availability (albeit limited) of data concerning explicit time use by parents. One surprising finding is that mothers'

time spent in child care has declined by only 10 percent, with the bigger loss seen in mothers' free time. Additionally, as an increasing number of mothers assume more responsibilities outside the home, fathers have been slow to pick up the slack at home, although their time in unpaid home work has increased somewhat. Finally, Reimers discusses the implications of mothers' market work for their power within the household and the potential consequences of this enhanced power for child well-being.

In her conclusions, Reimers describes several possible policy responses to the rising concerns about the family "time crunch," with a focus on employer responses to the work and family conflict. These include enhanced "flex-time," voluntary shift work, increased possibilities of home-based work, expansion of the Earned Income Tax Credit, and finally, precisely the policies discussed in Chapters 1 and 2 that would affect the affordability and quality of child care.

What are the links between women's childbearing behavior and their employment outcomes? Professor Susan L. Averett of Lafayette College examines this topic in her chapter, titled "Fertility, Public Policy, and Mothers in the Labor Force." Averett focuses first on fertility (childbearing). She explains in nontechnical terms the way that economists model fertility decisions. Then she outlines the relationship between public policy and fertility behavior, with a focus on taxes, welfare policy, Medicaid, and maternity leave. Next Averett turns to a discussion of the employment behavior surrounding childbirth for mothers holding professional jobs, and finally to an examination of the family pay gap: a comparison of the earnings differential between working mothers and women without children who work. In her conclusion, Averett restates the fundamental premise of her chapter: despite having no explicit policies designed to affect fertility rates, it is clear that past and existing policies in the United States *have* had some impact on decision making regarding fertility choice. She concludes that "it is of increasing importance to examine the delicate balance between work and family that many women must maintain," for women all along the income/education spectrum.

Chapter 5, "How Family Structure Affects Labor Market Outcomes," is also related to the topic of fertility and labor force participation. The author, Professor Joyce P. Jacobsen of Wesleyan University, is a prominent researcher of gender issues. Her book, *The*

Economics of Gender, now in its second edition, has become a standard reference work in this area. Her chapter summarizes trends in family structure and labor market outcomes, and the reasons the two may and may *not* be related.

Jacobsen begins this discussion by presenting the definition of a family and the meaning of family structure, and the range of labor market outcomes to be examined. Then she presents descriptive evidence about these two concepts and develops the reasoning economists use to explain why there may or may not be a relationship between the two. Finally, she reviews some of the extensive research that has been conducted in this area and considers whether these findings contain any policy relevance. As Jacobsen explains, the mere presence of linkages between family structure and labor market outcomes does not lead necessarily to the conclusion that there is a “problem” for policy initiatives to remedy. The clearest grounds for intervention exist in the realm of labor market outcomes that can be tied to “accidents of birth.” That is, none of us is responsible for which family we are born into, and to the extent that birth family circumstance negatively affects future work possibilities, there might be grounds for policy intervention.

Potentially one of the most important policy advances in recent history was the passage of the federal Family and Medical Leave Act (FMLA) in 1993. This landmark legislation mandates 12 weeks of unpaid, job-protected leave each year for eligible workers for caregiving and medical reasons. The FMLA legislation includes as an explicit goal the promotion of economic security for all families. Dr. Katherin Ross Phillips of the Urban Institute has studied this legislation in depth and reports on her findings as well as the broader literature in Chapter 6, “Working for All Families? Family Leave Policies in the United States.” She summarizes the existing evidence concerning the utilization of FMLA leaves and analyzes its impact on family economic security.

Phillips begins her discussion by describing the FMLA and explaining its connections to various state and employer leave policies. Then she discusses the importance of access, or eligibility, to this leave coverage, and the linkages between access and family income level. Unfortunately, as is common with other family-related policies, the less that families are likely to have to rely on a federal mandate, the more likely they are to be covered by the FMLA

mandate. That is, higher-income families are more likely to have a family member employed in an FMLA-eligible job.

After Phillips discusses access to FMLA leave, she moves on to the discussion of actual take-up of such leave. Because the mandated leave is unpaid, many families simply cannot afford to take it. She describes the types of workers and family members who report having taken such leave and finds that the majority of workers taking FMLA leave report reasons other than childbirth for their leaves. This merely confirms the argument made by the legislation's early proponents that it was truly family policy, not women's policy. Phillips concludes her chapter by describing several policy solutions to the access and take-up problems that she has outlined.

The work/family topics covered in this volume are timely given the passage of family-related legislation such as the FMLA in 1993, as well as the 1996 federal reform of welfare that pushed millions of unskilled single mothers into the workforce. As we as a nation attempt to recover from the current recession and from the lingering economic effects of the September 11, 2001, terrorist attacks, consideration of the factors that facilitate or hinder families' economic security must not be lost.

Finally, I want to use this volume to publicly mourn the untimely death last year of well-known economist and policy researcher Professor Leslie A. Whittington of Georgetown University. She devoted her academic career to studies intended to enhance our understanding of the linkages and conflict between work and family. She, along with her husband and two young daughters, was killed in the September 11 terrorist attacks. Any dialogue and informed policy debate that stems from this volume would be a fitting memorial to Professor Whittington.