NINE FACTS ABOUT AMERICAN FAMILIES AND WORK

The Council of Economic Advisers

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Introduction

In this report we lay out nine important facts about American families and work which together illustrate the changes that are needed to ensure our long-term economic growth, maintain our economic competitiveness, improve the well-being of Americans, and make full use of all of America’s talent.

The interaction between our family lives and our work lives has profound implications for our economy. Most workers have caregiving responsibilities for others—children, elderly parents, aunts, or uncles, spouses, or adult children with disabilities, including returning veterans. Trying to balance breadwinning and caregiving responsibilities without the support of work-family policies designed to help families navigate these complexities is leaving too many families stressed, exhausted, and burdened by work-family conflict.

These choices that families face as individuals are intimately linked to the success of our businesses and our economy. When workers are choosing companies based on their family-friendly policies, the companies that adopt such policies are better able to attract and retain talent. And when more companies have adopted such policies workers will be able to choose their job focusing more on where they will be most productive.

Growth in women’s labor force participation and earnings has been essential for both family incomes and our overall economy. Without the gains women have made since 1970, median family income would be $13,000 less today and our overall economy would be $2 trillion dollars smaller. Making it easier for everyone to participate in the economy to their fullest potential is an essential ingredient in economic success.
Fact 1: Mothers are increasingly the household breadwinners.

Mothers are bringing home more of family income than ever before. Mothers’ income is not just supplemental—it is increasingly a necessary source of funds to pay for childcare, housing, transportation, and other essentials. More than 40 percent of mothers are now the sole or primary source of income for the household. This reflects both a rise of single mothers, 65 percent of whom participate in the labor force, and the fact that more married women are out-earning their husbands. Overall, 24 percent of married women earn more than their husbands compared to only 7 percent in 1970.

Most of the growth in family incomes over the past several decades has come from women’s rising earnings. In 2013, the income of employed married women comprised 44 percent of their family’s income, up from 37 percent of household income in 1970. Turning to all women, we see that their income has tracked the rise in GDP per capita, while male income has stagnated. That means that nearly all of the rise in family income since the 1970s has been due to the earnings of women. In fact, if women’s participation had not increased since 1970, median family income would be about $13,000 less than what it is today.

Both men and women think it is important that women work either full time or part-time, regardless of their children’s ages, and increasingly, both men and women disagree with the male-breadwinner model of the family.

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2 CEA analysis of Current Population Survey
4 CEA analysis of Current Population Survey
Despite the rising importance of mothers’ earnings to family income, women in the U.S. are still paid on average only 77 cents for every dollar a man makes.\textsuperscript{6} Closing the gender wage gap is important for improving family outcomes, such as reducing the number of individuals, and especially children, who live in poverty. Furthermore, CEA estimates that increasing the wages of working women by 10 percent would lift nearly 1.3 million individuals out of poverty. One policy that could make progress in this direction--increasing the federal minimum wage to $10.10 per hour--would decrease the gender wage gap by 5 cents.\textsuperscript{7}

\textsuperscript{7} White House. 2014. “The Impact of Raising the Minimum Wage on Women and the Importance of Ensuring A Robust Tipped Minimum Wage.”  
http://www.whitehouse.gov/sites/default/files/docs/20140325minimumwageandwomenreportfinal.pdf
Fact 2: Fathers are increasingly family caregivers.

Dads are increasingly playing the role of the primary caregiver in the household. Today 1 in 5 fathers are now the primary caregiver of preschool-age children when the mother is employed. In the last 25 years, the number of stay at home dads with a working mom doubled. In the last four decades, the number of father-only families more than tripled, and currently 7 percent of families with children are father-only families.

In keeping with the shift in marriages to equal partnerships based on shared interested and background, with both partners contributing to income and caregiving, fathers change diapers, give bottles, and bring children to and from school. Although fathers continue to spend less time on childcare than mothers, this gap has narrowed over the past 10 years, and dads are increasingly performing caregiving activities traditionally done by mothers. Overall, fathers are spending more time on childcare and housework, and have not reduced their paid work hours by a commensurate amount. In 1965, fathers spent 49 hours per week doing paid work and taking care of their family; in 2012 that jumped to 54 hours per week. Fathers are doing 4.6 more hours of child care per week and 4.4 more hours of housework per week, yet two-thirds of men and nearly three-quarters of women think that men should be spending more time caring for children.

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8 Survey of Income and Program Participation, 2011
9 Census Table MC1 from 2013 Current Population Survey
10 Census Table FM-1 from Current Population Survey
11 Bianchi et al. (2006); American Time Use Survey; CEA calculations
12 General Social Survey, 2002; CEA calculations.
With dads working 5.5 hours more per week doing paid work, housework, and childcare compared to 1965, it is no surprise that the majority of dads are looking for a solution to work-family conflict. In 2008, 60 percent of dads in dual-earner couples reported work-family conflict compared to 35 percent in 1977. And dads are starting to vote with their feet, looking for jobs that allow more flexibility, require less travel, or include paid paternity leave.

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13 All statistics from CEA analysis of 2012 American Time Use Survey
Fact 3: Women make up nearly half of today’s labor force.

Today’s workforce is comprised more equally of men and women than in the past. Today women make up 47 percent of the labor force, compared to 38 percent in 1970. While women continue to work fewer hours then men on average, women are working more hours than they used to and their share of total hours has risen 10 percentage points over the past 40 years. This growth in women’s paid work was responsible for nearly a fifth of the growth in real GDP in the 1970s and 1980s. Today, our economy is 13.5 percent larger than it would be if women were employed at the same rate that they were in 1970 and worked the same number of hours on average. That’s an additional $2.0 trillion in GDP due to the increased attachment of women to the labor force since 1970.

The lesson is clear: if we want to increase the pace of economic growth we should make it easier for more men and women to participate in the labor force. After rising rapidly in the 1970s and 1980s, women’s participation in the workforce has stagnated in recent decades. Indeed, over the last fifteen years, the only gains in women’s labor force participation have come from those age 55 and over. However women have continued to make gains as a share of the workforce both because the hours gap between men and women has continued to narrow and because men’s labor force participation has continued its long-run decline.

In 1990, the U.S. ranked 7th among 24 developed countries in women’s labor force participation, but by 2012, the U.S. had fallen to the 16th position. Not unrelated, the U.S. increasingly lags other developed countries in providing flexible work and paid leave arrangements that enable all workers to be a part of the workforce and to build long-term careers, while also providing care for their families.

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15 Bureau of Labor Statistics, Current Population Survey. These figures include individuals ages 16 and older as well as self-employed workers, who are 58 percent male.
16 CEA analysis of Current Population Survey
17 CEA calculations. It includes the impact of increasing hours and participation.
18 OECD (2012)
Fact 4: Women are increasingly among our most skilled workers, attaining the majority of college degrees, and deepening their work experiences.

Women are fast becoming our most educated workers—they are attending school at higher rates, and they are entering a wide range of careers and deepening their work experience. Women’s educational attainment grew during the 1970s and 1980s, catching up with college-going rates of men. In the early 1990s, women were as likely as men to graduate college, but women’s growth in educational attainment has continued and today substantially more women than men attend and graduate college. This rise in college attendance takes time to show up in the labor force, but women’s share of the college-educated labor force is rising. Moreover, the education pattern of young workers makes it clear that women will soon be the majority of college-educated workers. In 2013, women ages 25-34 were more than 20 percent more likely than men to be college graduates.  

Women are also deepening their labor market experience, closing the gap between their work experience and that of their male counterparts. In 2012, the gap in median job tenure closed for the first time since the Bureau of Labor Statistics began measuring the figure in 1983. In those thirty years, women’s median job tenure has increased nearly 30 percent (compared with a decline of about 9 percent in men’s median job tenure).

Women also continue to make inroads in historically male-dominated occupations and in professional and graduate degree programs. In 1968, women made up less than 10 percent of the

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21 Copeland (2012).
entering classes of MD, JD, and MBA programs, but the share of female students has grown to nearly 50 percent in each program. Today, female college graduates ages 30 to 34 are just as likely to be employed as doctors, dentists, lawyers, professors, managers, and scientists as they are to be employed as teachers, nurses, librarians, secretaries, or social workers. This reflects the closing of a substantial gap—women in the 1960s were 7 times more likely to be in the latter, traditionally female, occupations. More generally, in 1970, more than 60 percent of occupations were so male dominated that 80 percent or more of their workers were male. Today only about one-third of occupations are male-dominated by this definition. While much progress has been made in occupational segregation, clearly there is more work to be done in both getting women into predominately male-dominated occupations and men into female-dominated occupations. For instance, the share of occupations in which women are 80 percent or more of the workers has remained relatively constant at 10 percent.\textsuperscript{22}

In particular, women have not reached parity with men in some of the most highly compensated occupations. For example, less than 20 percent of graduates in computer science and engineering are women, down from 37 percent in 1985.\textsuperscript{23} Reducing barriers to female occupational choice, including gender discrimination, would not only raise women’s earnings, but would also increase overall productivity by better matching worker skills to jobs. Recent research has shown that women can help drive innovation and better target female customers and employees.\textsuperscript{24} In addition, studies estimate that 15 to 20 percent of wage growth in the last 50 years was due to a decline in barriers to occupational choice.\textsuperscript{25}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{chart.png}
\caption{Average Salary of Professional Degree Recipients by Age and Gender}
\end{figure}

Source: Current Population Survey and CEA Analysis.

\textsuperscript{23} Pew Research; National Science Foundation (2013).
\textsuperscript{24} Center for Talent Innovation (2013)
\textsuperscript{25} Hsieh, Hurst, Jones, and Klenow (2012)
Fact 5: Most children live in households where all parents work.

Today, across married and single parent families, all parents are working in more than 6 out of every 10 households with children, up from 4 out of 10 in 1965. This includes both dual-earner couples as well as single working parents, both of which have been increasing. This steady increase over the last 40 years also holds for families with kids where the youngest child is under one-year old.

While more families have all parents in the workforce, and therefore a need for childcare, affordable childcare has become increasingly hard to find. Child care costs have steadily increased in the last 25 years, making it harder for parents to find affordable childcare when children are young and after school or when school is not in session. Even with affordable care parents must be able to handle the occasional call from their childcare provider telling them that they have a child too sick to stay in school or who needs to see a physician. Without workplace flexibility and a supportive work environment, it can be difficult for parents to handle these unexpected childcare needs, especially since almost one-quarter of adults report that they have lost a job or were threatened with job loss for an absence due to illness or having to care for a sick child or relative. This problem is even more acute for low-wage workers who are the least likely to have workplace flexibility options and can least afford to take unpaid leave. Moreover, low-wage workers often face unpredictable schedules with little advance warning making it challenging to schedule even routine well-child doctor visits or teacher meetings.

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27 Current Population Survey; CEA Calculations
28 US Census Bureau (2013)
29 Smith and Kim (2010)
Fact 6: Caregiving doesn’t end when the children are grown: eldercare is a growing responsibility of workers.

There are many people who need care besides children: the elderly and those with disabilities including grown children, spouses, siblings, and returning veterans. Most people care for someone besides themselves or a child during their lifetime. Approximately 40 million Americans (16 percent of the population aged 15 and older) provide unpaid care to an elderly relative or friend each year.30 Men and women are similarly likely to be providing eldercare, 15 and 17 percent respectively, although women spend slightly more hours per week providing eldercare than men (3.5 hours a week versus 2.9).31 When providing eldercare, caregivers engage in a variety of activities, including providing physical and medical care, helping with housework, and socializing and communicating.

The majority (63 percent) of people providing unpaid eldercare have jobs, with about half of caregivers working full-time. And one-fifth of eldercare givers are also caring for young children. Parents who provide eldercare have even higher rates of employment—78 percent are employed, and 62 percent work full-time. These members of the “sandwich generation”—those caring for elderly relatives and young children—face special challenges in balancing work and family. The percentage of households with both children under 18 and adults over the age of 64 has been rising for the past 30 years. In addition, workers are also caring for relatives living outside the household—and non-household members account for the vast majority (85 percent) of all unpaid eldercare.32

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30 In 2011, the American Time Use Survey began asking questions about time spent caring for older individuals. The data reported are for 2011 and 2012.
31 Bureau of Labor Statistics (2013c)
Fact 7: Men and women alike face challenges as they try to balance work and family.

Men and women are increasingly pressed for time and, as a result, struggle to meet their work and family responsibilities. Dads’ desires to be active caregivers and to share parenting with their partners has likely contributed to the unprecedented level of reported conflict between work and family among men. In 2008, 60 percent of fathers in dual-earner couples reported work/family conflict up from 35 percent in 1977 (a 71 percent increase in just one generation).33 This proportion surpassed the number of mothers in dual-earner couples reporting work/family conflict.

Increasingly, both men and women report that work interferes with family—not the other way around.34 In 2010, 46 percent of working men and women reported that their job demands interfered with their family life sometimes or often, up from 41 percent in 2002. In contrast, less than 30 percent report that their family interferes with their work life.

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33 Galinsky et al. (2011).
34 King (2005).
Fact 8: Many workplaces have not kept up with the needs of 21st century workers and families.

Workers struggling to balance their work and family obligations are increasingly choosing to work for employers that offer flexibility, and workers, in some cases, are leaving jobs that don’t offer the flexibility or time off they need to address their family responsibilities. Overall, a third of workers have passed up a job because it conflicted with family obligations, including 49 percent of working parents with kids under 18. Similarily, research finds that women are increasingly choosing career paths with flexibility over the year, week, and day such as dentistry, veterinary medicine, optometry, and pharmacy.

Nine in ten Americans believe employers should offer workers flexibility to meet their families’ needs, so long as their work gets done. Over half of workers feel they could do their job better if they were allowed a more flexible schedule. Nearly half of parents say they have chosen to pass up a job they felt would conflict with family obligations. More than a third of parents believe they’ve been “passed over” for a promotion, a raise, or a new job due to a need for a flexible work schedule.


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Dads are joining women in prioritizing jobs that allow more flexibility, require less travel, or include paid paternity leave. For example, a 2014 survey of high-skilled working fathers conducted by researchers at Boston College found that 89 percent of these fathers reported the availability of paid paternity leave as an important consideration in seeking a new job if they planned to have another child. Likewise, 95 percent of these working fathers reported that workplace flexibility policies allowing them to actively engage with their children were an important job characteristic.\(^{37}\)

Popular rankings and lists such as the 100 Best Companies list, which is compiled each year by Working Mother Magazine to evaluate companies with over 500 employees on their workplace policies on parental leave, back-up and sick-child care, career advancement, and workplace flexibility, help working women and men identify family-friendly companies.\(^{38}\)

The United States is one of three countries in the world, and the only developed country that does not have mandatory paid parental leave policies, which means that aside from a few states and municipalities that have adopted paid parental or sick leave policies, it is up to business to offer this important benefit. However, only 11 percent of private sector employers offer formal paid leave specifically for family reasons.\(^{39}\)

The Family and Medical Leave Act guarantees unpaid leave, however it only covers about 60 percent of workers.\(^{40}\) About half of workers believe that they could take paid leave for a family reason, although the gap between workers beliefs and employer compensation surveys suggests that this is comprised of a web of informal policies and an ability to use other forms of leave for family reasons in addition to formal employer paid leave for family reasons.\(^{41}\)

<table>
<thead>
<tr>
<th>Access to Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reason</strong></td>
</tr>
<tr>
<td>Family</td>
</tr>
<tr>
<td>Own Illness</td>
</tr>
<tr>
<td>Vacation</td>
</tr>
</tbody>
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The availability of paid leave and workplace flexibility policies varies substantially across the income distribution, and low-wage workers in particular face multiple workplace challenges, including inflexible, yet variable, schedules coupled with an abundance of part-time work. Only half of workers earning less than $540 a week (about $13.50 an hour at full-time hours) have access to any form of paid leave, compared to more than 80 percent of workers earning more than $1,230 a week ($30.75 an hour at full-time hours).\(^{42}\) And low-wage workers are most likely to report not being able to take unpaid leave because they cannot afford it. On the other hand, high-wage workers report being unable to take leave because they have too much work.

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37 Harrington et al. (2014).
38 Working Mother Media (2013).
41 ATUS 2011, CEA calculations
42 CEA analysis of 2011 American Time Use Survey
Although less than half of workers currently have access to paid leave for family reasons, more than 80 percent of men, and 90 percent of women, assert that women should have access to paid maternity leave.43 And about one-third of men (32 percent) and women (38 percent) report that mothers and fathers should take equal amounts of paid leave for the birth of a child.44

Finally, one additional way in which workplaces need to adapt to modern times is workplace climate. Women are leaving jobs, and in some cases careers, because of a sense of being in an uncomfortable or unsupportive environment. 56 percent of women drop out of computer science professions by midcareer – double the rate of men – in some cases because they experience sexist or demeaning workplaces.45 Specifically, nearly 40 percent of women who quit science, engineering, and technology jobs cite a “hostile macho culture” as their primary reason for leaving, compared to 27 percent who cite compensation. Only about half of the women who quit jobs because of the culture continue their career in science, technology, and engineering fields.46

43 General Social Survey (2002)
44 General Social Survey (2012). The remaining two-thirds answered that women should take the majority or the entire amount of paid parental leave.
45 Hewlett at al. (2008).
46 Hewlett at al. (2008).
Fact 9: Providing workplace flexibility and paid leave strengthens families, businesses, and our economy.

Although workplace flexibility policies have an upfront cost, they have been shown to generate a positive return for employers. Policies that increase workplace flexibility, such as job sharing, phased retirement of older workers, flexible hours, and use of telecommuting, allow workers to continue making productive contributions to the workforce while also attending to family and other responsibilities. Having access to flexible workplaces is important to many workers: in 2006, 50 percent of men and 57 percent of women reported that workplace flexibility and flexible hours were important or very important characteristics of a job.47 Likewise, a 2011 Gallup Poll finds that having access to flexible work arrangements was highly correlated with greater worker engagement and higher well-being.48

Because they are important to workers, these policies help businesses attract and retain talent, contributing to a business’s bottom line. One study tracked the announcements of new work-life balance policies by Fortune 500 companies and found firms’ stock prices rose 0.36 percent on the days following announcements, suggesting investors believe these policies to be profitable investments.49 A comprehensive study of 700 firms in the U.S. and Europe conducted by business management researchers found that work-life balance policies are positively associated with good management.50 In addition, a randomized evaluation found that when call center employees were allowed to work from home, there was a 13 percent performance increase.51 Research suggests that both employees and employers can benefit from higher wages, better training, and benefits. Costco pays its employees about 40 percent more than its competitors, but Costco employees sell $986 per

48 Harter and Agrawal (2013);
49 Arthur (2003). Similar findings have been documented over a longer time period. See Edmans (2011).
square foot, as compared to $588 per square foot at their largest competitor.\textsuperscript{52} Additionally, a survey of 253 employers affected by California’s paid leave program, which offers almost all private sector workers up to 6 weeks of paid leave, found that over ninety percent of employers reported either a positive effect on profitability, turnover, and morale or reported no noticeable impact.\textsuperscript{53}

Because many employers may not have accurate information about the costs and benefits of workplace flexibility practices and because some of the benefits may extend beyond the individual employer and its workers, wider adoption of such policies and practices likely offers more benefits to firms, workers, and the U.S. economy than employers may realize.

With women and men increasingly sharing breadwinning and caregiving responsibilities, today’s working families need a modern workplace—one with workplace flexibility, paid leave, and quality child and eldercare. Such policies are beneficial for the economy as they lead to higher labor force participation, greater labor productivity and work engagement and better allocation of talent across the economy. The International Monetary Fund and the Organization for Economic Cooperation and Development have both identified childcare policies and paid leave as important drivers of female labor force participation.\textsuperscript{54} These policies are also essential for long run growth as they allow for better bonding between parents and children which has been shown to lead to better outcomes for the kids as adults. Researchers have shown that children of women who receive paid maternity leave can earn on average 5 percent higher wages at age 30.\textsuperscript{55} More broadly, closing the male-female employment gap would raise GDP by 9 percent.\textsuperscript{56}

\begin{itemize}
\item \textsuperscript{52} Ton (2012).
\item \textsuperscript{53} Appelbaum and Milkman (2011).
\item \textsuperscript{54} Elborgh-Woytek et al. (2013).
\item \textsuperscript{55} Carneiro et al. (2011).
\item \textsuperscript{56} CEA calculation. Other studies find similar results—see Aguirre et al. (2012) and Goldman Sachs (2007).
\end{itemize}


