Public and Private Roles in Supporting Working Families

An Urban Institute Roundtable

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While the vast majority of low-income parents today works steadily, many still struggle to make ends meet and address family needs. Many parents find it difficult to support their families in jobs that offer few benefits or links to public supports. The current patchwork of public and private programs, many of which are not specifically geared toward working families, can create major challenges.

At the same time, employers are balancing their financial and productivity objectives in an increasingly global, competitive market. They must address the challenges of recruiting, hiring, and retaining a skilled workforce in the context of these competitive demands. U.S. public policies generally give firms significant latitude in their workforce practices. As a consequence, some firms choose to respond to global competition by lowering wage costs, limiting benefits, and accepting high employee turnover, while other firms respond by offering higher wages and benefits but demanding higher productivity. Even within the same industry, different firms may make dramatically different choices.

Given these factors, the debate about appropriate public and private roles in such areas as provision of health insurance, narrowing the skills gap, and the need for paid parental leave appears to be intensifying in many states and in Washington, D.C. Many researchers, labor experts, and policymakers who in the past have focused primarily on public programs are now considering how both the private and public sectors can support working families and, at the same time, encourage productivity and organizational competitiveness. But questions remain about what supports to provide, the appropriate balance of public and private supports, the role of public policy in encouraging or mandating stronger private-sector involvement, and the level of public investment needed.

To facilitate a dialogue on these issues, the Urban Institute, through support from the Annie E. Casey Foundation, sponsored a May 2007 roundtable, “Public and Private Roles in the Workplace: What Are the Next Steps in Supporting Working Families?” A group of about 45 business leaders, practitioners, national policy experts, researchers, and advocates discussed the problems and potential solutions, striving for constructive discourse rather than a final consensus. “We need to develop a better understanding of
the strategies for public and private partnerships,” noted Urban Institute President Robert Reischauer in his opening remarks.

After a introductory session establishing the policy context for the roundtable discussion, sessions focused on four specific topics: (1) the circumstances and conditions of low-income workers with families, the jobs they hold, the employers they work for, and the communities in which they live; (2) strategies for building workers’ skills and helping them advance that draw on both the public sector and private employers; (3) the limitations of the employer-sponsored health insurance system for low-income workers and strategies for increasing coverage; and (4) policies for helping low-income working parents better balance their responsibilities to their families and their employers.

This conference report lays out the salient issues and themes that arose from the roundtable. It briefly summarizes papers that Urban Institute researchers presented to set the stage for discussion, and then delves into the ideas and perspectives of the participants on each of the core topics. It concludes with a summary of participants’ suggestions for possible future policy and research directions.

**The Policy Context: An Opportunity for Change?**

The roundtable discussion began with a general discussion about the struggles facing both low-income workers and their employers, and the potential opportunity to improve the status of low-income parents. Several participants suggested that the time may be right to create a better work environment that provides low-income employees with the tools to advance and the means to support their families. The roundtable included many business voices that generally concurred, from the National Small Business Association (NSBA) to the National Association of Manufacturers (NAM). “With a tight labor market, there is an extraordinary window for employers to make changes,” said Phyllis Eisen, executive director of NAM’s Center for Workforce Success. “There’s a real push to change the paradigm.”

A demographic shift toward more retirees and, possibly, fewer young entry-level workers—combined with the changing dynamics of new immigrant labor—will influence labor markets in the coming years. Some analysts forecast a tight labor supply that will place upward pressure on wages and render employees more valuable to employers, supporting possible openness to changes in workplace policies, despite some concerns that globalization may stymie wage and benefit growth for less-skilled workers.

The time may also be right to encourage investment in strategies to address the needs of children growing up in low-income families and improve their opportunities. Several participants noted that in recent months these issues have gained attention in D.C. and in some state capitals. Since most children now have working parents, more on-the-job supports could have significant payoffs for low-income families.
Finally, the lack of health insurance for many workers is nearing crisis proportions, with costly ramifications, spurring policy innovation in this area. As evidenced by recent action toward universal coverage in several states—with Massachusetts and California at the fore—increasing health coverage has become a national priority. Solutions here, as elsewhere, will require public and private input, with the shared goal of ensuring better worker security.

Low-Income Workers, Their Employers, and Their Communities

To provide context for the roundtable, a paper by the Urban Institute’s Gregory Acs and Austin Nichols presented a portrait of low-wage workers, their families, and the kinds of jobs they typically hold. Genevieve Kenney presented analysis she and her colleagues conducted that explored low-income working families’ access to employer-sponsored health insurance (ESI), paid sick leave, or paid vacation time, with a special emphasis on families grappling with health issues. Finally, a paper by Nancy Pindus and colleagues examined the role of “place,” discussing factors that determine the locational decisions of organizations and workers about where to do business and where to live.

So, who are low-wage workers and their families? We know that most low-wage workers have high school degrees but little education beyond that. They tend to be young and to work in smaller firms and lower-wage industries (box 1). But there may be a big difference between earning low wages and being low income, Acs noted. Using a definition of “low-wage” equal to one and a half times the minimum wage ($7.73 an hour in 2003), many low-wage workers actually reside in higher-income families where they are a secondary income source or a young worker. Only about one in twenty of all workers is both low-wage by that definition and lives in a low-income family with children. So it is important, Acs explained, that benefit programs and policies be targeted to low-wage workers in low-income families with children, not only low-wage workers more broadly. It is also worth noting that some workers may earn more than $7.73 an hour but still be in families considered low income, depending on their family size, wage rate, and hours worked.

What do these low-wage workers in low-income families need and where should these supports come from—the public sector, private sector, or some combination of the two? Education and training is crucial for worker advancement but typically limited for lower-wage workers. Access to employer-sponsored health insurance, paid sick leave, or other paid time off is important—but relatively infrequent—among low-income working families (box 2). Among families that lack an employer offer of health insurance, Kenney noted, children are twice as likely—and parents almost three times as likely—to be uninsured than those that have an employer offer. And when parents lack
access to paid leave, they are less likely to take time off work to care for themselves, a child, or other family member.

Several participants mentioned recent investments in children and families in the United Kingdom. Besides paid maternity and paternity leave for workers, the United Kingdom has greatly expanded child care subsidies and increased child benefits. In the United States, by comparison, the landmark 1993 Family and Medical Leave Act (FMLA) has a limited reach, covering only those employees in firms with 50 or more employees, and only allowing an employee to take unpaid leave for a serious health condition or to care for an ill family member or new child. Although it was a big change in policy, FMLA excludes almost half the private workforce—those in smaller

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**Box 1. Low-Income Workers and Their Employers: Characteristics and Challenges**  
*Gregory Acs and Austin Nichols*

The authors provide an empirical foundation for the roundtable by documenting the characteristics of low-wage workers and their employers and discussing the implications of these characteristics for public programs and policies. The paper defines low-wage workers as those earning less than $7.73 an hour in 2003 (or 150 percent of the federal minimum wage). Using nationally representative data from the 2004 Annual Demographic Supplement to the Current Population Survey, the authors find the following:

- About one in four workers earned less than $7.73 an hour in 2003, although less than half of these low-wage workers live in low-income families (family incomes below 200% of the federal poverty level). Overall, about one in twenty workers are low wage and living in low-income families with children.

- Only 30 percent of low-wage, low-income workers with children have some education beyond high school. They are also disproportionately likely to be Hispanic, live in one-parent families, and report being in fair or poor health compared with the average worker.

- Low-wage workers are less likely to work full time and year round than other workers.

- Low-wage, low-income workers with children are employed in industries with lower-than-average wages. They are also concentrated in small businesses, with over one-third working in firms with fewer than 10 employees.

- Many policies targeted at low-wage workers in general are not well-targeted at low-income families with children, in part because they are only a subset of the low-wage workforce. These employees and their families could benefit from an appropriate mix of policies that target workers and their wages (e.g., an increased minimum wage), improve the incomes of low-income families with children (e.g., increased subsidies for child care), or make longer-term investments that may benefit both down the road (e.g., expanded job training programs).

To read the full paper, go to http://www.urban.org/url.cfm?ID=411532.
organizations or many working part time—and is of limited use to those that cannot afford unpaid leave.

“American companies are at a disadvantage because of our benefits structure,” suggested Jane Waldfogel, professor of social work and public affairs at Columbia University. “We’re competing with other countries that have better [publicly funded] benefits for working families.”

While very small companies with fewer than five employees often have no employee benefits, smaller firms tend to provide benefits informally—for example allowing workers to take informal leave rather than establishing a formal leave policy, according to Todd McCracken, president of the NSBA.

Further, organizational culture and managers’ and supervisors’ trust in their workers influence the availability of formal policies, such as paid sick leave or workplace flexibility,
for low-wage workers. Positive personal relationships between employers and employees can be more valuable to workers, in some cases, than any set-in-stone policy, according to some participants. And organizational culture determines whether benefits exist largely on paper or whether workers can use them without risk to their jobs or advancement.

Participants also noted the complexity of discussing workplace policies in the context of jobs with different hours and shifts. One issue some experts raised is workers’ lack of control over the number of hours they work. Some employees do not receive enough hours, either to make a living or to qualify for workplace benefits. Susan Lambert, an associate professor at the University of Chicago, has researched corporations and examined jobs at the ground level. The United States may have a minimum wage, she said, but workers have little certainty about what minimum number of hours they will be able to work, leading to what she called “no-time” jobs. Many firms in the hospitality, financial service, and retail sectors, for example, manage to keep staffing levels high by always having trained staff available, though many workers do not receive enough hours to make a living. Other firms choose a very different route: hiring fewer employees and demanding that each works long hours with frequent mandatory overtime.

Different job categories can also draw arbitrary lines between which employees get benefits and which do not. Two people working side by side, for example, might fall on opposite sides of benefit qualification because of different job statuses, one a full-time and permanent employee with benefits and the other a contingent or part-time worker without. Anecdotally, it was noted that some corporations have been known to deny benefits to lower-level part-time workers but have created the category of “reduced compensation professional” to provide benefits to higher-level part-time staff.

The locations of jobs and workers—and the characteristics of these locations—were also raised as critical to the development of public and private policies that support working families. Notable differences in work patterns and employment within and across metropolitan areas imply that no single strategy or national blueprint will work everywhere (box 3). For instance, some local governments are recognizing the need to develop strategies for building a higher-quality local workforce to attract employers and economic development. Some areas may present better opportunities for both employers and workers because the cost of living is lower. Others may present challenges because of issues with their physical infrastructure, tax policy or zoning laws, local human capital, or lack of services and amenities. Such variations in place require some caution in developing national public policy to address workplace issues.

Building Worker Skills and Promoting Job Advancement

Participants turned next to policies and strategies to build worker skills and support advancement. This session considered how effective skill building can benefit business through enhanced productivity and retention, as well as improve low-wage workers’
access to better jobs. Workers’ ability to perform at higher levels also improves the country’s competitive position in an increasingly global economy.

Promoting the upward mobility of American workers was discussed as a shared responsibility of the public and private sectors. The Urban Institute’s Karin Martinson explained that businesses already play an important role in providing skills upgrades, either at the workplace or through curriculum development with educational institutions. But low-income workers benefit the least from many current training approaches, with most employer-focused training going toward higher-wage workers. There are some promising strategies, however, for providing skills upgrades to low-income workers through stronger employer involvement. As described in box 4, these include incumbent worker training programs, sectoral training, and career ladder programs. Key issues to address in moving forward include business interest in investing more in skills development or collaboration, and the kinds of incentives, sustainability, and scale that would be required.

But even these training programs serve few clients relative to the need, according to Paul Osterman, deputy dean at the MIT Sloan School of Management. Often time-consuming to develop and operating at a small scale, these programs struggle on a
firm-by-firm basis and often die when the public subsidy ends. In addition, many low-wage workers are at small employers, making it hard to design specific training programs. Potentially a larger impact, he suggested, would come from improving the quality of community colleges, particularly in terms of course scheduling and creating courses for basic skills development, which can pose barriers to employees moving up. Standards and regulatory policies could be developed, providing the “sticks” and incentives to motivate employers to keep moving forward in this area, but at the same time training options need to fit into the larger mix of labor market strategies.

Some participants stressed the need to provide incentives that encourage businesses to allow their lower-wage employees to participate in training. SF Works is a nonprofit enterprise founded by business associations including the San Francisco Chamber of Commerce to promote workforce programs and policies of mutual benefit to employers

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**Box 4. Building Skills and Promoting Job Advancement:**

**The Promise of Employer-Focused Strategies**

Karin Martinson

While many skill-upgrade efforts are based in the public or private education system, efforts where businesses sponsor or play a lead role in developing training—known as “employer-focused” training—also provide an important venue for skill building. This paper describes several reasons employment-focused training holds promise but also faces some constraints:

- Job training is most effective for individuals when it provides credentials that employers value and when the training provides skills that reflect private-sector demands in the local labor market.
- Businesses can enhance their productivity, improve job retention, and meet skill shortages by investing in the human capital of their workforce.
- Despite their potential payoff, employer-focused training efforts are generally recognized as falling short of socially optimal levels because of various issues, including the opportunity cost of workers’ time, capital constraints, lack of payoff if the trained workers are bid away, tight labor markets, and general philosophy.
- Low-income workers generally benefit the least from employer-focused training, while those with the highest wages and the most formal education receive the most training at the workplace.

The author describes three employer-focused training models with potential for improving skills and promoting job advancement among low-wage workers: (1) **incumbent worker training programs** that provide grants to individual businesses to partner with training providers to offer job-specific training at the workplace for incumbent workers and new hires, particularly those with specific mechanisms for targeting those at low wages; (2) **sectoral training programs** that focus on providing training to a cluster of employers in one segment of the labor market in ways that can promote economic growth and the advancement of low-wage, low-skilled workers; and (3) **career ladder programs** that explicitly map educational programs to a progression of more responsible and better-paid jobs.

To read the full paper, go to [http://www.urban.org/url.cfm?ID=411535](http://www.urban.org/url.cfm?ID=411535).
and low-income workers. But, executive director Terri Feeley said, securing investment from employers in training fees and paid-leave time for low-wage employees in training has proven to be a significant challenge, particularly for small businesses. Firms accustomed to investing significant sums in training for attorneys, for instance, do not as readily invest $500 for a file clerk to participate in training. Other participants noted the problems in establishing viable career ladders in small companies, with one employer expressing the opinion that the concept of career ladders is not meaningful outside a Fortune 500 company.

Participants mentioned many other innovative training efforts. Starting with a folding table at the union hall to teach GED classes, for example, the Philadelphia-based 1199C Training and Upgrading Fund became one of the first labor-management partnerships to develop sectoral training programs in a range of health care fields. While this partnership may be adversarial when it comes to collective bargaining, it has been very strong in the training area, and the initiative now involves 55 employers. CVS has embraced resources provided through the Department of Labor’s workforce development system operated by for entry-level workers.

Some states have developed initiatives. Kentucky has developed a statewide career ladder program (box 5) operated by its community college system. The program develops career pathways that both focus on job and educational advancement for low-income individuals and meet business needs. Some states—such as New Jersey and Pennsylvania—set an example of how to make the incumbent worker training programs more accommodating for lower-wage workers, mandating paid release time and providing for basic skills training.

Box 5. Kentucky’s Career Pathway Initiative

The Kentucky Career Pathways initiative, overseen by the Kentucky Community and Technical College System, gives grants to local partnerships of community colleges and businesses to develop and implement career ladders. Based on employer input, these career pathways lay out a sequence of connected skill-upgrading and job opportunities, with each education step on the ladder leading to a job or further training. Each college received a grant to design a career pathway in partnership with employers and other stakeholders (all 16 are developing health care pathways; three are also developing manufacturing pathways; one is developing a construction pathway; and one is developing a transportation pathway). Colleges are encouraged to develop bridge programs that teach basic skills in the context of training for jobs. The career pathways are primarily credit-based training that may be augmented with non-credit customized training as necessary. Pathways at the two-year institutions articulate with certificates, diplomas, and associate’s and bachelor’s degrees for those students who wish to pursue additional education. Community colleges are encouraged to offer curricula in modularized formats, at alternative times (such as evening and weekends), and at alternative sites, such as at the workplace. The colleges are providing case management that may include access to child care and transportation, financial aid, tutoring, academic advising, career coaching, and job placement.
The discussion also dug to the root of the problem—why many U.S. workers are unprepared for the workforce. Some participants said that the public education system, not the private business sector, has failed in its mission. Viewing the K–12 years as the weak link in a worker’s development, some suggested that the public education system is therefore where the solution should be. Others mentioned the importance of marketing education and training to workers and employers, focusing on how training is linked to mobility and what career advancement programs are available.

Another issue raised was that of providing portable job skills. Some participants commented that most workers would benefit from developing skills that would be transferable to other employers and jobs, but workers are often taught a very narrow set of skills. One mid-sized employer, for instance, said she is only interested in investing profits in workers to acquire job-specific skills they will use at her firm, making her team faster and smarter than competitors, rather than enabling employees to acquire portable skills they can take elsewhere. On another note, one participant explained that noncognitive skills are also important, but employers do not have ways of certifying whether an individual has achieved these.

As the session concluded, participants noted that stronger employer involvement in this area—and perhaps a push to raise standards—was needed. Several participants remarked that incentives must be well-crafted to encourage employers to invest in training.

Public and Private Roles in Providing Health Insurance

The Urban Institute’s Linda Blumberg outlined a range of policy options for expanding insurance coverage and suggested approaches to limiting health care costs, ranging from government subsidies to individuals and employer mandates (box 6). At least in the short run, she concluded, health coverage cannot be expanded and reformed without investing new dollars. And cost containment to curb the escalation of health premiums might require actions that employers and employees find unattractive.

From the employer’s perspective, decisions about whether to offer health insurance coverage depend on the workforce’s stability, employees’ demand for insurance, and whether other firms competing in the same field are offering the benefit. Low-income employees facing high premiums and deductibles on health insurance may not be able to afford access to care. Questions of whether the insurance costs are borne by workers or employers—and what this means—were also discussed in this session, with a general feeling that any improvements to the ESI system will require both government intervention and private-sector participation. Some states, including Massachusetts (see box 7 on page 12) have moved in this direction.

Participants discussed the consequences of fewer employers offering health insurance and, when offers are made, fewer employees accepting them. Faced with the ero-
Box 6. Employer-Sponsored Health Insurance and the Low-Income Workforce:
Limitations of the System and Strategies for Increasing Coverage

Linda J. Blumberg

The proportion of low-income workers with employer-sponsored insurance has declined markedly in recent years. Noting that government intervention of some type will be necessary for significant progress in expanded coverage of low-income workers, the author outlines the problems with ESI from the perspective of those employing these workers and offers a menu of policy options.

- Providing government subsidies for insurance coverage could take the form of publicly provided health insurance coverage (e.g., Medicaid, SCHIP) either for free or reduced cost.

- Providing a guaranteed source for private purchase of insurance; this could take the form of
  - allowing individuals to buy insurance through government employee benefit plans—either through a separate risk pool or one that includes the government employee enrollees;
  - using the private plan contracting structures developed by states for their SCHIP programs to provide options for individuals to buy coverage; or
  - creating new purchasing entities organized at the state level.

- Individual mandates could be combined with employer mandates—for example, as the California governor has proposed—to provide significant subsidies to low-income people. The landmark Massachusetts legislation includes both an individual mandate and some employer responsibilities, but the employer requirements are limited relative to those in the California legislation.

- Increasing enrollment and retention in existing insurance options could use improvements in existing premium assistance programs that allow states to subsidize workers’ purchase of employer-sponsored insurance using Medicaid or SCHIP funds.

- Approaches for controlling health care costs could include promoting managed competition via purchasing pools, management of high-cost cases to promote cost-effective care, or investment in cost effectiveness analyses of treatment regimes.

To read the full paper, go to http://www.urban.org/url.cfm?ID=411536.

sion of employer-based coverage, one question becomes whether to subsidize employees, for example, through tax credits, and provide accessible and adequate options for them to purchase coverage individually. Employer mandates, another alternative, would increase the costs to smaller businesses, some argued, which could have negative ramifications on wages and employment.

Participants identified the cost and complexity of health insurance as a key concern. The president and CEO of a mid-level company in Pennsylvania, where living costs are still low, reported that her specialty hardware–distribution firm pays even the least-skilled workers well above the minimum wage and offers full benefits, including paid time off and health insurance. She has taken the “high-road” (higher-wage/higher-productivity) direction with her workforce. But rising health insurance premiums are a big problem. At this point, she said, her employees pay 20 percent of the premiums, and her
firms are increasingly scrambling to pay the remainder. Another employer reported that
he spent eight months trying to figure out how to buy health insurance intelligently.
Then he found that nearly half of his employees never went to the doctor because they
didn't understand how the coverage worked.

To ease the burden on small business, NSBA President Todd McCracken suggested
combining the small group market with the individual market to make health insurance
more accessible and premiums more affordable. “If you tell employers to go out and pro-
vide insurance to everyone,” he said, “in the long term you’re basically telling folks that
a big part of your compensation package is insurance, whether you like it or not. That’s
a drag on real wages.”

The issue of whether an employer should encourage employees to take advantage
of public health insurance, through Medicaid or the State Children’s Health Insurance
Program (SCHIP), was also discussed. One CEO called this an “ethical dilemma,” but
agreed that for low-income workers that qualify for public health insurance, taking
advantage of at least SCHIP could substantially lower their family’s health costs.

Preventive care and getting workers to a doctor when necessary appeared more
important to many participants than the actual details of health insurance and health

Box 7. Massachusetts Health Insurance Reform

In 2006, Massachusetts enacted legislation to provide nearly universal health coverage, aiming to expand
affordable health insurance to 95 percent of the state’s uninsured—estimated at 530,000 people—
by 2009. It established the Commonwealth Care Health Insurance Program (CCHIP) to subsidize unins-
sured adults with incomes below 300 percent of the federal poverty level (FPL). Eligible people below
150 percent of FPL will pay no premiums or deductibles, while those with incomes 150–300 percent of
FPL (mostly low-income working families, given the family self-sufficiency costs in a state like
Massachusetts) will pay premiums on a sliding scale. It expands MassHealth (Medicaid and SCHIP) eligi-
bility for children in families with incomes up to 300 percent of FPL and continues provisions to enroll eli-
gible uninsured people in the program and to fund an uncompensated care pool (which will become the
Health Safety Net Fund in fall 2007). It also creates a quasi-public entity, the Commonwealth Health
Insurance Connector Authority, with the mandate to reduce the health insurance administrative burden for
small businesses, assist small employers and individuals to find affordable policies, allow individuals to
use pretax dollars to buy insurance and part-time employees to combine contributions to their insurance
from multiple employers, and let employees keep their coverage when they change jobs. An “individual
responsibility” mandate requires all adult residents to purchase health care or face income tax penalties,
subject to the availability of affordable policies. In addition, employers must either contribute a “fair and
reasonable” amount to their employees’ insurance or make an annual “fair share” contribution to the
state for each uncovered full-time-equivalent worker (not to exceed $295 per worker a year), and those
with more than 10 workers whose uninsured employees use a disproportionate share of uncompensated
care pay a “Free Rider Surcharge.” The legislation also expands or further subsidizes some existing public
coverage.
reform. The question of whether a job-based health insurance system in fact serves those workers who may take up to three or four different jobs in a year was also raised.

Meeting Responsibilities at Work and at Home

The final session brought the discussion back home, where workplace policies matter most to children and families. Forty years ago, two-thirds of American children had a stay-at-home parent; now the reverse is true. Yet U.S. policy has not adjusted to this present-day reality. With limited availability of paid parental and paid sick leave, many workers—especially lower-wage workers—lack basic supports that could help them balance work and family life more successfully. In addition, many jobs held by low-income parents do not offer flexibility to attend to family needs. Further, as several participants noted, parents’ frequent lack of control over their work schedules can wreak havoc on their child care arrangements and family life. The lack of work-family benefits can hurt business too when it leads to higher turnover or less-productive workers; for example, some research suggests that greater workforce flexibility can in fact lead to greater worker engagement, productivity, and retention among lower- as well as higher-wage workers.

The Urban Institute’s Pamela Winston detailed what some public jurisdictions and private employers are doing to provide workers with better supports (box 8). For example, five states use their temporary disability insurance programs to provide some

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**Box 8. Meeting Responsibilities at Work and Home: Public and Private Supports**

_Pamela Winston_

This paper summarizes what is known about approaches to addressing work-family tensions and briefly described families’ access, employers’ experiences, and public and employer efforts to expand these supports.

- **Paid parental or family leave.** The United States is one of few countries that does not provide paid parental leave when a child is born. Some employers and a handful of states offer such paid leave, but usually not to lower-wage workers.

- **Paid sick leave.** Almost half of U.S. private-sector workers lack any paid sick leave for themselves or to care for their children; at the same time, low-income children are more likely than others to have health conditions. Employers offering sick leave are usually larger firms.

- **Workplace flexibility.** The jobs lower-wage workers hold typically provide the least flexibility, and many workers risk job loss when they face emergencies that require unplanned time off. However, some private and public employers are experimenting with strategies to increase employees’ control over their work hours, including automated scheduling systems, flextime, telecommuting, and staff cross-training to increase organizational flexibility.
Box 8. (Continued)

- **Child care assistance.** The largest public program—the federal-state Child Care and Development Fund—serves only about 14 percent of federally eligible children. Some employers provide benefits such as referral information and pretax dependent care assistance plans, but good-quality child care during parents’ work hours can be hard to find and expensive.

- **Employer support to access public benefits.** Since many eligible low-income families do not participate in such programs as tax credits, food stamps, and public health insurance, some employers are working with nonprofit and public organizations to increase low-wage workers’ access to these supports.

To read the full paper, go to http://www.urban.org/url.cfm?ID=411537.

paid leave to working mothers at the birth of a child. In addition, California and Washington State have enacted paid leave programs to enable workers to take partially subsidized time off for family care (box 9). A San Francisco referendum approved in 2006 requires all employers to provide workers with paid sick leave, with prorated leave for part-timers. Some private organizations are experimenting with strategies to increase workplace flexibility for lower-wage employees, while others provide child care benefits such as referral information or pretax accounts (and a small proportion offer on-site care, subsidies, or similar benefits) and links to public or community supports.

Box 9. The California and Washington Paid Family and Parental Leave Programs

The California Paid Family Leave Insurance Program (PFL) partially replaces the wages of working parents who leave the labor force to care for a new child or a seriously ill family member. Enacted in 2002 and implemented in 2004, it replaces about 55 percent of a worker’s wages, up to a maximum of $882 a week in 2007, for up to six weeks within a year. It is funded through a mandatory state disability insurance payroll tax on employees of 0.6 percent, up to a maximum annual per-employee contribution of $500. Most private-sector employees, including part-time workers, are covered (about 13 million workers), regardless of organization size, and parents who have earned at least $300 during any quarter in a 12-month base period are eligible. In 2006, the average leave length was 5.45 weeks with an average weekly benefit of about $430 (about 169,000 PFL claims were filed). PFL benefits in 2006 cost $367 million. In state fiscal year 2005, over 88 percent of claims were for bonding with a new child, with 83 percent coming from mothers and 17 percent from fathers.

A second state program was enacted, in Washington in spring 2007, providing a flat payment of up to $250 a week for working parents to care for a new child for up to five weeks. Part-time workers will receive a prorated benefit, and employees will be covered after they have worked 680 hours in a 12-month period. Benefits will begin October 1, 2009, and the financing structure is to be determined by a public-private taskforce.
When asked about potential future directions, developing a national paid parental leave policy headed many participants’ lists. Despite interest at the state level, U.S. policy in this area stalled after the 1993 FMLA. The U.K. model could serve as an example, since it was initiated recently and done so by a nation with a relatively similar political culture to that of the United States. Other participants focused on making paid sick leave more universally available so low-income parents, whose children often have the greatest need, gain access as well. Bills introduced in the House and Senate early in the 110th Congress would require employers with 15 or more employees to provide minimum paid sick leave and employment benefits. It would require seven days annually for those who work at least 30 hours a week and a prorated annual amount for those who work less than 30 hours but at least 20 hours a week. Known as the Healthy Families Act, the legislation had not progressed beyond the committee level by July 2007.

Even where public benefits exist that might support low-income families, often they do not draw on them. Some employers have sought to help families gain access. Since many employers do not have the knowledge or experience to create programs to link low-income employees to benefits that can help them and their families, intermediary groups like The SOURCE can serve as a conduit between participating small and medium-sized firms and community resources (box 10). Acting as an extension of a firm’s human resources department and funded through public and employer funds, staff from The SOURCE educate workers and employers about the availability of public benefits and other employer and community resources and how to gain access to them. The director of The SOURCE, Andrew Brower, noted that their services resulted “in a $70,000 increase in productivity for one CEO we work with, but we charged him $2,400.”

**Box 10. The SOURCE**

This Michigan-based employer collaborative, in operation since 2003, serves employees of eight companies located in close geographical proximity to one another that employ a large share of lower-wage workers. The underlying concept of this model is to increase job retention through a conveniently located employee resource center sponsored by multiple businesses and supported through public and employer funds. This pooled model enables small to medium-sized employers to function as a large firm in terms of their capacity to provide a wide range of employee supports and resources. The SOURCE employs two caseworkers who help employees and their families access available public benefits, resolve transportation and childcare issues, partner with employee assistance programs, refer individuals who need counseling to providers that offer a sliding pay scale, and enroll employees in education and training programs. Various services are offered on site, including technical training, General Equivalency Diploma tutoring, English as a second language, financial management, free tax preparation, and earned income tax credit assistance. SOURCE case managers also provide career advancement counseling and planning and help workers gain better positions across the member companies if upward advancement within one employer is not possible.
Many employers at the roundtable echoed the desire to create better workplaces because “it makes good business sense.” America’s Family, for instance, is a Colorado-based nonprofit intermediary that works with a network of employer and community partners. Private firms do not always know what public and community resources are available, nor do they always understand their significance to their employees. For example, some employers are not aware of the existence of English as a Second Language programs, one participant noted, despite the fact that their workforce is 80 to 90 percent Hispanic. Organizations like America’s Family can help employers “connect the dots” to resources that can help their workers.

Some participants also framed better work-life policies as a social justice issue. Children with low-wage workers as parents typically are the least ready for school. Getting these kids access to early-education programs and subsidies for higher-quality child care would be an important step toward equalizing their opportunities and getting the next generation prepared for higher-skilled jobs.

**Framing a Policy and Research Agenda**

The discussion finally turned to potential policy and research roles in providing low-income workers with the benefits and wages to ensure their basic needs, job advancement opportunities, and family well-being.

“Do we have a public interest in encouraging firms to take a high-wage, high-productivity path, and if so, what role should public policy play?” asked session moderator Harry Holzer, professor of public policy at Georgetown University and a visiting fellow at the Urban Institute. Holzer elaborated on the range of issues that need to be addressed, including what should be provided to low-income families, how it can be financed, what types of mandates or incentives should be established, and how to achieve scale. Further, if there is to be a government role, how should responsibilities be divided at different governmental levels, and how do we encourage the involvement of private institutions and intermediaries?

While most participants agreed that more could be done to support low-income working families, there was not a consensus on how best to do this. While some argued for increasing wages, others noted that more should be done to provide supports to those with low incomes. Not surprisingly, many employers said regulatory requirements for private provision should be avoided; “mandates don’t work,” stated Phyllis Eisen of NAM. Among other drawbacks, for example, mandates might stop some firms from hiring workers with high health costs if they are required to cover them.

Several participants suggested that taking the responsibility for providing benefits off employers and into the public sector, possibly in the form of social insurance programs, might help “level the playing field” for American firms that compete internationally. Alternatively, others suggested that some level of government mandate on
employers could also help “high-road” firms by establishing a floor on benefits that their competitors would also be required to provide. Participants also raised questions about whether there would be extra costs, or constraints, on what the public sector can provide and whether it may be more efficient to have private firms supply relatively more in worker benefits.

Yet, many questions remain about specific policy priorities and levers, financing mechanisms, the appropriate balance of public and private roles, and useful directions for research. For example, when paid parental and sick leave are considered, should they be financed through tax incentives or other “carrots,” a payroll tax, general revenues, mandates on employers, or some combination of these mechanisms? What role should government play, and if it is involved, should this involvement be at the federal, state, or local level? What is the role for those doing research, and what key questions can research help address? Finally, what are the most appropriate and productive next steps?

A potential window of opportunity to act emerged as a theme throughout the roundtable. Demetra Nightingale, principal research scientist at the Johns Hopkins University Institute for Policy Studies, proposed using the tax system to create a cafeteria approach for businesses so, for example, those who invest more in training receive a tax credit and those who don’t want to participate in this way could instead engage in a public training program. “The role of low-wage work in the United States is not likely to disappear,” Nightingale said, suggesting a “new social contract based on work, but not dependent on regular work, that redefines what we need to accept as a decent standard of living.”

According to NAM’s Phyllis Eisen, employers say they want a high-performance workplace, not necessarily a low-cost one, to enable U.S. firms to compete in the global market. But for change to happen, the business community must continue being part of any policy discussion. It will be essential for them to talk business to business, so managers can hear from peers about what it takes to build a productive workforce. “A good middle-class revolution is what we need to start,” she said.

The lack of information flowing from three failing systems—health care, education, and retirement—was cited as “low hanging fruit,” ripe for action. Employers often do not know what policies or programs are available to them, states often are not fully aware of what is going on in their economies, and the federal government often does not know what is going on in the states.

Several participants noted that the states present useful models; several have moved forward with more pragmatism and less ideological dissension than is often found in the national debate. For instance, Republican governors in Massachusetts and California have successfully advanced health care reform. California and Washington initiated paid parental leave. Kentucky, New Jersey, and Pennsylvania set examples on employee training programs. Other participants described change occurring in local communities.
Savannah, Georgia, for example, has a noteworthy initiative to try to reduce poverty. All these initiatives could be studied.

Some participants highlighted the idea that a national policy could equalize the competitive environment for employers by requiring each industry, and business within that industry, to offer more uniform benefits. Others, however, suggested that a finer analysis of where low-wage jobs are located was likely to reveal widely varying local and regional labor markets and might argue against a uniform national approach to policy.

Several participants also said that better empirical research on employers’ decisions regarding workers’ benefits and supports could help advance the discussion by providing more concrete information about why and how different employers in the same industries may adopt such different “high-” or “low-road” workplace policies.

The roundtable ended with the notion of diversity, with windows of opportunity already opening in some areas. Change is happening in communities, one participant observed, and public and private partnerships are forming to make workplaces better for low-income families. Change will happen state by state, and industry by industry, she suggested, and others can learn from studying these initiatives.
Roundtable Participants

Olivia Biggs, CVS Corporation
Ronald Bird, U.S. Department of Labor
Ellen Bravo, University of Wisconsin–Milwaukee
Andrew Brower, The SOURCE
Maureen Conway, The Aspen Institute
Phyllis Eisen, The Manufacturing Institute & National Association of Manufacturers
Terri Feeley, SF Works
Cheryl Feldman, District 1199C Training & Upgrading Fund
Randy W. Fiser, Corporate Voices for Working Families
John Foster-Bey, Corporation for National and Community Services
Paul Fronstin, Employee Benefit Research Institute
Ellen Galinsky, Families and Work Institute
David Gray, New America Foundation
Bruce Herman, National Employment Law Project
Harry Holzer, The Urban Institute and Georgetown University
David Hunn, Northern Virginia Workforce Investment Board
Julia Klein, C.H. Briggs
Karen Kornbluh, Office of United States Senator Barack Obama (D-IL)
Leighton Ku, Center on Budget and Policy Priorities
Susan J. Lambert, University of Chicago
Samuel Leiken, Council on Competitiveness
Chauncy Lennon, Seedco
Robert Lerman, The Urban Institute and American University
Jodie Levin-Epstein, Center for Law and Social Policy
Todd McCracken, Small Business Association
Ruth Milkman, University of California, Los Angeles
Nancy Mills, AFL-CIO Working for America Institute
Michelle Nawar, Service Employees International Union
Demetra Nightingale, Johns Hopkins University
Paul Osterman, M.I.T. Sloan School of Management
Mark Peters, Butterball Farms
Eric Rodriguez, National Council of La Raza
Joel Rogers, Center on Wisconsin Strategy
Dorie Seavey, Paraprofessional Healthcare Institute
Beth Shulman, Author
Shauna King Simms, Kentucky Community and Technical College System
John Talmadge, Social Compact
Matt Van Auken, America’s Family
Andy Van Kleunen, The Workforce Alliance
Jane Waldfogel, Columbia University