Coalition
Child Care

MEMORANDUM

TO: BRUCE REED

CC: ELENA KAGAN

FROM: TOM FREEDMAN, MARY L. SMITH

RE: POSSIBLE CONFERENCE ON EMPLOYERS GROUP

DATE: JUNE 13, 1997

SUMMARY

The Employer Group consists of 28 of the nation's largest employers who are banding together to find solutions to the problems of the 2.5 million low-wage workers they employ. The Employer Group is sharing solutions for explosive turnover rates of 100% or more, high absenteeism and child-care problems among low-wage workers. See attached positive Wall Street Journal article dated April 23, 1996. We recommend highlighting this effort.

BACKGROUND

The Employer Group did not form in response to proposals to raise the minimum wage. The Families and Work Institute, a nonprofit New York research and consulting concern, began organizing the group after a 1993 national workforce survey by the institute showed a marked trend toward a two-tier workforce. The study showed that workers earning less than $8 an hour, or $15,000 a year, enjoyed far less access to child care, elder care, and health benefits than higher paid workers.

SOME PARTICIPANTS AND WHAT SOME OF THEM ARE DOING

- U.S. General Services Administration
- Aetna Life & Casualty Co.
- Cigna Corp.
- ConAgra, Inc.
    - making maternity benefits contingent on good prenatal-care practices in order to reduce infant-health and childbirth problems among meatpacking workers.
    - collaborating with Head Start to provide subsidized child care for some shiftworkers. ConAgra reported that this program has cut turnover rates by 50%.
- Levi Strauss Associates, Inc.
- Marriott International Inc.

- rolling out a nationwide employee-help hotline staffed by multilingual counselors trained to handle a wide range of dependent-care, family, social, and immigration problems. Marriott reported as of April 1996 that it was receiving a five-to-one payback on the service in the form of reduced turnover, absenteeism, and tardiness.

- PepsiCo Inc.'s Pizza Hut unit
- Prudential Insurance Co. Of America

RECOMMENDATION

- Hold a White House event, highlighting the Employer Group and how businesses can address the needs of low-wage workers. This event will encompass not only former welfare recipients but the working poor.

Wall Street Journal
April 23, 1996

Several Large Employers Join Forces To Solve Problems of Low-Wage Workers

By Sue Shellenbarger
Staff Reporter of The Wall Street Journal

As politicians battle over welfare reform and raising the minimum wage, 28 of the nation's biggest employers are banding together to find solutions on a different front to the problems of the 2.5 million low-wage workers they employ.

The group, called simply the Employer Group, is sharing solutions for explosive turnover rates of 100% or more, high absenteeism and child-care problems among low-wage workers. Members, including Marriott International Inc., J.C. Penney Co., Aetna Life & Casualty Co., Cigna Corp., ConAgra Inc., Levi Strauss Associates Inc., PepsiCo Inc.'s Pizza Hut unit, Prudential Insurance Co. of America and the U.S. General Services Administration, met for the second time last week in New York.

The meetings mark the first joint recognition by employers that the social and family problems of unskilled, low-income workers are assuming major implications for productivity in the service industries that employ them, from retailing and hotels to food and financial services.

"In the past, some companies have regarded the lower-wage worker as, one, disposable, and two, invisible. That is 100% not the case with the employers represented in this group," says Donna Klein, director of work-life programs for Marriott International, and co-chair of the group. Jay Hundley, a vice president and director of personnel at J.C. Penney and the other co-chair, adds that lower-wage workers' "impact on our results is absolutely astronomical."

The group isn't a response to Congressional proposals to raise the minimum wage. The Families and Work Institute, a nonprofit New York research and consulting concern, began organizing the group with Marriott's help after a 1993 national workforce survey by the institute showed a marked trend toward a two-tier workforce. The study showed workers earning less than $8 an hour, or $15,000 a year, enjoying far less access to child-care, elder-care and health benefits than higher-paid workers. The group is funded by two foundations, Pew Charitable Trusts of Philadelphia, and Carnegie Corp. of New York.

A major focus is sharing "best practices," with an emphasis on possible collaborations between employers or employers and government. Some members already run their own welfare-to-work programs, training recruits in such basic skills as dressing appropriately and getting to work on time.

Marriott is rolling out nationwide a new kind of employee-help hotline staffed by multilingual counselors trained to handle a wide range of dependent-care, family, social and immigration problems. Marriott says it's getting a five-to-one payback on the service in the form of reduced turnover, absenteeism and tardiness.

Others are developing new health and child-care programs. ConAgra Refrigerated Foods Cos., a ConAgra unit, is reducing infant-health and childbirth problems among meatpacking workers by making maternity benefits contingent on good prenatal-care practices. The company also is collaborating with Head Start, the federal preschool program, to provide subsidized child-care for some shiftworkers, a program that has cut turnover among users by 50%, says Charles Romeo, director of employee benefits at the ConAgra unit.

Employers also discussed such ideas as sharing seasonal workers. Some members hope to lobby as a group on such issues as welfare reform, including child-care subsidies. Congress has lacked "input from a group of employers representing low-wage earners," says J.W. Marriott Jr., chairman and president of Marriott International. "A lot of legislation is made in a vacuum because low-wage earners have no lobbying force that speaks for them."

Why not just pay people more? "If we did we'd be less competitive," Mr. Marriott says. "Then we'd have to start downsizing and laying people off. Our objective is to pay a competitive wage and to do everything we can to help people help themselves," he says. "To the extent we can help people who have not worked before to become good productive workers, we're going to start solving crime problems, marital problems, abuse problems," Mr. Marriott adds. "To the extent that we can help make these problems go away, we're all going to benefit."

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