Comments on Family Report

1. Executive ~~summ~~ary: Do we want to still hightlight that the distinction between time per child and overall childcare time declining?

2. Shouldn't we talk about the "time bind" in the executive summary? Address why working parents are feeling time pressured?

3. Should we at least mention in a footnote that the "time bind" comes not only from child care responsibilities but elder care responsibilities (even though there is not much data on this)?

4. P.4 --4th paragraph -- should it be "for pay than wives did in **1969**" (not 1996)

5. P.5-- hours of paid work increased for families with a young child more than those with school-age children: what are the implications of this --does more income go for childcare?

6. P. 10 -- increase in income during the Clinton Administration: should we have a chart?

7. P. 12 --Shouldn't we note that "parental time per child" is a somewhat artificial measure because a child gets many benefits from time with a parent even if siblings are also present

8. P.12 -- shouldn't we reshape the discussion from per-child time to time with children in general

9. P.13-- Chart 10 -- if single parents work 8 hours and sleep 8 hours -- wouldn't they only have 8 hours left? Your chart shows about 12 hours -- does this mean that most single parents are working part-time?

10. P. 14 -- Chart 11: how could child care decrease for nonemployed women

11. P. 14 --Chart 12-- most notably, even though women are working --the time spent by men on childcare has remained relatively stagnant

Family Report

Families and the Changing Labor Market

An analysis by the
Council of Economic Advisers

November 1998

Families and the Changing Labor Market

Single parent on welfare → less

Executive Summary

American families have been in the midst of change in the last three decades – changes in time worked for pay; changes in income and by whom it is earned; changes in family size; and changes in how child care and household tasks are accomplished. This report assesses these changes and the challenges and opportunities they create.

- The hours American parents work in paid jobs have increased enormously since 1969, due to a dramatic shift of mothers' time from the household to the labor market. In 1969, 38 percent of married mothers worked for pay; in 1996, 68 percent did so. Both married mothers and single parents are working more for pay today than 30 years ago.

- Average family income has increased as a result of the increase in paid work hours, so that families can purchase more goods and services than in the past. The average American family is better off economically today than in 1969, but has less time for activities other than work.

- Not everyone has gained by working harder, however. Since 1969, the top quarter of families gained, while the lower quarter lost and the middle has remained nearly constant in per-capita income, adjusted for inflation. The situation of lower-income families has been improving, however, in the strong economic expansion of the 1990s.

- At the same time, the share of families with a single parent has grown dramatically since 1969. The typical single parent has less than half as much potential income and only half as much total time as two parents have. The rising number of single parents has increased the proportion of families who are "cash-strapped" and "time-poor."

- The increase in work among women appears to have produced some reduction in the time parents spend with their children, although the evidence on time use within families is limited. Most of the extra time spent earning income has come at the expense of housework, not child care or leisure activities.

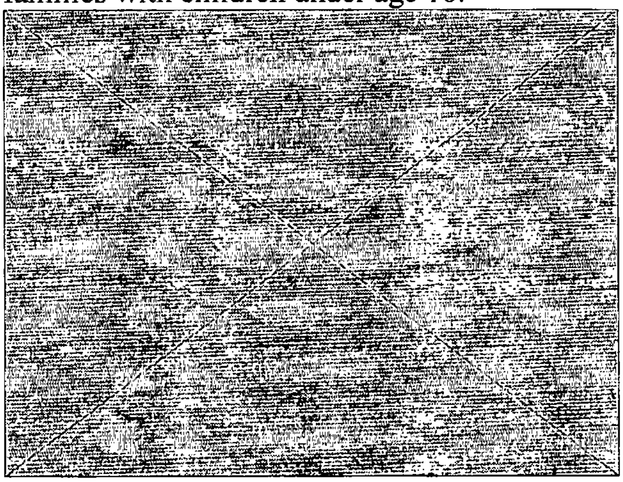
- Increased time in market work among parents raises a key set of policy issues, including the need for flexibility in paid work hours; the need for available and affordable child care; effective ways to support the earnings of families with low-wage earning parents; and the need to encourage two-parent families to form and stay together. In all of these areas, the Clinton Administration has actively worked to improve the situation of American families.

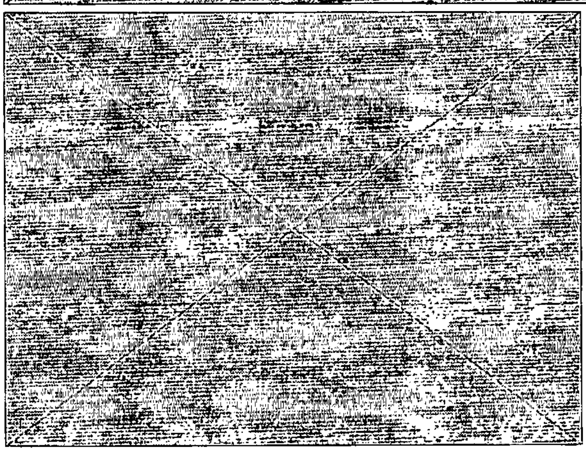
Ill 1.8 million fathers

Families and the Changing Labor Market

I. Introduction

Dramatic changes have occurred over the last thirty years in how families combine work and family life. During the last three decades, women have devoted more and more time to market work. Combined with hourly earnings increases among women, this means women's earnings have gone up substantially, while their time available for work in the home has declined. In contrast, men's average hours of paid work and earnings have remained relatively stable. As a result, families have higher incomes, but they have less time for other activities. In short, American families have been in the midst of change – changes in time worked for pay; changes in income and by whom it is earned; changes in family size; and changes in how child care and household tasks are accomplished. This report assesses these changes since 1969 for families with children under age 18.





Two other trends in family life are also likely to affect the well-being of families with children, occurring along with changes in their income and time allocations. First, the share of families with children that are headed by a single parent has increased significantly (see figure 1). Since single parents typically have both lower incomes *and* less total adult time available for work in the home than married-couple families, this trend tends to increase the proportion of families who are "cash-strapped" and "time poor." Second, families have decreased in size as the average number of children in families with children has declined (see figure 2).

This paper will examine how families with children are faring in the face of all these changes. Key questions to be addressed include:

- How much have hours of market work increased for families?
- How have the extra hours worked by families affected family incomes? How have these trends differentially affected families that differ in skill level, minority status, and number of parents in the household?
- How have these changes in market work and income affected how families use their time in the home? In particular, how have these changes affected parental time available for children?

Some have argued that Americans are facing more and more of a "time bind" as they work longer and longer hours in order to attain an increasing standard of living.1 Others have argued that, even with increases in hours of paid work, families are not realizing significant income gains, or that families are working harder and harder "just to stay in the same place."2 No such "one size fits all" characterization adequately captures the variety of experience in different segments of the population. Different types of families have experienced different changes in paid work time and income.

Overall, we find that parents today are spending more time in paid work. Time available for children has declined, but parents have protected child-rearing time by spending less time on household chores. For most groups, family income has increased. With fewer children, parents are able to buy more goods and services for themselves and their children. The average American child – particularly if he or she is living in a family headed by a married couple – is better off economically today than in 1969.

There are some groups for whom the picture is not as rosy, however. The continuing increase in the share of children living in single-parent families has substantially diminished the economic progress that families with children would otherwise have made, limiting both their income and their time. Less educated parents, who have not experienced the wage gains of other families, are working more hours without an increase in income. It is encouraging to note, however, that most of these families have experienced income gains in recent years during the strong economic expansion of the 1990s, making it easier for them to effectively combine work and family life.

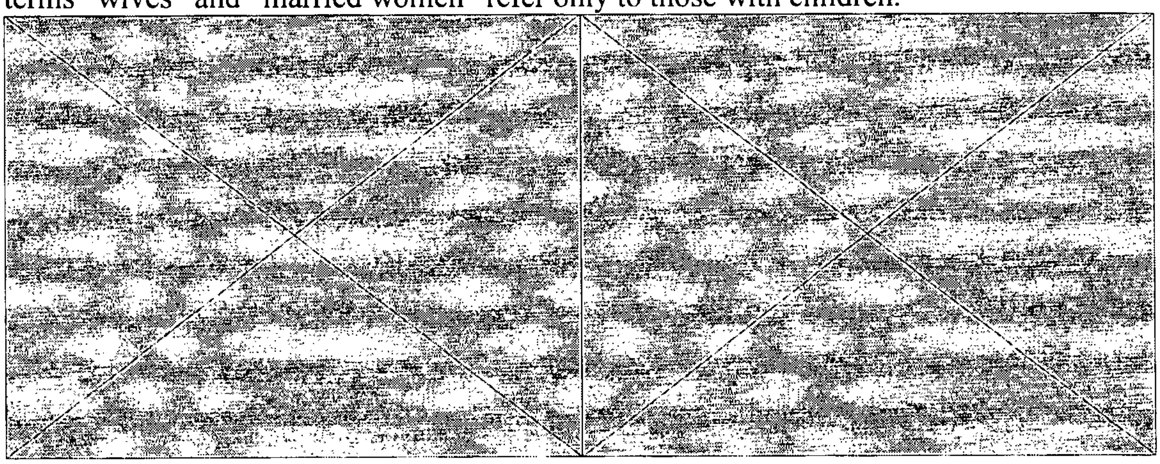
Underlying and reinforcing the trends toward more paid work time and smaller families has been the long-term growth of women's wages. Rising wages pull women into the labor market by making it more expensive for them to stay at home, in terms of foregone income. Higher wage levels for women in the labor market, combined with other changes in attitudes toward market work among women, make it unlikely that families will ever return to the way they were in 1969. With both mothers and fathers in the labor market, we have no realistic alternative but to help parents balance paid work and family life as effectively as possible.

II. Trends in Hours of Market Work

The most dramatic change in the time allocation of families has been in time spent at work for pay. Since 1969, both married-couple and single-parent families have substantially increased their annual hours of paid work. These increases have come almost entirely from the women in these families, who are working more outside the home – more weeks in the year and more hours in the week – than they did thirty years ago. However, while the increase in paid work time has been widespread, the size of the increase has varied considerably across families, depending on the number of parents, their education, whether they have a preschool-age child, and their race or ethnicity.

The estimates of annual hours of work presented in this section are based on the March Current Population Survey (CPS), a large representative survey of over 50,000 households each year.[3] While the CPS is the only large-scale representative sample which consistently measures hours of work and family incomes on an annual basis and is therefore the standard data set used for labor market analyses, some have argued that the CPS may be inaccurate because individuals may not be able to recall accurately their usual hours of work during the last year.[4] In section IV of this report we discuss alternative estimates of paid work time based upon "time diaries," which require individuals to maintain detailed accounts of how they spent their time during a day.

For purposes of this analysis, we use the same definition of a "family" as the Census Bureau: all related individuals living together in the same household. We restrict the analysis to families whose head is at least eighteen years old and where there is a child under age 18. A mother (or couple) and her (their) children living in a household headed by another family member are part of the head's family, and an unmarried parent co-habiting with a domestic partner is classified as a single parent. Throughout this paper, unless otherwise specified, the terms "wives" and "married women" refer only to those with children.



As shown in figures 3 and 4, annual hours of paid work have increased substantially for both married-couple and single-parent families. (All families with children under 18 are included in figures 3 through 6, including parents with zero hours of paid work.) A person who works forty hours a week for 50 weeks a year (a traditional "full-time" job) will work 2,000 hours in a year. For two-parent families (figure 3) annual hours of paid work increased by 496 hours (18 percent) from 1969 to 1996; for single-parent households (figure 4) they increased by 297 hours (28 percent).

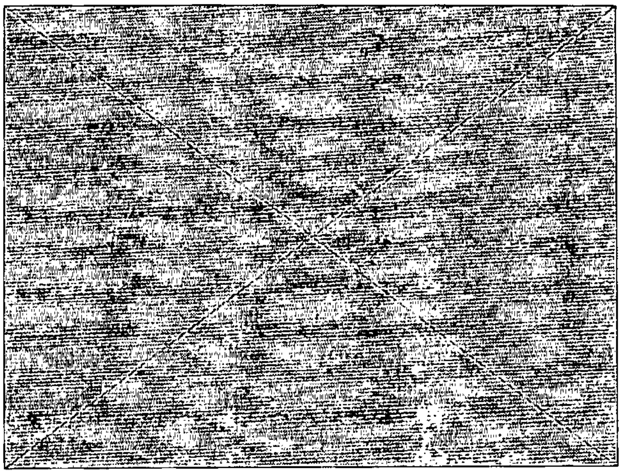
Virtually all of the increase in families' market hours of work has come from increases in women's hours. Conceptually, the increase in women's hours can be divided into three components: more women are employed, employed women are working more hours per week, and employed women are working more weeks per year.

The most dramatic change has been in the percentage of women employed. In 1969, 38 percent of married women with children worked for pay, while in 1996, 68 percent did so – a 79 percent increase in employment. The increase in employment for single parents has been less dramatic: 53 percent worked for pay in 1969 and 66 percent in 1996.

Average annual hours worked *by those who worked for pay* also increased over time, showing that not all of the increase in hours came simply from more women entering the labor force. This increase was much greater for wives (who experienced a 24 percent increase) than for single parents (who experienced an 8 percent increase). This is not surprising since on average, single parents in 1969 worked more hours per year for pay than wives did in 1996. Both hours worked per week and weeks worked per year increased for wives and single parents, among those who worked for pay. Each of these components of annual hours, like the total, increased more for wives than for single parents. Increases in hours worked per week were more dramatic than increases in weeks worked per year.

While annual hours of paid work by all wives increased greatly – by 576 hours, or 93 percent – husbands' hours of paid work decreased slightly from 1969 to 1996. This is the result of husbands working fewer weeks per year, without significantly changing their usual number of hours worked per week. These trends are consistent with estimates reported elsewhere in the literature, based on a variety of data sources.5

The increase in families' hours of paid work has been widespread throughout the population. All types of families – whether defined by the head's education level, spouse's education level, presence of young children, or race or ethnicity of the household head – have experienced substantial increases in hours of paid work from 1969 to 1996. In virtually every case, the increase in family hours of paid work reflects increases by wives and by single parents, rather than by husbands.



While the basic trends have been similar, however, the magnitude of the increase in hours of paid work has differed substantially across different demographic groups. In part, this is because some groups, such as women with preschool-age children, had lower hours to start with and therefore more room for expansion than others.

- *Families whose head had gone to college have increased their hours of paid work much more than those whose head had less education* (see figure 5).

  For married couples with a college-educated husband, annual hours of paid work increased by 644 hours (23 percent) – more than twice the increase for couples in which the husband had a high school diploma or less. The difference was due to the wives' hours increasing more and the husbands' hours decreasing less in the college-educated families. For single parents with a college degree, hours of paid work increased by 322 hours (20 percent), compared to 165 hours (16 percent) for single parents with a high school diploma or less.

- *Families with a young child increased their hours of paid work more than those with only school-age children* (see figure 6). For single parents with a child under age five, hours of paid work increased by 400 hours (50 percent), compared to 246 hours (21 percent) for single parents without a young child. For married couples, hours of paid work increased by 537 hours (20 percent) for families with a child under age five, compared to 457 hours (15 percent) for families without a young child.

- *Married couples with a white or black husband increased their hours of paid work nearly twice as much as married couples with a Hispanic husband.* By contrast, single Hispanic parents increased their hours slightly more than either white or black single parents.6

Why have parents changed their hours of paid work? Trends in wages and trends in paid work hours influence each other. Rising wages tend to draw more individuals into the labor force, while falling wages tend to reduce participation. In turn, more work experience leads to faster wage growth, and vice versa. As a result, wages and paid work time tend to move up (or down) together, in a virtuous (or vicious) cycle.

Trends in hours of paid work for both men and women have roughly paralleled the trends in their wages since 1969, discussed below (in section III-A).7 However, the magnitudes of the changes in paid work time are still not completely understood, as they are not easily "explained" by changes in key economic variables.8 The increases in paid work among women seem to be much more closely related to increases in their own wages than to the changes in their husband's wages over this period. Declining male wages do not appear to be the main reason why women are increasing their market work.9 Increased work among women may also be affected by such hard-to-measure factors as changes in assumptions about women's role in the family, diminished discrimination against women in the workplace, or falling barriers to women entering non-traditional occupations. Highly educated women have benefitted more from diminished discrimination than have women with less education, as higher-level professional and management jobs have opened up to them. Whatever the reason, large increases in market work hours among women have substantially changed the time allocation and income of families.

Are there constraints in the labor market that have led workers to choose more work - hours than they would want? For instance, perhaps some full-time workers would rather work part-time. A worker's decision about how many hours to work on a job is determined by a number of factors. When workers accept a job, they are agreeing to a formal contract of hours and wages as well as to an implicit contract about career development. They are *jointly* choosing the type of work they do, the environment in which they do it, the wages and benefits they earn, the job's future prospects, and the hours they work. It is possible that employees are working more hours than they would like, but that they value the other characteristics of their jobs sufficiently to work those extra hours.

III. Trends in Family Income

The upward trend in hours of market work raises questions about trends in family well-being. A family's economic well-being is typically measured by its income. Earnings are the largest part of family income, which also includes transfer payments such as welfare and unemployment insurance, interest, dividends, and other unearned income such as child support. Earnings, in turn, are equal to hours worked for pay multiplied by the hourly wage. Rising work hours should lead to rising incomes, but the magnitude of this effect depends on changes in wages and other income sources that might be occurring at the same time.

A. Wages

During the same period in which women's hours of paid work have increased, inflation-adjusted wages have been increasing for women on average. Female college graduates' wages have risen more than wages among the less educated. In fact, female high school dropouts' wages have stagnated or even declined slightly. Men's wages have grown very little on average. They have fallen for men without college degrees and remained virtually constant for men with at least a BA.10 Because fringe benefits have grown since 1969, workers' hourly compensation (including the value of fringe benefits) has improved more than their wages alone.

As we discussed above, these wage changes are positively related to changes in hours of work. More educated women have shown the largest increase in their market work, and their earnings have gone up even faster as wages and hours of work rose together. Less educated men have experienced both declining wages and declining hours of work (due to decreased labor force participation and increased unemployment), leading to earnings reductions.

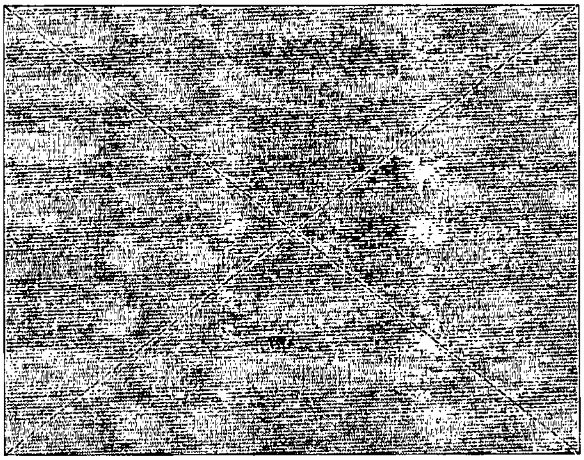
B. Total Family Income

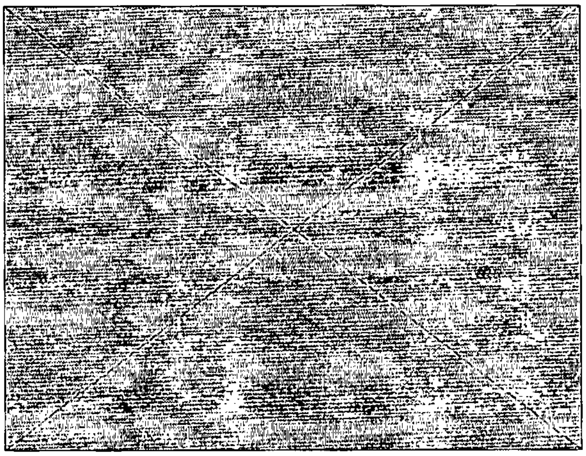
Putting the trends in wages and hours together, to what extent have increases in hours of paid work within families translated into increases in family income – the measure we ultimately care about? To answer this question, we present estimates of average family incomes, by income component, to provide one assessment of how the changes in hours have affected the standard of living of families in the United States.11 Our income measure, as described earlier, is based upon before-tax cash income only, including cash benefits such as welfare and unemployment insurance benefits, and does not include other family resources, such as fringe benefits, food stamps, and the Earned Income Tax Credit (EITC). While these other resources and taxes are important, they are difficult to measure accurately or consistently for individual families. Because food stamp use grew rapidly in the 1970s and the EITC expanded greatly in the 1990s, the income measure we use omits more of the resources available to low-income families today than in the 1960s. Our estimates therefore understate the gains made by low-income families since 1969.12

Trends in income and in the various components of income (earnings, government transfers, other sources of income) have varied across different types of families.13

1. Trends in Income by Family Structure

Both married-couple families and single-parent families achieved increases in inflation-adjusted income from 1969 to 1996 (see figures 7 and 8). However, even though single parents had substantially higher rates of growth in paid work hours, married-couple families experienced a much larger average increase in income.





- *The incomes of married-couple families increased by more than their increase in paid work time.* Their average family income increased by almost a third from 1969 to 1996 ($14,800 in 1996 dollars), while their annual hours of paid work increased by less than a fifth.

- *For single-parent families, incomes increased by much less than paid work time.* They also increased much less than the incomes of married-couple families over this period, after adjusting for inflation. Average income of single-parent families increased by less than ten percent ($1,900 in 1996 dollars) from 1969 to 1996, while their paid work hours increased by more than a quarter.

Increases in the earnings of wives and single parents generated most of the income growth from 1969 to 1996. Single parents' earnings increased more than their total family incomes did, as earnings increases were offset by a forty percent decline in average government cash transfer payments. For two-parent families, increases in the wives' earnings represented two thirds of the increase in family income, with the remainder attributable to an increase in the husbands' earnings and an increase in unearned income from sources other than government transfer payments.

Among both wives and single parents, their increased earnings reflect an increase in hours of work and an increase in hourly earnings rates. Rising earnings among wives reflected a startling 93 percent increase in their hours and a 53 percent increase in their earnings per hour. For single parents, hours of work increased by 28 percent, while hourly earnings increased by 18 percent.

2. Trends in Income by Other Demographic Characteristics

As with hours of paid work, trends in average family incomes differ substantially across groups of families classified by education, race or ethnicity, or presence of young children. Income growth has been greater for families whose head is highly skilled, for families headed by a white person, and for families with preschool-age children.

- *More-educated families had greater income growth from 1969 to 1996.* Married couples' income grew by almost a third if the husband had a college education, but less than ten percent if the husband had a high school diploma or less. For single parents, inflation-adjusted incomes grew by eight percent if they had a college degree, but incomes *fell* by five percent for single parents with a high school diploma or less. Much of this difference in income growth reflects larger earnings increases for highly skilled wives and single parents, and larger earnings declines for low skilled husbands. Erosion of the purchasing power of cash welfare benefits also helps explain why the inflation-adjusted incomes of less-educated single parents fell.

- *Average income growth for whites was substantially higher than for blacks or Hispanics.* Among families headed by a white person, average incomes grew by almost twenty percent for both married couples (19 percent) and single parents (17 percent) from 1979 to 1996.14 For blacks, average incomes grew by less than ten percent for both two-parent families (9 percent) and single-parent families (6 percent). Finally, for Hispanics, average incomes *fell* by almost five percent for married couples (4 percent) and single parents (3 percent). These results are striking, given the relatively large increases in hours worked for pay by Hispanic single parents over this period. An increasing share of recent immigrants with lower education and wage levels in the Hispanic population helps explain why Hispanics' incomes fell. In addition, wages and cash welfare benefits declined.

- *Families with a child under age five had greater average income growth than families with older children.* For married couples, average incomes increased by 38 percent for families with a child under age five, compared to 27 percent for families with only older children. For single parent families, mean incomes increased by 17 percent for those with young children, but by just 6 percent for families with only older children.15

3. Recent Trends in Family Income

Trends in family income from 1992 to 1996 are considerably more favorable than the longer term trend since 1969. Even families headed by single parents with a high school diploma or less, whose income deteriorated from 1969 through 1992, made income gains from 1992 to 1996 during the sustained period of economic expansion under the Clinton Administration.

C. The Distribution of Family Per Capita Income

To assess the implications of income growth for families with children, we need to take account of the increasing share of single-parent families, whose incomes are lower and grew much less than the incomes of married-couple families (see section III-B above). We also need to consider the decrease in family size, because a given family income provides more resources per child when there are fewer children in the family. Moreover, because less-skilled, lower-income parents have had slower income growth than highly skilled, higher-income parents, it is important to consider the trends in income for lower-income and higher-income families, not just the average family.

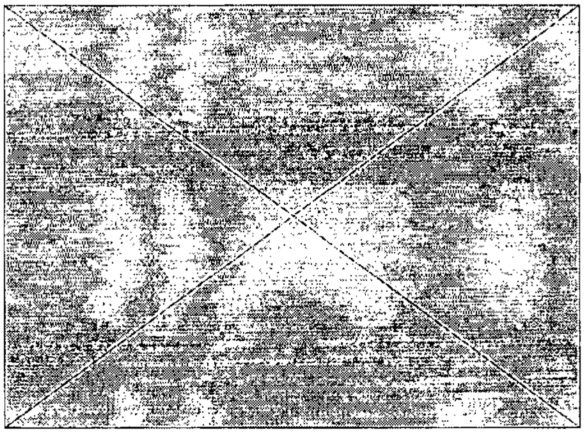


Figure 9 presents estimates which incorporate the combined effects of the increasing share of single-parent families and decreasing average family size, to assess changes in incomes for families with children. To reflect changes in the share of single-parent families, the diagram shows changes for the *combined* family income distribution of single-parent and two-parent families. In addition, as a crude way of adjusting for the differences in family size between two-parent and one-parent families and for the decreases in family size over time, family incomes are presented in per-capita terms. (This is a crude measure because it does not cost twice as much to support two people as one. On the other hand, two do cost more to support than one. The true measure of equivalent income for different family sizes lies somewhere between per capita and total income.) The chart shows the change in average income per person for the lowest quarter, the highest quarter, and the middle half of the distribution of all families' per-capita incomes.

These estimates indicate that while there has been substantial per-capita income growth for high-income families, incomes have been either stable or decreasing for lower- and middle-income families when 1996 is compared with 1969. During the economic expansion from 1992 to 1996, however, lower-income families also experienced rising per-capita incomes.

- *Since 1969, the top quarter of families gained, while the lower quarter lost and the middle half remained nearly constant in per-capita income terms, after adjusting for* *inflation.* The top quarter gained 20 percent ($4,400 in 1996 dollars) from 1969 to 1996, while families in the lower quarter of the income distribution had declines of 11 percent ($410). For families in the middle half of the family per-capita income distribution, average family incomes have remained relatively constant, with income gains of 4 percent ($452).

Since family size has been decreasing, it follows logically that increases in mean income are less dramatic, and decreases are more dramatic, when calculated on a family basis rather than on a per capita basis.

IV. How Do Families Respond? Implications for Family Time Use Outside the Job

The trends in hours of paid work and family incomes described above have had a major impact on family life. Increasing hours of paid work may mean higher incomes, which provide more resources for parents and children. But increasing paid work time also means less time for other activities. The evidence on time allocation to non-market activities is much more limited than the data on hours of paid work and income and therefore conclusions must be more tentative.

The CPS, with its larger sample size, only allows us to examine hours spent on paid work (and therefore hours available for other activities) along with changes in family size and structure. We have limited data on what people actually do with the time they do not spend on paid work, mainly from time-use diary studies. These studies have complete data only for a small sample of people. We begin with the CPS data regarding basic trends and then discuss the more detailed time-use diary data.

A. Trends in Current Population Survey Data

What can the CPS tell us about how the changes of the past several decades have affected the number of home hours that families have available for caring for children and maintaining a household? On the one hand, families may have less time available for child care because they are spending more time in the labor market and because there is a growing share of single parent families. On the other hand, the number of children per family has fallen, which would tend to increase parental time per child.

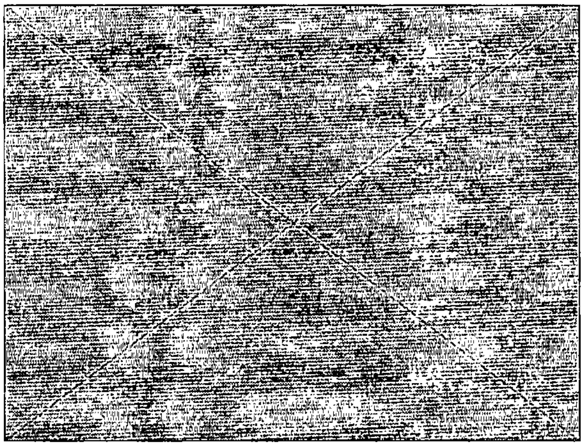


Figure 10 shows the trends in non-market time that custodial parents potentially had available to spend with all their children, after subtracting time spent at paid work and allowing eight hours per day for sleep. We emphasize the fact that this is only time *potentially available* in the home; there is no information in the CPS on how parents actually spend their non-market work time. Figure 10 shows that from 1969 to 1996, both married couple and single parent families experienced a decrease in time not spent on paid work. The overall decrease is greater than the decreases within either family type because the proportion of single-parent families increased over this period.

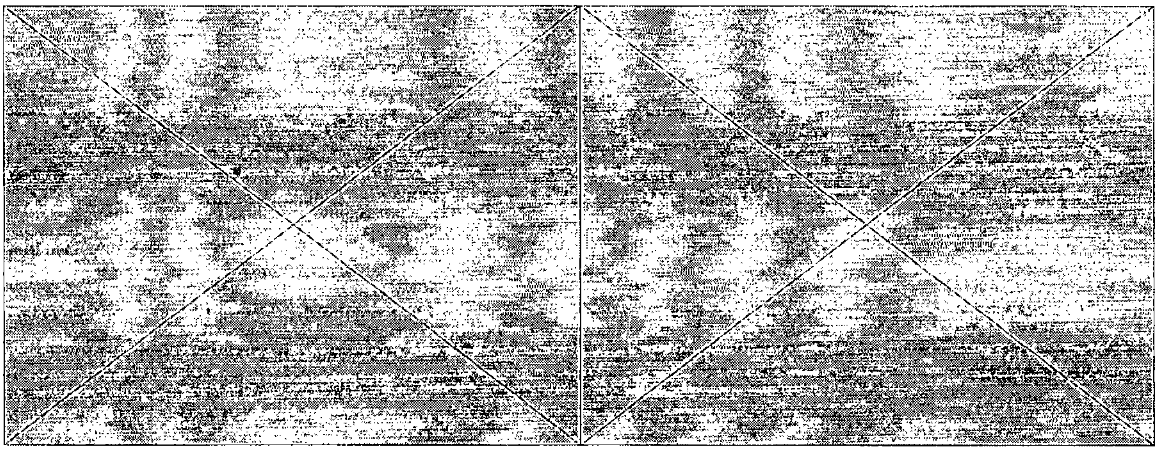
The other extreme is to assess changes in total parental time potentially available *per child.* This measure is obviously misleading because it presumes that a single child who spends two hours a day with her parent gets as much parental attention as two children who spend four hours a day with their parents. While this assumption is clearly false, it gives us a lower bound for the impact on children. Despite increases in paid work hours for each type of family, the amount of non-market time available *per child* has *increased* for both married-couple and single-parent families since 1969. When single-parent and married-couple families are added together, however, the amount of family time per child has remained relatively constant. This reflects the fact that a shift toward more single parents tends to decrease parental time available to children, because it reduces the number of custodial parents available to spend time with children.

This extreme case suggests that, *at best*, parents have about as much time available to spend with their children as before, while under more realistic scenarios, the time potentially available for them to be at home with their children has declined. Interpreting what these changes in potential time available at home mean for actual time spent with children is difficult, however.

B. Time Use in the Home Estimated from Time-use Diaries

Fortunately, we have an alternative – and somewhat more informative – source of data: time-use diary surveys, which ask respondents to keep a detailed diary recording how they spend their time during a specific day. These surveys provide an alternative, more accurate method of measuring paid work time, as well as time spent in various kinds of unpaid activities, such as commuting, housework, child care, shopping, recreation, and personal care. The trends in hours of paid work time and non-market time described above are based on data which report individuals' estimates of their usual hours worked per week in the previous year. Such estimates may not accurately portray the actual hours worked for pay because the question is somewhat ambiguous and respondents may not be able to report accurately on a "usual" week in the few minutes allowed during the CPS interview. Time-use diary measures tend to show shorter paid work hours and sometimes even different trends than the CPS.16

Unfortunately, such time-use diary surveys are conducted much less frequently and with much smaller samples than the CPS. The latest available data were collected in 1985; results of a survey done in 1992-94 are not yet available. Because of the small samples, time-use diary surveys cannot be used to examine trends for smaller subgroups of the population, such as single parents or blacks. Moreover, the individuals who complete the diaries may not represent the U.S. population as well as the CPS sample does. These surveys do, however, provide information about how much time is spent in different types of unpaid work at home, such as child care and housework, in leisure pursuits, and sleep.

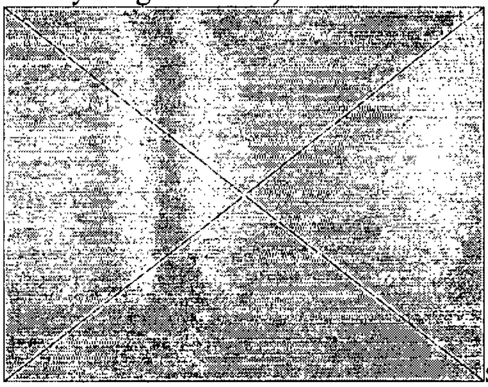


1. Averages

Time-use diary surveys suggest that most of the increase in women's formal working hours between 1965 and 1985 was offset by decreases in time spent on household chores (see figure 11). These decreases were coupled with increases in time spent on household chores by both employed and nonemployed men over this period (see figure 12). There was very little reduction in time spent with children, and "free time" spent watching TV actually increased.17 These trends are rather surprising, since they are not consistent with the widespread feeling that leisure time has become less available.

One possible way to reconcile these numbers with a general sense of "time stress" may be to note that many women have moved from the "nonemployed" to the "employed" category, which dramatically changes their time-use patterns. In any single year, employed women spend about 45 percent less time on both child care and household tasks than women without paid jobs, but still have less free time.18 Time-use surveys conducted in the U.S. in 1965, 1975, and 1985 show that employed mothers spent virtually the same amount of time taking care of children in

1985 (6.7 hours per week) as in 1965 (6.3 hours per week). Mothers without paid jobs spent 12 hours a week on child care in both years. (But note that nonemployed women are more likely to have young children.) This is consistent with other analyses of these time-use surveys, which



show no decline in child care time within mothers' employment category.

When the shift of women into employment (shown in figure 13) is taken into account, however, mothers' time in child care declined by 10 percent overall, from ten to nine hours per week (see figure 11). Fathers did not make up the difference; their child care time remained about 2.5 hours per week from 1965 to 1985 (see figure 12). This suggests that the increase in market work among women has reduced their time with children.

Time spent in personal care and commuting to work did not change much. The time-use diary estimates of commuting time are corroborated by Census department data. A Federal Highway Administration survey found that the average commute time increased by 2.5 minutes (14 percent) between 1983 and 1995. Surprisingly, "free time" activities *increased* by 4 to 5 hours per week for both men and women, due almost entirely to an increase in television-watching (including watching TV with children). What "gave" for women was household chores.

The time-diary results above are from descriptions of adults' time. Recent time-diary evidence sheds new light on how *children* spent their hours in 1997. The most striking finding is that two-parent families on average spent remarkably similar amounts of time engaged with their children regardless of whether one or both parents were working. Dual earner couples spent an average of 21 hours per week engaged with their children, while single-earner two-parent families spent 22 hours per week, only slightly more time, engaged with their children.

2. Differences among families

These estimates are based on average trends. They may miss important distinctions between high- and low-income groups, or between single-parent and two-parent families. The effect of women's increased hours in the labor market on families is likely to vary between college-educated parents, whose incomes have been rising because their hours and wages both increased, and less-educated parents, whose incomes may have fallen despite increased work hours because of falling wages. It may be harder for families with more limited resources to cut back on housework by buying time-saving services and appliances. The effect of women's increased hours in the labor market on families is also likely to vary between married couples, who can shift some housework and child care from working wife to husband, and single parents, who cannot. Within married-couple families, moreover, there are likely to be differences across education levels in this shifting of tasks, as child care time by fathers rises with their education. Unfortunately, the time-use diary survey samples are too small to be broken down into these subsamples.

V. Key Policy Issues That Relate to These Changes in American Family Life

The enormous changes in the ways American families function create new opportunities, but also present new policy challenges, to private employers as well as to the government. There are four key areas of policy that are important in helping families better balance work and family life: improving access to high quality, affordable child care; increasing the flexibility of market work; supporting income among low-income working families; and encouraging the formation and maintenance of two-parent families.

A. Increasing the Flexibility of Paid Work

The effect of parents' market work time on children also depends on when and where it is performed. By shifting from work in the home to work in the market, many women find themselves with far less flexible schedules to respond to other family needs. Key employment arrangements that affect hours flexibility include:

- *Flexible work arrangements* (defined as allowing workers to vary the time they begin or end work) are an increasingly popular approach to decreasing the tension between work and family. In 1997, 28 percent of full-time wage and salary workers had flexible work schedules. This was up sharply from 15 percent in 1991, the most recent prior year when data were collected.19

- *Shift work* may enable parents to share child care more easily by working different shifts. If shift work is to ease the task of combining paid work and child care, however, the choice of shifts must be voluntary. For those workers who cannot determine their own schedules, the combination of shift work and work in the home is a potential source of stress and expense. Non-standard working hours may make it difficult both to find time to spend with children when they are awake and not in school and to arrange for child care while working. In 1997, 83 percent of full-time wage and salary workers were on regular daytime schedules, 4.6 percent were on evening shifts, 3.9 percent were on employer-arranged irregular schedules, 3.5 percent were on night shifts, and 2.9 percent were on rotating shifts.

- *Working at home for pay* can sometimes increase parents' flexibility. In 1997, 3.3 percent of all wage and salary workers were doing work at home for pay, up from 1.9

percent in 1991. An additional ten percent of all wage and salary workers in 1997 were doing work at home without receiving extra pay for it. Nearly 9 out of 10 wage and salary workers who were paid for work at home were in "white-collar" occupations. Single parents, particularly single mothers, had much higher work-at-home rates than single workers without children.

Maintaining high productivity need not be inconsistent with allowing flexibility in work arrangements, as many private sector employers have discovered. The Federal government has led by example, instituting "flextime" which allows employees some discretion in when they work their allotted hours. The President has proposed a flextime initiative that would allow *all* workers to take "time-and-a-half" overtime compensation in the form of compensatory time whenever they need it for family and medical leave purposes, instead of cash.

This Administration has played a major role in increasing flexibility among families by helping enact the Family and Medical Leave Act (FMLA), which enables workers to take up to 12 weeks unpaid leave to care for a new baby or ailing family member without jeopardizing their jobs. Since its inception in 1993 millions of workers have taken advantage of the FMLA to spend necessary time with their families. The President also proposed expanding FMLA to allow workers up to 24 hours per year for parent-teacher conferences or to accompany a child, spouse, or elderly parent for routine medical and dental care.

B. Give All Parents, Especially Low-Income Parents, More Choices

While incomes have been rising for most people, families at the bottom of the income distribution, particularly the less educated and single parents whose inflation-adjusted incomes were lower in 1996 than in 1969, still face serious economic hardship. For many low-income parents, working harder and spending less time with their families is not a choice but a necessity. Recent policy changes that have helped these families cope include:

- Expansions in the *Earned Income Tax Credit* (EITC), to assure that persons who work hard on their jobs can take home enough money to support their families;

- Providing a $500 per-child tax credit to help offset the expense of raising children;

- Increases in the *minimum wage* from $3.35 in 1990 to $5.15 in 1997;

- Expanded *child support enforcement* provisions, which help ease the economic burden on single mothers and enforce responsibility for economic support of children on both parents;

- Major *welfare reform legislation* which has helped single mothers move from welfare to work;

- Employer tax credits to help create jobs for welfare recipients;

- Substantial expansions in *support for vocational education, community college, and skill development* among persons in lower-income families, including the creation of Hope Scholarships, an 80 percent increase in the maximum Pell Grant since 1993, and the passage of the Workforce Investment Act of 1998.

In addition, it is hard to underestimate the importance of a strong economy and steady economic growth, which creates jobs, reduces unemployment, and raises wages for all workers – especially the less skilled who are most affected when jobs are scarce.

C. Improving Access to High Quality, Affordable Child Care

Most parents adjust to an increase in their paid work time by increasing their use of child care providers other than themselves. As mothers go to work, families have more income to spend. Some of it can be spent on paid child care. The availability, cost, and quality of child care which can be purchased in the market affects the employment decisions and financial status of families.

The primary child care arrangements for preschool-age children of employed mothers in the fall of 1994 were divided roughly equally among care in the child's home (by a relative or nonrelative), care in another home (by a relative or nonrelative), and care in an organized child care facility. Since comparable data were first collected in 1986, the trend shows a relatively constant proportion of children receiving care in their own homes, relatively fewer children receiving care in another home, and relatively more children receiving care in an organized facility. The share of monthly income spent on child care by those purchasing this service rose from 6.3 percent to 7.3 percent between 1986 and 1993.20

This Administration has consistently emphasized the importance of child care availability and quality. Since 1993, child care subsidies for low-income families have grown by 80 percent. In addition, the Administration's budget proposal for the 1999 fiscal year included $5.1 to increase the Child and Dependent Care Tax Credit for three million families earning under $60,000 a year.

D. Encouraging Two-Parent Families

When two-parent families form and stay together in a supportive relationship, many of the economic and emotional stresses of balancing work and family are eased. Two-parent families have greater earnings potential and more potential time to spend with their children than do single-parent families. Among the recent policies which have helped maintain married couple families, the *eligibility rules for Medicaid* and other programs have been changed so as not to penalize two-parent families for staying together.

VI. Conclusion

A massive shift of women's time from the home to the labor market has occurred in the last generation. For most families, increasing incomes have accompanied mothers' increasing paid employment, although the shift from married couple to single parent families has reduced both income and time available for many children. While smaller family sizes have helped offset the increase in market work, many parents still find it difficult to balance jobs and children. Raising children is not easy; even in the past when more women stayed at home while their children were young, many of them found full-time homemaking extremely stressful.

Single parents face the most difficulties. They have only half as much total time available as two parents, and they typically have less than half as much earning power as a married couple because women's wages are lower than men's. Lack of income limits most single parents' ability to purchase time-saving goods and services and high quality child care. Thus, they may face a severe time and money bind.

Men without college educations have faced declining wages. Increases in work among their wives has helped maintain their families' standard of living, but these increased hours of market work have not resulted in income gains. This also limits the ability of these families to afford child care. Moreover, less-educated workers are less likely to have jobs that permit parents to arrange their hours to accommodate family needs.

Better educated parents, whose increased time in the labor market has been rewarded with considerably higher incomes than in 1969, can better afford to pay for high quality child care, household help, and other time-saving goods and services. Married couple families, particularly those where the husband has a college degree, have seen substantial improvements in their economic situation over the last three decades. Yet, even these couples often express dissatisfaction with the stresses involved in balancing work and family.

It may be that changing social norms have increased the income requirements for raising children, making even married women in families whose income has gone up over time feel that they cannot afford to stay at home as their mothers did. Moreover, even high-income two-earner couples may find that their jobs entail longer hours and a more demanding, stressful pace than they would freely choose, although these jobs may also provide the income, long-term career prospects, and personal fulfillment that they desire. But a job comes as a total package, and these families cannot give up some income for more time at home without giving up the rest of the package, which they find attractive on the whole. Therefore they, too, are looking for help in balancing the demands of job and family.

The changes in parents' paid work time and family size of the past three decades have been driven by the long-term increase in women's wages and job opportunities; hence they are not likely to be reversed. These increases in women's earning power may have other long-term positive effects besides their immediate effect on family incomes. As wives and husbands become more able to earn similar amounts in the labor market, it encourages a more equal balance between them in terms of responsibilities for earning money, household tasks, and child care. Fathers are becoming more involved in child-rearing than in the past. Women are better able to support themselves and their children in the event of widowhood or divorce. Moreover, as women gain more (and more continuous) market work experience, their earning potential also increases. Young women, expecting to spend more time in the labor market, increasingly prepare themselves for more skilled and higher-paying jobs. These developments all work to increase the long-term security of women and their families.

In the meantime, both employers and public policy-makers need to continue to search for creative ways to help productive workers also function as effective parents and responsible family members. If families and children are going to withstand the stresses of these trends, employers and public policy makers have a responsibility to do everything they can to help parents balance work and family. Workplaces and work hours must become more flexible, parents need more supports and more choices, and more children need to live with both parents in their lives.

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