# Parental Employment and Children's Well-being

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## Introduction

Decades ago, highly regarded economists such as John Maynard Keynes predicted that technological advances would reduce the number of hours Americans worked by one half to two-thirds.<sup>1</sup> It was also anticipated that we would be enjoying three times the number of vacation days, allowing more time for leisure and to spend with our families. Alas, not only is the 40-hour work week still standard, but families with children are working more. Among the 34.3 million families with children in 2011, 87.2 percent had an employed parent.<sup>2</sup> Some argue that Americans are working more because they have chosen to consume more, but other analyses suggest that they have to work more to support their families. In fact, women, whose work participation has been steadily rising since the 1960s, are now the major breadwinners in 40 percent of families, up from 11 percent in 1960.<sup>3</sup>

Social and policy changes influencing parental engagement in work have long been underway. As Jane Waldfogel<sup>4</sup> relates, in the 1960s, two-thirds of children had a parent that stayed at home; 40 years later, this was true for only one-third of children. Public approval of mothers' employment has grown steadily, with a majority of U.S. adults (57%) now agreeing that both husbands and wives should contribute to family income, and 75 percent disagreeing that women should return to "traditional roles."<sup>5</sup>

Indeed, public policies have increased both expectations and incentives for parents to work, particularly those in low-income and single-parent families. Prior to 1979, women receiving welfare were not expected to work if they had children under 16 years of age. Work requirements were subsequently tightened two times before the passage of the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) of 1996, which aimed to promote job preparation, work and marriage in order to end dependence on government benefits

[Part A, Section 401(a)(2)]. By 1988, women with children age 3 years and older were expected to work if they received public assistance, and under PRWORA, states are not obligated to exempt any parent receiving cash assistance from work requirements.

The tightening of work mandates under welfare reform, along with strengthened work incentives provided through successive expansions of the Earned Income Tax Credit (EITC), roused a broader public discussion of the mechanisms through which parental employment might increase (or harm) child well-being. Some stressed the expected benefits of parental work, including positive role models, higher self-esteem and a sense of control among working mothers, more productive daily routines for families, and higher earnings. Alternatively, others were more likely to point to possible negative consequences, such as increased parental stress, children placed in unsafe or unsuitable child care, and reduced parental monitoring of older children.<sup>6</sup> A sizeable body of research has sought to use variation in policy implementation over time and across states to shed light on the relationship between parental work and child wellbeing, particularly for lower-income families.

What are the implications of rising parental employment for the well-being of children? This paper investigates the mechanisms by which parental employment affects children and evaluates the evidence on the effects of those mechanisms. It then considers public policies intended to moderate the detrimental effects of parental work and boost the positive ones. Among the findings are that current U.S. policies are strong in incentivizing parental employment and providing additional income support that is beneficial to children, but they are less effective in ensuring that children have access to appropriate and stimulating early care environments when their parents work. A preponderance of evidence shows that most children benefit if mothers are their primary caregivers in their first year of life, and recent studies suggest

that paid or partially paid leave of approximately six weeks to six months would encourage and support more mothers in delaying their return to work and breastfeeding their children longer. In addition, research finds a significant relationship between parental job quality and children's well-being that is mediated by parent's work-related stress and is particularly strong for singlemother families. Greater efforts could be made to incentivize employer offers (possibly through simplified federal tax provisions) and broader take up of workplace benefits such as paid sick leave, which enhance job quality and better assist parents in balancing work with the needs of their children. Presently, the parents of families that are most at risk of seeing negative effects of work on their home environments and children are least able to take leave, cut their paid work hours or otherwise secure the resources necessary to provide for their children's well-being.

## Mechanisms through which Parental Employment Affects Child Well-Being

The Pew Research Center's findings of broad societal support for a permanent role for women in the workforce do not similarly hold for mothers with young children. Only 12 percent of those surveyed in 2009 agreed that mothers with young children should work full-time, and even among mothers with young children who were working full-time, only 13 percent agreed this was ideal. In fact, mothers are least likely to work at all or work full-time in the first year of a child's life.<sup>7</sup> These greater concerns about the implications of *mothers* ' work for young children reflect the findings of developmental psychology and neurobiology research that suggest there may be periods following the birth of a child that are particularly critical or sensitive for the child's brain development and long-term physical and mental health.<sup>8</sup> *Mechanisms by which Parental Employment Decreases Child Well-being* 

For some time we have understood from neurological research that following birth, the infant's brain "blossoms" with new connections (i.e., synapses), and the rates of these

connections and subsequent pruning of them can be importantly influenced by an infant's early environment.<sup>9</sup> Research on the healthy development of children consistently identifies the importance of environments characterized by stable family relationships, in which adults are responsive, nurturing and protective in their interactions with children; environments that are physically safe and allow children opportunities to explore without risk or fear of harm, and ones in which children receive adequate nutrition and health care.<sup>10</sup> Focusing on mothers, one mechanism by which a mother's employment might directly affect her child's development is through her ability to form a bond with her infant that promotes the child's security and attachment and her responsive and appropriate care of the child.<sup>11</sup> Frequent and/or long separations of mother from child associated with work could impede their bonding, although there are many other factors that could simultaneously play a role in how the child is affected, such as the quality of the caregiver who substitutes for the mother and the mother's job-related stress. There are also varying perspectives regarding *when* maternal employment is more likely to hinder the bonding process between mother and child, with some research suggesting that a mother's return to work after their attachment is secure could be more disruptive to the child.<sup>12</sup>

Mothers' early return to work may also be a limiting factor in their initiation of breastfeeding and the length of time that infants are breastfed. A voluminous body of research documents benefits to children of breastfeeding exclusively in the first six months after birth and continuing some breastfeeding through the child's first year.<sup>13</sup> These benefits include better respiratory health; reduced ear and throat infections; lower incidence of allergies, diabetes and other diseases; lower child obesity rates, and enhanced neurological development. One economic argument suggests that if a mother expects to go back to work relatively soon after a child's birth, the costs of learning and equipping for breastfeeding might exceed a perceived

short flow of benefits and discourage the mother from starting. Upon returning to work, breastfeeding mothers need to have time, equipment and accommodations for expressing milk, which may or may not be available depending on the nature of their work and the employer. Mothers who reduce their working hours, request extended leaves, change employers or quit working in order to continue breastfeeding may endure lost current and future earnings. Rates of breastfeeding initiation are significantly lower among low-income mothers.

Although it is widely agreed that a child's first months are among the most sensitive for healthy development, the trajectory of a child's development is not fixed in the first three years of human life.<sup>14</sup> One perspective suggests that "the process of development is now understood as a function of 'nature dancing with nurture over time," where biology interacts with the physical and social environments of the child, from conception throughout childhood, in shaping a child's path and achievements.<sup>15</sup> In this regard, parental time caring for children—by both mothers and fathers—is likely to matter well beyond the initial bonding period, and in different ways depending on the child's age and circumstances that are affected by parental work.

For example, research has documented that children are more likely to spend time without parental supervision at younger ages if parents are working, which may in turn affect children's performance in school and their participation in risky behaviors.<sup>16</sup> Theory-based models of parents' functioning and nurturing of their children consider pathways by which ongoing work stress may cause parents to withdraw from interactions with their children at home, or alternatively, to be more vulnerable to triggers for engaging in conflict with their children. Researchers have described this as the potential for "role overload" among working parents, where parents are overwhelmed by the feeling that it is difficult for them to accomplish everything they need to do, and in this sense, work stress becomes linked to other stressful

situations in the home.<sup>17</sup> Additionally, one parent's work stress might bubble over to the other, which might reduce the buffering influence that one or the other parent might have in the family.

More generally, family system theory considers families as a "subsystem" (with marital, parental and sibling ties) rooted in larger (e.g., community) systems, where conditions or changes in larger systems that impact one family member may also affect their relationships with and the functioning of other family members.<sup>18</sup> Studies of rising pressures on parents point to external demands for them to work for pay, such as financial uncertainty, welfare requirements, or rising costs of goods that are thought to benefit children (e.g., child care, educational expenses, etc.).<sup>19</sup> These demands, in turn, may affect a parent's job satisfaction, physical and mental health, "coping" resources and socio-emotional support of their children. Job attributes such as long work hours, lack of control, job insecurity and workload strain are also associated with adult mental health ills (e.g., anxiety and depression), and parental mental health is believed to have a fundamental role in the healthy mental and physical development of children.<sup>20</sup>

At the same time, working parents earn money that can be used to improve how they care for their children and the quality of their children's environments, such as through spending on nutrition, child care, health care, the safety of their physical surroundings, opportunities for learning, etc. Economists describe these as "inputs" for producing "child quality." Nobel Prizewinning economist Gary Becker's theory of "household production" laid the foundation for a large body of research that looks into how parents allocate their time between work and at home with children (or in other activities such as leisure), and how household budgets that are affected by parental employment constrain or support their desired investments in children. In this model, parents have to make tradeoffs in deciding how much time to spend at work vs. at home with their children, which depend in turn on how much they earn (and the prices they have to pay

for goods), their preferences for investing in their children's well-being (vs. their own), and the "productivity" of their time with children vs. in other activities.<sup>21</sup>

Researchers applying this economic model suggest, for example, that the amount of time a parent spends with his or her child at home will depend in part on how productive or efficient he or she is at home vs. in the workplace, where parents with higher opportunity costs of staying at home (or greater workplace productivity) would be expected to be more likely to substitute hired child care for parental care of their children.<sup>22</sup> In addition, parents are perceived as having different preferences for investing resources in their children, so that an increase in earnings or other sources of household income will not necessarily translate into a comparable rise in spending on the children. Family choices will also depend on their overall family budget and wealth, where it is generally expected that families with greater resources available to them will invest more and potentially increase their children's chances of success. Accordingly, research (discussed below) has examined whether public policies that expand financial incentives for work or mandate work for parents (as in the case of recent welfare reforms) increase family income, and in turn, have positive effects on children. In addition to the amount of time that parents spend with their children (vs. at work) and when in children's lives they trade off time at home with employment, what parents do in their time with their children—or how they interact (and the quality of those interactions)—is also very important to their children's well-being. Theories from psychology and sociology suggest that the types of interactions parents have with their children are potentially influenced by a number of work and non-work related factors, such as, are there two parents in the household, and are both working? How involved are mothers visà-vis fathers (or other caregivers), in the hands-on care roles, and how does their job quality/stress, relationship as a couple/family, gender of the children, etc. affect their interactions

with and availability to the children? This question has been more generally posed as: how central is childrearing in the life activities of the parents and/or the family?<sup>23</sup>

For older children in particular, these theories also suggest the importance of parental role models through their employment and caregiving activities. Children and youth may change their own behavior and goals in response to the behavior modeled by their parents, such as devoting more time to their studies in order to increase their own future job market prospects. In lower-income families where work replaces welfare, reliance on welfare may appear less attractive (or self-sufficiency more rewarding), and teenage childbearing and other risky activities may be reduced.<sup>24</sup> Once again, there are many factors that potentially determine the ultimate influence of parents as role models on their children's well-being.

## Mechanisms through which Loss of Employment Affects Child Well-being

In the face of high recent unemployment rates and longer-term employment among working-age adults, the implications of parental job *loss* for children's well-being have also become an increasingly important subject of study. In the context of family system theory, parental job loss represents a significant shock to the family subsystem. First, family income is reduced, sometimes with substantial, permanent reductions in earnings that constrain parents' ability to invest in their children.<sup>25</sup> The strains associated with job loss also affect adult physical and mental health, which theory and research evidence suggest can have considerable negative impacts on children's health and family relationships. Family relationships and structure may likewise be directly affected by job loss (e.g., divorce),<sup>26</sup> compounding the blow to the family subsystem. At the same time, the strength and quality of marital and parental-child relationships, as well as the extent to which other social contacts and supports continue (i.e., are not disrupted

by the changes), may limit the negative effects of an employment loss or other major job-related distress that might otherwise spill over to the children.

This section has described a number of potential pathways for parental employment to positively or negatively affect the well-being of children. There is a correspondingly immense research base that examines these various mechanisms and their implications and importance for children's well-being. The discussion that follows focuses on the strongest evidence generated by these studies, as well as those with better data and that more helpfully synthesize what we have learned from the research evidence to date.

## **Evidence on Effects of Parental Employment on Child Well-Being**

It is especially challenging to directly link parental employment to children's well-being, in part because of the many intricate and intimate family factors that mediate the implications of parental work for their families. Parents aren't randomly assigned to jobs or children to parents who work (vs. who do not work) to help disentangle the influence of these factors. Some studies have relied on longitudinal data, such as the National Longitudinal Study of Youth (NLSY) and the Panel Study of Income Dynamics (PSID), that allow for measurement of children's wellbeing and adjustments for potential mediating variables over time. Even then, it is very difficult to determine the effects of parent's work on children's well-being with a fair level of confidence that the estimated effects are not biased by factors we are not observing or measuring.<sup>27</sup> This review of research takes these limitations into account and indicates where there is greater consensus or confidence in the results, as well as where findings are still tentative or discrepant. *Effects of Maternal Work on Children's Well-being* 

As discussed above, the findings of biological and developmental studies suggest greater concerns about mothers' work in the first years of a child than fathers' employment. This

research has produced clear evidence that maternal stress affects infants' (physiologic) responses to stress, and that excessive or prolonged exposure to stress can negatively impact a young child's socioemotional and cognitive development. Work is one potential source of sustained stress for mothers, as well as for infants through their separation from mothers during working hours. However, if an available and caring adult aids a child in coping with stress (i.e., protecting the child from its potential harmful effects), the child can develop positive responses to stress that may help him or her later in dealing with frustration and other adverse experiences.<sup>28</sup>

An extensive review and summary of approximately five decades of research on the effects of maternal employment on children's cognitive and behavioral outcomes confirms the importance of taking into account contextual factors, such as the timing and nature of mother's work, quality of non-maternal care, etc., in discerning associations or plausible impacts of mothers' work on their children.<sup>29</sup> Specifically, there appears to be a relatively strong consensus that the quality of children's early care (parental or non-parental) is influential in a child's cognitive and social development, and that both quantity and quality of non-maternal care matter for children's early development, as well as their later academic achievement and behavior.<sup>30</sup> That said, the strength and also the direction of these associations are moderated by other variables, including family structure, income, mother's education, and the child's age.<sup>31</sup>

One fairly cohesive storyline that emerges from this interdisciplinary body of research suggests that the positive effects of additional income (and reduced financial stress) associated with maternal work are more likely to outweigh potential negative effects of less time caring for children in single-parent or low-income families, as long as the substitute care is not of poor quality, especially for children under five years who spend more time in child care. A study that used NLSY data concluded that employment during a child's first three years was associated

with significantly fewer behavioral problems for children (at ages 7-9) in low-income families and with significantly higher reading scores for children (at ages 3-4 and 7-12) in single-parent families.<sup>32</sup> Also drawing on NLSY data with a sample of single mothers affected by PRWORA work mandates (that significantly increased their work hours and use of child care), another study found significant *adverse* effects of mothers' work on children's test scores (reducing them by 2.6% on average); however, these negative impacts appeared to be driven by the fact that three-fourths of the sample of single mothers was using informal (non-center-based) child care. No negative effects were found on cognitive achievement for children in formal, center-based care. Other research on mothers leaving welfare likewise did not find a relationship between preschoolers' cognitive achievement or behavior and mothers work entries, although it did find a positive link between mothers' leaving welfare for work and increased reading skills and improvements in mental health among their *adolescent* children, as well as reductions in adolescent risky behaviors (e.g., use of drugs or alcohol).<sup>33</sup>

Alternatively, for more highly educated women, research suggests that the tradeoffs between the potential beneficial effects of parental income vs. direct parental time investments in children may be greater, and not only for children in their early years. One study used PSID data to examine the relationship between maternal child care time and work time (for children aged 7-13 years) and children's educational attainment at ages 20-26 years and found benefits of greater maternal child care time *only* for children whose mothers had 12 or more years of schooling. <sup>34</sup> Another study took advantage of a Swedish policy reform that extended paid parental leave from 12 to 15 months (for children born after August 1988) to look at the relationship between maternal time in child care and children's educational achievements. <sup>35</sup> Assessing the impact of maternal care relative to the common alternative of subsidized child care, it found a positive

association between the increased duration of parental leave and children's scholastic performance at age 16 *only* for children whose mothers had a postsecondary education. The analysis ruled out the role of other moderating factors such as mother's mental health or child health, leading to the conclusion that subsidized parental leave (allowing more parental time with children) was more effective for better educated mothers than subsidized child care in increasing children's performance in school.

For infants and very young children, evidence on the effects of maternal employment is likewise mixed, although the preponderance of findings suggests that children's cognitive development is enhanced if mothers are the primary caregivers in the child's first year and work less than full-time through age three.<sup>36</sup> One seminal study used NICHD data with better measures of child care quality and the home environment to examine the effects of both timing and intensity of maternal employment on children's cognitive development at age three years.<sup>37</sup> Children whose mothers worked at any time before nine months scored lower on a school readiness measure, and the negative impacts were largest for those with mothers working 30 or more hours per week. Consistent with the research discussed above, the study also reported larger negative effects for married-couple families than for those headed by single parents, suggesting again that the effects of additional income from employment may be more beneficial for children where there is only one earner in the household. In another study that attempted to better account (with additional data) for mothers' ability and its inherent influence on child development, negative impacts were likewise identified on the reading and math gains of children whose mothers went to work in the first year of their birth, as well as for children whose mothers worked longer hours in the second or third years after their birth.<sup>38</sup>

Numerous studies also document the difficulties mothers experience in attempting to combine breastfeeding with work, particularly in the first six months to one year of a child's life (the recommended time period for breastfeeding by the American Academy of Pediatrics). At about six weeks after the birth of a child, a mother's return to work emerges as the top reason for discontinuing breastfeeding.<sup>39</sup> Mothers convey that the substantial time and commitment required from them to express their milk, and the lack of accommodations in many workplaces for pumping breast milk or breastfeeding, deter them from breastfeeding as long as they would like to for the health and well-being of their infants. Furthermore, recent research confirms that mothers who breastfeed for six months or longer experience a larger decline in their earnings in the year after the birth of their child (than mothers who formula-feed or breastfeed for less than six months), and that the subsequent growth in earnings (in the five years following a childbirth) of mothers who breastfeed longer also remains below that of mothers who didn't breastfeed at all or who breastfed for a shorter time.<sup>40</sup> This larger, longer-term reduction in the earnings of mothers who breastfeed longer is explained by their greater time off from work, although the research does not identify whether this is due to changing views of mothers about work vs. time with family or whether they feel pushed out of work because of the difficulties of combining breastfeeding and infant care with work. Regardless, it raises cause for concern that rates of breastfeeding and breastfeeding duration are significantly lower for poorer, less educated working women compared to non-poor, more educated mothers (whether employed or unemployed), given that the added health benefits for the child are so numerous and substantial. Effects of Parental Loss of Employment

The bulk of research on the effects of parental employment has focused primarily on maternal time allocations between work and child care, although results of these studies

emphasize the importance of other family members' as well, particularly fathers, in providing financial support, ensuring quality substitute care and/or buffering from work-related stress. Studies of the role of fathers' involvement in children's development suggest that, as with mothers, both their level of involvement and warmth and responsiveness determine the extent of their influence on children's behavior and academic achievement.<sup>41</sup>

Perhaps in relation to fathers' traditional role and status as provider (or breadwinner) in the family, empirical evidence also shows that children are more likely to be affected by a father's *loss* of employment than that of the mother.<sup>42</sup> Parental job loss can contribute to considerable financial distress (and even permanent reductions in income) and mental stress that reverberate in the family system. A study of Slovakian adolescents reported that they perceived lower support from their fathers who experienced unemployment, likely due to the father's stress associated with loss of work.<sup>43</sup> Perceived support from their mothers was not affected by a loss of employment by either the father or mother, and high support from the mother was particularly protective for adolescents' health in face of a father's job loss. These findings are consistent with related research that found that women experienced less stress and fewer mental health problems in the face of their own unemployment than did men, and with a U.S. study of married Midwestern couples that similarly showed that men were more likely to experience work-related stress and financial distress than women.<sup>44</sup>

Research on the relationship between parental job loss and children's outcomes faces the challenge of disentangling the influence of parent characteristics (and parent-child interactions) that affect children's well-being even in the absence of job loss (e.g., parents' mental health, marital or family relationship quality, etc.). Recent empirical studies have used firm closures or downsizing, which represent an abrupt shock to parental employment, as a means for separately

identifying the effects of loss of employment from other factors that affect children's outcomes. One study used Norwegian register data to comprehensively measure firm downsizing and closure and then examined the effects of these negative shocks to parental employment on their children's grade point average (GPA) in their graduation year. The results showed that children whose fathers lost their job had a significantly lower graduation-year GPA, but a mother's job loss had no significant effects on their school performance. Effects were larger (nearly double in size) for children whose fathers had lower earnings before their job loss, as well as in communities with weaker job markets. In addition, the researchers investigated the specific mechanisms through which these negative effects materialized and ruled out explanations tied to loss of family income, changes in maternal employment or time inputs, marital dissolution and relocation. Mental distress associated with job loss appeared to be the driving factor in reducing children's well-being.

The above findings are consistent with those of a U.S.-based study that used data on job loss and children's educational achievement from the 1996, 2001, and 2004 panels of the Survey of Income and Program Participation.<sup>45</sup> Focusing on short-term measures of children's educational progress, the researchers found that parental loss of employment increased the likelihood of a child being retained in school by approximately 15 percent. Furthermore, these negative effects were more likely among children with less-educated parents (i.e., those with a high school degree or less). And in a study of Canadian families that included some fathers who had experienced loss of employment due to firm closings, negative effects of parental job loss were also found on children's *long-term* labor market outcomes. Among sons whose fathers lost their jobs when they were ages 11-14 years, their earnings as adults were reduced by about 9 percent; estimated effects for girls were in a similar direction but imprecisely estimated. This

study likewise showed no linkages between these negative effects and divorce, residential relocation or changes in mothers' earnings and employment and similarly found that negative impacts on children were more prevalent among the lowest-income (prior to job loss) families. The study authors acknowledged that they could not reject the possibility that stress associated with job loss and its implications for family functioning (rather than income loss) accounted for the detrimental long-term effects on children's economic prospects.

## Parental Job Characteristics and Children's Well-Being

Losing a job is a major, life-altering event for families, but research also suggests that other aspects of parental employment (i.e., job quality) can have important implications for parental time with children and the nature of their interactions. Four key aspects of job quality that theory and empirical research identify as particularly germane to the effects of parental employment on children's well-being include the level of job security that parents perceive they have, which relates to feelings of financial stability; how much control parents have in what they do in their work; flexibility in work scheduling (e.g., start and end times), and paid family leave (e.g., maternity/paternity and/or personal or other family leave).<sup>46</sup> Using data from the Longitudinal Study of Australian Children and an index of job quality constructed based on these four dimensions, researchers analyzed the relationship between job quality and a child difficulties score that measured children's distress, negative/oppositional behaviors, inattention or hyperactivity and peer problems. They found a strong relationship between job quality and children's difficulties that was mediated by parental distress (for both mothers and fathers); that is, parents' elevated stress was a significant predictor of children's difficulties, and this relationship was particularly strong in single-mother families.

Among these four aspects of job quality, parental work schedules (and flexibility in them) have emerged as particularly important in research on the effects of parental employment on children. Studies looking specifically at parents' (non-day) shift work have identified significant negative associations between parents' night work and their children's behavioral problems at both younger (preschool) and elementary school ages.<sup>47</sup> Researchers speculate that parents' mental stress and less effective parenting behaviors linked to their work schedules might account for these detrimental effects on children. These findings were also substantiated in several studies that used NLSY data to examine the implications of parents' nonstandard work schedules for children's well-being.<sup>48</sup> Taking into account factors such as child's age, gender and family income, night-time work by mothers and fathers is found to be most harmful to children and parents' relationship with them. For adolescent children, there is a strong association between the number of years mothers and fathers work on night shift and adolescents' risky behaviors, with night shift work reducing time mothers spent with their children, fathers' knowledge of children's whereabouts and paternal closeness, and the quality of the home environment. The relative importance of these factors varies with the age of the child, and the size of the effects also varies for some subgroups, with larger negative effects for boys and children in poorer or single-parent families (and with parents in nonprofessional occupations).

In an Australian study focused on children's health, researchers found significant associations between parental work at nonstandard times (particularly that of fathers) and child obesity and overweight, even after adjusting for household income, family and lifestyle factors.<sup>49</sup> The added pressures created by fathers' nonstandard work hours appeared to be born largely by mothers, who in turn compromised in the family food environment (e.g., buying more fully prepared meals that tend to be higher in fats, sugars, salts and larger in portion size). Another

study of adolescent children found an association between mothers' nonstandard work schedules and children's body mass index (BMI), suggesting that as children get older and have less adult supervision, maternal as well as paternal work schedules are increasingly important.<sup>50</sup> In addition, related research points to the role of parental supervision, which is affected by parental work hours and schedules, as being particularly critical for children's well-being in low-income, single-parent families, or in families where non-day shift work is involuntary.<sup>51</sup> The physical and emotional stress experienced by parents working nonstandard shifts may be higher, which is in turn known to influence parent-child interactions and children's behavior.<sup>52</sup>

The empirical evidence discussed above—across a range of studies in U.S. and non-U.S. contexts that explore numerous pathways through which parental work might affect children consistently suggests that there are greater potential risks to children in poorer or single-parent families for harmful effects of parental employment on their well-being. Qualitative research further illuminates many ways in which the stress associated with economic struggles, poor job quality, lack of home support, limited child care choices, etc. can compound the difficulties parents and children in these families face. For example, the "Ask the Children" study, involving more than a thousand children in grades 3-12, supports the empirical finding that child care arrangements for children in lower-income families may be especially critical to their development, as children in lower-quality child care (more often used by low-income families) are more affected by mothers' behavior (i.e., particularly their warmth and responsiveness).<sup>53</sup> In addition, low-income parents are less likely to hold jobs with more attractive attributes, such as high job security/stability, autonomy in their work, meaningful work tasks, low frustration, a supportive work-life culture, etc., and may be less likely to feel positive about their work roles. The "Ask the Children" study also suggests that when parents value their work and think that

they are doing the right thing for themselves and their families in working (or in staying home), their children are more likely to fare well, as this will be reflected in their care and responsiveness. Furthermore, the potential benefits of parents as role models through their work, such as children's greater self-sufficiency and independence, social competence, and aspirations for their own schooling and career success, are more likely to be realized if parents' own experiences at work—and in combining work and family responsibilities—are positive.

#### Policies that Address the Effects of Parental Employment on Children's Well-being

The preceding sections have described possible mechanisms by which parental employment affects children's well-being, as well as the evidence to date on both positive and negative effects of parental employment. Few would dispute, for example, that parental employment generates income that is key to promoting the health and well-being of children, the quality of their environments and their prospects for future productivity and success in nurturing the next generation. At the same time, evidence of potential negative effects on children is also compelling, and the pathways through which parental employment might bring about harm are complex and linked to family resources and functioning. Ideally, public policies would be designed to bolster the positive effects of parental employment on children's well-being and minimize the tradeoffs or possible detrimental effects.

Data from the Organization for Economic Cooperation and Development (OECD), which are frequently used in comparing parental employment and work support policies crossnationally, show that employment rates among mothers in the U.S. are very comparable to those in other developed countries. For example, for U.S. mothers with children ages 6-14 years, employment rates were at the OECD-18 average (a little over 69%) in 2002, while their employment rates were about 3.5-4 percentage points lower than the OECD-18 average if they

had children under 6 years.<sup>54</sup> As of 2009, approximately 70 percent of women aged 25-54 years in the U.S. and in OECD countries were employed, suggesting that women with school-age children participate in the labor force at about the same rate as all working-age women. However, when comparing public policies that are intended to support working parents and their families across these countries, the U.S. policy landscape looks very different from that of its developed country counterparts.

#### Income Support

The U.S. ranks highly (third) among the OECD-20 in its support of families through cash transfers and tax benefits, which are closely linked to reductions in child poverty (as well as to parental employment in the U.S.).<sup>55</sup> These income supports, which increased steadily from 1995 to 2005 through the expansion of the EITC (earnings supplements), are particularly important for low-income parents. Parental employment is one of the most important factors in reducing risk of child poverty, and the EITC has been found in numerous studies to promote parental work, especially among single mothers, suggesting a potentially key role of these benefits in improving children's well-being.<sup>56</sup> In addition, there is now growing evidence of strong linkages between earnings supplements for working parents and the educational performance of young children, as well as their later educational attainment and labor market earnings.<sup>57</sup> Furthermore, we know that higher income is associated with better home environments. Still, other research that explores the role of income in improving children's home environments, and in turn, children's behavior and academic readiness, reports weaker evidence for a direct causal association between income and better child outcomes.<sup>58</sup> More generally, a number of syntheses of the research and policy evidence to date appear to concur that policy supports that increase family income but are weaker in providing support for parental time caring for children (e.g., in the first

year after birth or during illness) or for quality substitute care are likely to be less effective in improving children's well-being.<sup>59</sup>

# Parental leave

One of the most prevalent policies worldwide for supporting working parents and their families is paid parental leave. In fact, The U.S. is currently one of only four countries (among 173 nations) that does not guarantee paid parental leave.<sup>60</sup> The 1993 Family and Medical Leave Act (FMLA) is the only federal policy in place that provides some parents with the right to take twelve weeks of *un*paid leave after the birth (or adoption) of a child. In a recent *Future of Children* article, Christopher Ruhm presented a thorough review of state family leave policies, including six states that offer some form of *paid* leave (either in temporary disability insurance or short-term paid leave).<sup>61</sup> His review makes clear the comparative generosity of European policies, which provide paid maternity leave for 14-20 weeks, with wage replacement at the level of 70-100 percent.

Empirical studies of the relationship of family leave policies to children's material wellbeing, health and and educational attainment find that *paid* parental leaves, combined with generous public support for childcare and early education, are significantly correlated with improved health and higher educational attainment among children.<sup>62</sup> One analysis using data from sixteen European countries (1969 to 1994) showed that associations between paid parental leave and child health and well-being were strongest for infants aged two through twelve months, potentially linked to increased breastfeeding.<sup>63</sup> A study of a Canadian policy change that expanded paid parental leave—from 15 weeks of paid leave for mothers plus 10 weeks of paid leave that could be split between mothers and fathers to an additional 25 weeks of paid leave that could be shared between parents—specifically examined its effects on the time

mothers spent at home and on breastfeeding. It found that mothers increased their time at home by 2.3 months (a 28 percent increase over pre-reform levels) and their duration of breastfeeding in the child's first year by about 1 month. The researchers also reported that mothers were significantly more likely to stop breastfeeding because they were introducing solid food vs. going back to work after the policy reform. And a recent analysis of California's paid parental leave policy using 1999-2010 Current Population Survey data found that even a far less generous policy (allowing six weeks of partially paid leave) substantially increased maternity and family leave-taking, especially among disadvantaged mothers, with no evidence of negative effects on mothers' subsequent labor market earnings.<sup>64</sup>

Finally, a recent study of an older (1977) Norwegian policy reform that increased parental leave from 12 weeks of unpaid leave (the current U.S. policy) to four months of paid leave and 12 months of unpaid leave allowed researchers to examine the longer-term effects of mothers spending more with their children in their first year of life (due to more generous maternity leave entitlements). The researchers found significant positive effects of the expanded parental leave benefits on children's high school completion and their earnings at age 30. In addition, these effects were larger for children whose mothers had less than 10 years of education, with those children realizing 8 percent higher earnings (compared to 5 percent for the full research sample).

#### Child Care

The authors of the Norwegian study discussed above noted that at the time of the 1977 parental leave reform, there was very little high-quality child care available for children under two years (with the primary alternative being grandparents or other informal care). Some of the research described earlier suggests that formal childcare can have positive effects on children's

cognitive development, depending on the quantity and quality of care received, and that it is potentially most beneficial for disadvantaged children. Public spending on child care in the U.S. comes primarily through the Child Care and Development Fund (CCDF), a federal block grant that is directed toward low-income families to provide support for their work-related child care expenses. Parents can use these subsidies for formal childcare, family day care or care provided in their own home or in the home of another family member, and other than for the Head Start program, the rate of subsidy is not tied to program quality measures.<sup>65</sup> In fiscal year 2010, states expended \$9.5 billion in combined federal and state funds, including CCDF funds as well as Temporary Assistance to Needy Families (TANF) transfers into CCDF.

The Child and Dependent Care Tax Credit provides another form of subsidy for the care of children while parents work that can refund 20-35 percent of day care expenses and is not restricted in how parents can spend the funds. However, because the tax credit is non-refundable, low-income families who owe little or no income tax derive little benefit from the credit. Families with income between \$75,000 and \$200,000 benefit most from this credit, receiving more than a third of the total credits (estimated to equal nearly \$1 billion in foregone revenue each year). The exclusion from taxable income of employer-provided dependent care expenses is one other form of public support of child care that is not targeted to low-income families.

Overall, the U.S. still spends less than other developed countries on its public childcare programs (in absolute and percentage terms measured by gross domestic product), and it also has the lowest share of children enrolled in formal childcare.<sup>66</sup> Research confirms that child care subsidies encourage maternal work and increase the use of (non-parental) child care, although it also suggests that a preponderance of low-quality options among formal childcare programs, as

well as lack of information about better quality programs and their costs, may push low-income families toward informal or inferior options. Still, evidence on the effects of child care subsidies on children's well-being is mixed. One recent study suggests that children with more educated mothers who received subsidized care experienced substantial increases in behavioral problems, whereas children with less educated mothers (high school degree or less) were more likely to show improvements in positive social behaviors. The more educated mothers not only worked more intensively (more hours), but they were also less likely to enroll their children in center-and family-based care.<sup>67</sup>

## Worker Supports and Workplace Flexibility

As discussed above, research has also revealed associations between parental job quality (i.e., job security, flexibility, work schedules, etc.) and children's well-being, suggesting a potential role for improving children's outcomes through policies directed at improving worker supports, reducing parental job-related stress and increasing their ability to be responsive to their children's needs. Employee benefits and supports such as paid sick leave, flexible work hours and/or time off for children's health and educational needs, breastfeeding breaks, premium pay for night shift work and paid annual leave/vacation (in additional to paid parental leave and child care support) are mandatory in most advanced countries, but only breastfeeding breaks have recently been required in the U.S. (through legislation passed in 2010).<sup>68</sup> Analyses of a global database of legislation on these worker support policies for 175 countries finds no negative associations between more generous national policies that mandate these types of benefits and measures of nations' economic competitiveness. Alternatively, the research reviewed suggests a number of potential benefits of these policies (for employers, workers and children), including increased employee retention and productivity, lower turnover and absenteeism, reduced

business costs and increased profitability, lower parental stress, increased parental involvement, higher rates of child immunization, and improved child health, behavior and cognitive achievement.

These findings beg the question as to why the U.S. trails its developed (and some developing) country peers in its mandated worker benefits. When legislation is proposed to increase benefits such as paid parental leave, sick leave and other workplace flexibility provisions, U.S. employers strongly oppose these efforts on the grounds that their costs are too high and would compromise their competitiveness.<sup>69</sup> The Council of Economic Advisors (CEA) investigated workplace flexibility and found that few employers have accurate information about the costs and benefits of workplace flexibility policies.<sup>70</sup> In addition, because the costs and benefits of expanding workplace flexibility are likely to differ across industries and by employers size, it is difficult to assess how wider adoption of more generous worker supports (under federal mandates) might benefit (or cost) not only employers and workers, but also society and the U.S. economy overall. Furthermore, there is not only a lack of data on the prevalence of existing workplace flexibility practices, but employers and employees differ in their reports of their availability. The CEA used data from both a survey of employers and a survey of employees to examine to what extent private sector employers are adapting their policies to changes in workforce participation (and the growing potential for work-family conflicts). They reported that more than half of employers indicate they provide flexibility to some workers to change their work start and end times on occasion, but less than one-third of full-time workers and only 39 percent of part-time workers report having this flexibility. Other research shows that just 30 percent of U.S. employees are offered paid sick leave that can be used in caring for family members.<sup>71</sup>

What should perhaps be of foremost concern is the CEA finding that lower-skilled workers are less likely to have workplace flexibility than their better-skilled counterparts. Parents in low-paid, low-skilled positions are also more likely to be working a nonstandard shift as a requirement of their job (rather than for work–family balance).<sup>72</sup> And under the FMLA, employers with fewer than 50 workers (within 75 miles of the work site) do not have to provide unpaid leave, and individual employees are only eligible if they worked at least 1,250 hours in the prior year. About half of workers do not qualify for unpaid family leave under FMLA, and these are more likely to be lower-skilled, low-income workers.<sup>73</sup> In effect, the parents of families that are most at risk of seeing harmful spillover effects of work and disruptions to family routines are least able to take leave, cut their paid work hours or schedule them on occasion to accommodate their children's needs.<sup>74</sup>

#### Mitigating Negative Effects of Job Loss

The most readily apparent impact of job loss and unemployment on families is a reduction in income. For workers who become unemployed through no fault of their own, unemployment insurance (UI) benefits (supported primarily through a tax on employers) may provide temporary financial assistance, where benefit amounts (typically up to 50 percent of prior weekly earnings) and duration are determined by State law. The length of benefit receipt was temporarily extended beyond the usual 26 weeks in most states following the 2007 recession. In addition, those without a job may receive employment and training services— including job-search and job-placement assistance, job counseling and assessment, vocational training and supportive services—through federal (Workforce Investment Act) funds that are disbursed to states to help unemployed and dislocated workers find new jobs. Programs for dislocated workers, however, are among the least effective of public employment and training

services. Research shows that they have modest effects on employment and are unlikely to help workers fully recover their lost earnings.<sup>75</sup>

In addition, our policy responses to job loss do not recognize or address the documented negative effects on other family members that are associated with the stress of job loss and its implications for family functioning. Job counseling is available to the adult worker, but other supportive services are typically limited to individual, work-oriented supports such as transportation assistance. Other assistance that may be particularly needed by family members to better cope with stress and mitigate negative effects on children includes psychological and family counseling, alcohol and drug abuse counseling, preventative health care (due to loss of health care benefits) and food and nutritional assistance.<sup>76</sup>

## Policy Recommendations to Improve Parental Work Supports and Children's Well-being

This final section concludes with recommendations to improve existing policies or to introduce new policies that are intended to better support working parents and promote the positive effects of their employment on children's well-being, as well as to reduce potential harmful consequences of parental work. The EITC, for example, is one of the most successful policies for supporting working families, with a consistently high rate of participation and recently expanded benefits for larger families and married couples. In addition, approximately half the U.S. States have enacted their own earned income credit policies that include expectations and incentives for parental employment. Although community outreach and tax programs for low-income workers have helped to lower the costs of filing and receiving the benefit, it is estimated that 15-25% of eligible families are not claiming these credits.<sup>77</sup> One suggestion for further improving the take-up of the EITC is to simplify tax filing by consolidating the EITC with other tax provisions for families (e.g., the Child and Dependent

Care Credit) into a single credit, while also lowering the phase-out rate to increase the level of support the credit provides for working parents.<sup>78</sup>

There are other opportunities to promote healthier working families and improve children's well-being as well. The U.S. stands apart from other developed country peers in its near absence of policy mandates (other than for breastfeeding breaks) for employee work supports, allowing employers to determine on their own to what extent and to which employees they grant flexibility and/or additional family-oriented benefits (e.g., paid leaves, workscheduling flexibility, etc.). The implications are that some workers—particularly low-income or low-skilled workers and single parents who may be most in need of additional support to improve nurturing and care arrangements for their children—may be least likely to have access to supplemental family supports.

While research confirms that the first three to six months of an infant's life are particularly sensitive for their development and bonding with caregivers, it is not definitive that the caregiver should be the mother, full-time, in every family. One policy option would be to establish a federal mandate for paid leave for mothers and/or fathers in the first weeks or months of a child's life. A policy similar to that of California's, which took effect in 2004 and mandated six weeks of partially paid leave (for a newborn, foster or adopted child or other family healthrelated needs), could be adopted nationwide. The latest research on California's leave policy shows substantial increases in use of maternity leave (three weeks on average), with particularly large increases among less educated, unmarried and minority mothers. Studies in other countries such as Germany where paid and unpaid parental leaves were extended beyond six months have not shown additional benefits for children (in terms of their educational success) or parents'

income, suggesting that a paid or partially paid leave of somewhere between six weeks to six months should be adequate to generate benefits for parents and children.<sup>79</sup>

Another alternative to paid parental leave would be to establish a fixed cash allowance provided by the federal government or via federal cost-sharing that would both augment and replace existing public investments in child care (i.e., the Child and Dependent Care Credit, Exclusion for Employer-Provided Dependent Care Expenses, Child Care and Development Fund and Title XX Social Services Block Grant) and give parents' the choice of using the money to purchase high-quality early child care or to offset the earnings lost from time spent out of the labor force after a welcoming a new child into the family. This latter option would be more flexible for families; it could accommodate any adult family member's leave from employment to care for the child, and if it was a fixed amount, it would cover a larger fraction of wages in families with lower income. In addition, families could make choices that would reflect their personal family and employment circumstances, such as the local availability of quality child care providers, the implications for their career progression of taking time off, the age and health of other children in the family, and many others. Employers would be on equal footing nationally in terms of the costs of offering a basic family work support, and they could supplement the allowance with other benefits as their workplace/industry needs allow. Like the EITC, the benefit could be phased out as family incomes increase.

One might be concerned about how a cash allowance option would be administered so as to assure that children benefitted from its receipt by the family. Parents could be required to document their leave from work (in conjunction with their employer), or more generally, it could be administered as one would a paid parental leave benefit. In the case in which a family chooses to use the allowance to purchase high-quality early child care, they could be required to

document those purchases and the qualifications of the child care provider. This type of work support should go hand in hand with more concerted policy efforts to inform parents of the importance of choosing high-quality child care and to improve the information available to them for making better choices, as well as the financial incentives to do so. If well-implemented, this type of flexible cash allowance should achieve the goal articulated by David Blau of subsidizing the costs of raising children "without favoring market child care costs over the forgone earnings cost of a parent who stays home to care for a child."<sup>80</sup>

Another area of family work support policy in which the U.S. is clearly out of lockstep with both developed and developing countries across the globe is in the (mandatory) provision of paid sick leave. Data from the March 2012 National Compensation Survey (NCS), which attempts to provide comprehensive measures of the incidence and provisions of employee benefits, shows that paid sick leave was offered to 66 percent of civilian workers and 61 percent working in private industry, but to just 52 percent of workers in small private firms (those with fewer than 100 employees), 40 percent of workers in (private sector) service occupations and barely a quarter of part-time workers.<sup>81</sup> At the same time, research suggests high costs to families and potential negative externalities for all of not requiring some minimal paid sick leave benefit. Research discussed in a recent Future of Children article indicated that parents with access to paid sick leave were more than five times as likely to be able to care for their sick children, and this was especially important for families with a chronically ill child, for whom lack of access to paid sick leave posed substantial risks of job loss.<sup>82</sup> Furthermore, research discussed earlier in this paper provides convincing evidence of the strong connections between parents' and children's mental health, and the corresponding relationship between parents' involvement and responsiveness and children's cognitive achievement and behavior. One option

would be to elevate the provision of sick leave to be on par with the availability of health care insurance coverage. For example, the Affordable Care Act provides for a Health Coverage Tax Credit for employers who provide health insurance to employees; employers deduct the costs of these benefits and get the added bonus of a tax credit. If not a mandated benefit, a similar employer credit could be offered to incentivize and cover the costs of employer-provided sick leave.

The U.S. currently uses the tax code to incentivize employer provision of a range of other fringe benefits (besides dependent care assistance and health insurance), including educational and tuition assistance, life insurance, commuting assistance and more, which are nontaxable to employees and deductible by the firm. However, access and participation by employees follow consistent patterns-they are lowest for workers in small firms and service occupations and highest for workers in large firms and government agencies, presumably related to administrative costs that are influenced by organization size and employee tenure.<sup>83</sup> One possibility would be to explore whether administrative burdens could be reduced, for example, by giving employers a single deduction based on the generosity of the dollar equivalent value of the menu of benefits offered *and* employee participation rates. The CEA study discussed earlier noted that one of the reasons for employer and employee discrepancies in reporting availability of workplace flexibility and other fringe benefits is that employers do not necessarily make them available to all employees in their organization, and lower-skilled/low-income workers are more likely to be left out (who may also be the parents who are most in need of supplemental work supports). Caution may be warranted based on economic theory, however, which suggests that workers could ultimately bear a larger fraction of these costs if there are tradeoffs between employer offers of wages and these benefits. Although empirical work on this issue is still lacking, a

recent study that examined employer contributions to 401K plans found that associated reductions in wages were much less for low-income than for higher income workers.<sup>84</sup>

For parents who experience job loss, unemployment insurance currently provides some temporary financial relief, while employment and training services are minimally effective in helping them find new jobs and do not help to fully replace lost earnings. A number of possible reforms to the UI system have been proposed, including some that would shift more resources toward workers with larger, long-term wage losses. One such alternative would replace UI with a combination of wage loss insurance-which would supplement the earnings of workers who are forced to take lower-wage jobs in becoming re-employed-and temporary earnings replacement accounts, to which workers would also make contributions (while working). A larger share of the current UI system resources would, in effect, be re-directed toward helping those experiencing significant long-term wage losses to maintain living standards, with a smaller share going toward short-term cash assistance for those enduring more limited bouts of unemployment or wage loss. Analyses suggest that this type of UI reform would reach more low-income families and would likely also strengthen parents' incentives to find new employment.<sup>85</sup> In addition, the need-based payments that may currently accompany an individual's job search efforts in workforce development programs could be made more flexible for use toward any family member's needs during the period of unemployment (e.g., for family, psychological or substance abuse counseling).

Finally, the papers in this issue of *The Future of Children* share a focus on two generations—parents and their children—and the discussion above of parental employment and children's well-being has clearly shown how intimately and importantly parents' work participation is linked to their ability to effectively engage with and care for their children (and to

their children's outcomes). In this regard, policies that strengthen and support parents in their roles as *both* worker and parent have the potential to generate long-term benefits for the next generation, which in turn should advance the well-being of subsequent generations as well.<sup>86</sup>

One common model among program designs that have an explicit two-generation focus includes three core components: high quality, early-childhood education; sectoral job training that offers parents opportunities to upgrade their workforce skills through training in highdemand occupations; and wrap-around family and peer support services that address family support needs.<sup>87</sup> The Tulsa County Career Advance program, initiated in 2009 by the Community Action Project (CAP), is an example of such a two-generation intervention that targets parents with children in Head Start and Early Head Start for cohort-based, workforce development services. If these programs are successful in helping parents to secure jobs with higher levels of job security, wages and other attributes that improve how they feel about their work and the role models and encouragement they offer to their children, then the children may very well reap benefits beyond those associated with the education and stronger financial supports families realize through the programs. However, evaluations currently underway, such as the experimental evaluation of Enhanced Early Head Start, also point to challenges in their implementation (as discussed by Lindsay Chase-Lansdale and Jeanne Brooks-Gunn in this issue) that may moderate these programs' effects.<sup>88</sup> Rigorous evaluations of these programs should continue, particularly as new, innovative strategies attempt to better engage parents, to provide policymakers with the evidence necessary for weighing these programs' costs and benefits and assessing their scalability and potential for net returns to society and disadvantaged families.

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