OECD Economics Department Working Papers No. 1146

Improving Well-Being in the United States

Aida Caldera Sánchez,
Patrick Lenain,
Sarah Flèche

https://dx.doi.org/10.1787/5jz0zbc80tvl-en

OECD

Unclassified **ECO/WKP(2014)42**

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development **21-Jul-2014**

English - Or. English

ECONOMICS DEPARTMENT

ECO/WKP(2014)42
Unclassified

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By Aida Caldera Sánchez, Patrick Lenain and Sarah Flèche

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Authorised for publication by Robert Ford, Deputy Director, Country Studies Branch, Economics Department.

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ABSTRACT/RESUMÉ

Improving Well-Being in the United States

Life is quite good in the United States compared to other OECD countries, thanks to strong economic growth and technological progress having lifted average income to high levels. Nonetheless, there is evidence that the benefits from growth have not been sufficiently broad based. Self-reported happiness increases with income, an issue particularly resonant in a country with among the highest levels of income inequality in the OECD and a pattern of inequality that appears to be moving toward even more concentration at the very top at the expense of the middle class and the poor. Working hours that remain among the longest in the OECD are also creating challenges for work-life balances, child education, personal care and leisure. These pressures are contributing to higher job strain and work-related stress with unhealthy consequences, including for mental health, and a detrimental impact on employability and medical costs. While these trends cannot be easily reversed, a number of policy options are being usefully rolled out and other initiatives are being considered: federal-level policies improving access to health care and early-childhood education, state-level initiatives favouring workplace flexibility, firm-level investments in job quality and greater attention to the health consequences of job-stress. If successfully adopted, they would go a long way toward improving the well-being of American working families.

This Working Paper relates to the 2014 OECD Economic Survey of United States (www.oecd.org/eco/surveys/economic-survey-united-states.htm).

JEL classification codes: I24; I30; I38; J22; J28; J31

Keywords: education, quality of life, provision and effects of welfare programmes, time allocation and labour supply, job satisfaction, wage level and structure

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Améliorer le bien-être aux États-Unis

Par comparaison avec d'autres pays de l'OCDE, il fait relativement bon vivre aux États-Unis grâce à une croissance économique soutenue et des progrès technologiques qui ont porté le revenu moyen à un niveau élevé. Néanmoins, des pans entiers de la population américaine n'ont pas tiré avantage de ces améliorations. Après deux décennies de stagnation des revenus du travail pour une majorité des travailleurs, à laquelle s'ajoutent les conséquences de la Grande récession, les familles de la classe moyenne doivent faire à des difficultés financières. La durée du travail aux États-Unis reste en outre l'une des plus longues de la zone OCDE, ce qui accentue les difficultés rencontrées par les Américains pour concilier vie professionnelle et vie privée, élever leurs enfants et se libérer du temps pour leurs loisirs et activités personnelles. Ces pressions contribuent à une augmentation des tensions et du stress au travail, qui ont des effets négatifs sur la santé, y compris mentale, ainsi que des conséquences néfastes sur l'employabilité et les coûts médicaux. S'il est difficile d'inverser ces tendances, plusieurs moyens d'action utiles sont actuellement mis en œuvre, tandis que d'autres initiatives sont à l'étude : politiques fédérales améliorant l'accès aux soins de santé et à l'éducation préscolaire, initiatives menées par les États en faveur de la flexibilité au travail, investissements consentis par les entreprises pour améliorer la qualité des emplois et attention accrue accordée aux effets du stress au travail sur la santé. Si ces mesures sont effectivement adoptées, elles pourraient grandement contribuer à améliorer le bien-être des ménages américains qui travaillent.

Ce Document de travail se rapporte à l'Étude économique de l'OCDE de États-Unis 2014 (www.oecd.org/eco/etudes/etats-unis.htm).

Classification JEL: I24; I30; I38; J22; J28; J31
Mots-clés : éducation, répartition du temps et offre de main d'œuvre, qualité de vie, allocation et effets des programmes sociaux, satisfaction au travail, niveau et structure des salaires

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IMPROVING WELL-BEING IN THE UNITED STATES

by Aida Caldera Sánchez, Patrick Lenain and Sarah Flèche[1]

1. Introduction

The United States enjoys an enviable economic performance by international standards, with high *per capita* GDP contributing to a good life for many Americans (Sacks et al. 2012; Stevenson and Wolfers, 2013). This is not a surprise, given the US lead over the past century in productivity and innovation. However, concerns about the limitations of economic indicators as gauges of good lives have been expressed over many years (Box 1), including by Robert F. Kennedy in 1968 with his critique of GDP as a measure of society's progress (Landefeld et al. 2010) and more recently by President Obama in his inaugural address in 2009 (White House, 2009). Indeed, in non-economic dimensions that are important to well-being - such as social cohesion, job quality, family time, communities and the natural environment - the United States performs less well than some other OECD countries and the perception of well-being varies across population groups (Figure 1). A particularly notable feature of Figure 1 is how the incidence of self-reported happiness tends to increase with income. Figure 1 also shows starkly that typical families face more challenges in the United States than in other countries to achieve satisfactory work-life balances, owing to longer working long hours, with a negative impact on work-related stress and time available for personal care and the education of children.

While the sources of inequality and stagnation of middle-class real incomes are being hotly debated, far less analysis has been devoted in the United States to work-life balance, despite the importance of this dimension. This paper fills this gap with a discussion of poor work-life balances and the consequences for the well-being of families and for the health of workers. Section 2 identifies what explains the rising pressures on work-life balance faced by families. Section 3 discusses why work-life pressures a problem, including the negative health impact of these pressures and, more generally, of adverse working conditions. Section 4 concludes by discussing policy options for improving the well-being and work-life balance of American families. It focuses on six areas: improving access to health care; improving job quality; helping the working poor by strengthening the earned income tax credit (EITC) and rising the federal minimum wage; improving access to family paid leave; developing more family-friendly workplaces, and facilitating better access to quality early education and childcare. Annex A presents four novel findings on the work-life balance situation of American families drawing from the American Time Use Survey.

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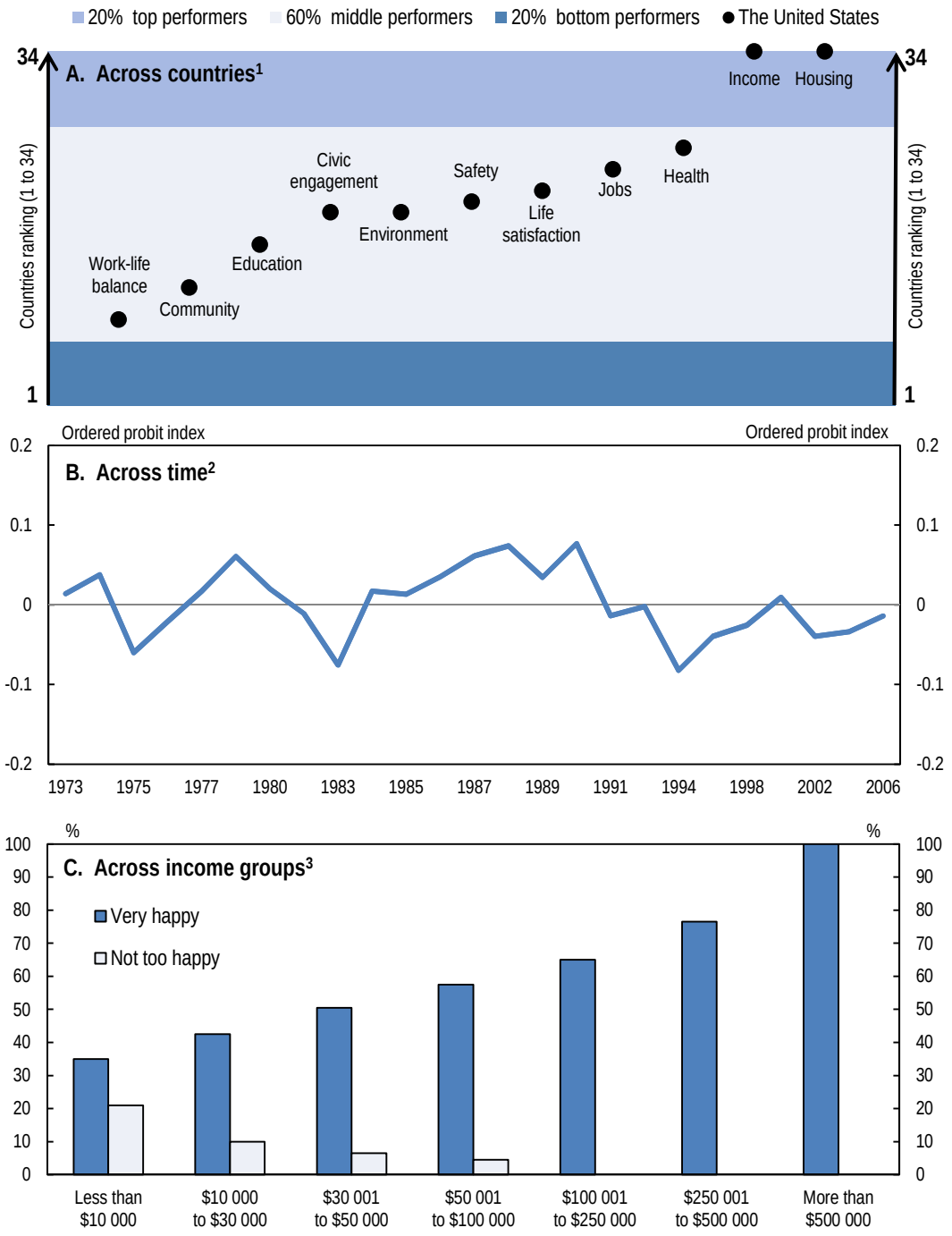
1. Aida Caldera Sánchez and Patrick Lenain work at the OECD Economics Department. Sarah Flèche, a graduate researcher at the Paris School of Economics, usefully contributed to the statistical analysis in Annex A. This paper was originally prepared for the OECD Economic Survey of the United States published in June 2014 under the authority of the Economic and Development Review Committee. The authors would like to thank Alvaro Pereira, Robert Ford, Romina Boarini, Lew Daly, Marco Mira d'Ercole, Mario Piacentini, Douglas Sutherland, Paul Swaim and Miho Taguma, for their comments and useful discussions, as well as the members of the OECD Economic Development and Review Committee (EDRC). Special thanks go to Valery Dugain for statistical research and Heloise Wickramanayake for assistance in preparing the document.

Figure 1. **Well-being is high, but not for all**



1. *Source*: OECD (2013), How's Life? 2013 Measuring Well-being.
2. Happiness data are aggregated into a happiness index by running an ordered probit regression of life satisfaction on year fixed effects. *Source:* Stevenson and Wolfers (2008), based on data from U.S. General Social Survey.
3. *Source*: Stevenson and Wolfers (2013), based on Gallup Poll. Percentage of households by annual household income.

Box 1. **Beyond GDP**

Scepticism about the usefulness of GDP to assess the well-being of people has fuelled a growing interest in the multi-dimensional aspects of prosperity, with economists looking for better barometers of national progress (Daly and Posner, 2011). This partly comes from the observation made by many, that while GDP has more than doubled in the United States since 1980, median income, life satisfaction and some environmental conditions have not progressed as much. The debate on economic growth remains on "how much are we growing" but has acquired a new dimension regarding "how are we growing." Some analysts talk about qualitative versus quantitative growth (Capra and Henderson, 2009). Others, such as former Federal Reserve Bank Chairman Ben Bernanke, have made a point of talking about the "economics of happiness," referring to the use of subjective measures of well-being for policy analysis (Board of Governors, 2010).

Measurement efforts are starting to take root. Some state governments are developing measures going beyond GDP (e.g. Daly and Posner, 2011). In 2013, the state of Maryland adopted an alternative accounting system for the state—a measure of sustainable economic welfare called the "Genuine Progress Indicator (GPI)", which integrates both the costs and the benefits of economic development into a monetary measure that aims to measure whether growth is truly enhancing the welfare of individuals and communities (Refining Progress, 2007). Other states (Vermont, Oregon, and Washington State) have followed Maryland's lead and are also working to develop their own GPI measurement systems. At the federal level, the Bureau of Economic Analysis (BEA), the agency responsible for compiling the national accounts, has publicly embraced the need to go beyond GDP with measures that better capture economic well-being and sustainability (Landefeld et al. 2010). It has also made public a broad agenda for GDP and beyond measures (Landefeld et al. 2010), including a new framework for measuring household economic welfare.

Many other OECD countries have also launched initiatives to go beyond GDP. Examples include Australia (Measures of Australia's Progress), Austria (e.g. Growth in Transition), Finland (Findicators), Germany (Enquete Commission "Growth, Prosperity and Quality of Life"), Italy (Measuring Equitable and Sustainable Well-being (BES)), the Netherlands (Sustainability Monitor) and the United Kingdom (Measuring National Well-being Programme) (Röhn et al. 2013). The OECD has been at the forefront of these efforts for example by developing guidelines for social statistics already in the 1970s, and participating in the Stiglitz-Sen-Fitoussi Commission (Stiglitz et al., 2009). The framework and recommendations of the Commission, as well as earlier OECD work, underpins OECD's How's Life reports (OECD, 2011a; OECD, 2013b), the flagship publication of the OECD Better Life Initiative.

At the same time, progress is being made to operationalize well-being policies. For example, the Division of Consumers and Community Affairs at the Federal Reserve Board, is charged with identifying emerging issues affecting disadvantaged communities and consumers, so as to inform policies seeking to improve the inclusion of these communities. Another example is the Partnership for Sustainable Communities (www.sustainablecommunities.gov), which coordinates federal investments across three federal agencies -Department of Housing and Urban Development, Department of Transportation and the US Environmental Protection Agency – under the spirit that although every region has different needs, economic, environmental and community policies need to be considered jointly to ensure multiple community goals are achieved in effective and efficient ways.

2. What explains rising work-life pressures?

Work-life balance is often highlighted as a key concern in US life-satisfaction surveys. A recent Pew Research Center survey of adults (employed at full or part time with children under 18) found that half of respondents have difficulties balancing work and family life (Parker and Wang, 2013). The current economic situation may be part of the story. Periods of economic instability often lead to higher work pressures, and an increased sense of job insecurity exacerbating work-life conflicts (Mc Ginnity and Russell, 2013). But work-life conflicts and job stress are not new problems. While the long-standing debates about the overworked American (e.g. Jacobs and Gerson, 2005) may be overstated by the media, time-use surveys and job-stress surveys support the claim that work-life conflicts are significant and have increased over the past decades (Box 2).

Box 2. **Work-life balance: How bad is it?**

This is not an easy question to answer, because as noted by many, including OECD (2011a), measuring work-life balance is challenging. An ideal set of indicators would include measures of the occurrence of objective conflicts between daily activities, people's personal enjoyment of these activities, and their perceived time stress (OECD, 2011a). But these are hard to come by, especially in an internationally comparable way. Nonetheless, available data can help to paint a picture and the response is: not good.

The OECD Better Life Index ranks the United States 28th in the work-life balance indicator compared to other OECD countries. The work-life balance index is based on the proportion of employees working 50 hours or more per week (11% vs. 9% OECD average), and the time people devote to their leisure and personal care (14.3 in the US vs. 14.9 hours OECD average). But these indicators do not tell the whole story and need to be complemented with other sources of data, most notably on the extent to which people are satisfied with their work-life balance, which can be obtained from US survey data:

- The *2008 US National Study of the Changing Workforce* (Galinsky et al. 2011) suggests that work-life conflicts have risen for both men (from 34% in 1977 to 49% 2008) and women (34% in 1977 to 43% in 2008). Almost half mothers in dual earner couples (47%) report experiencing some or a lot of conflict in 2008, up from 41% in 1977. The majority of fathers in dual-earner couples (60%) report experiencing some or a lot of conflict in 2008, up from 35% in 1977.

- The *2013 Pew Survey* (Parker and Wang, 2013) shows that 56% of working moms and 50% of working dads say they find it very or somewhat difficult to balance work and family responsibilities. Fathers in dual-earner couples experience more work-conflict than fathers in single-earner families (59% versus 49%).

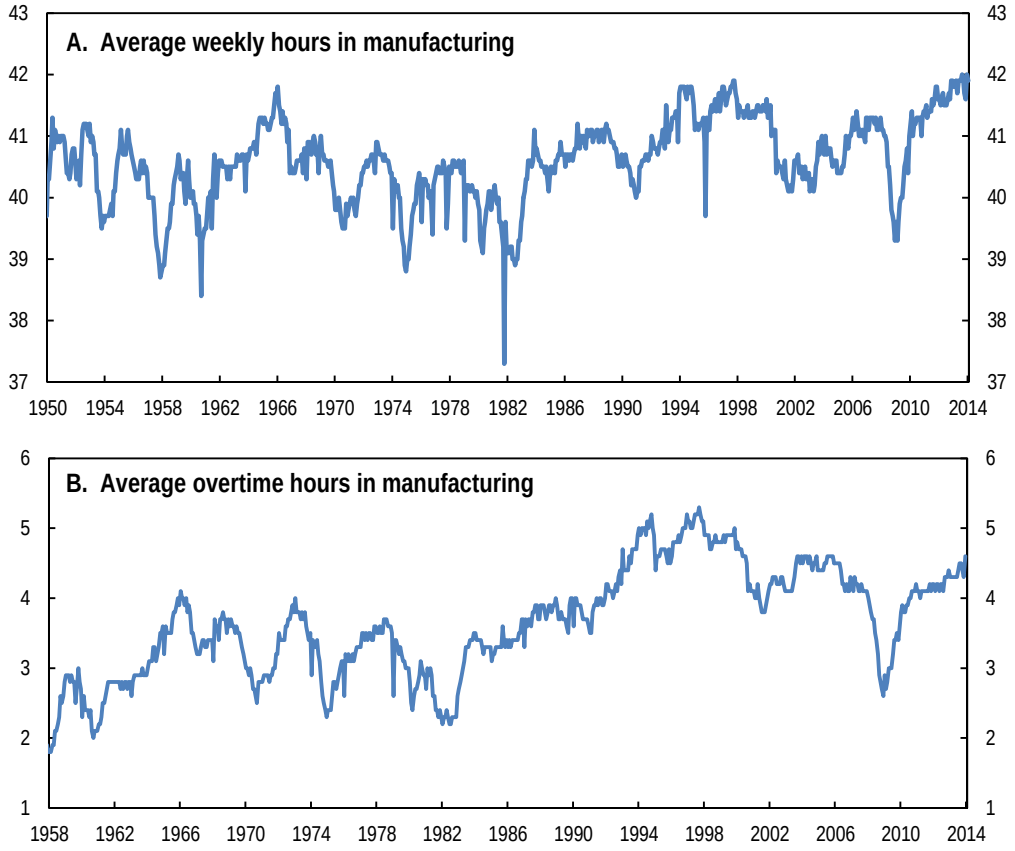
- The 2013 *Survey by Workplace Options* shows that 41% of Americans wished they had more boundary between work and family, 36% feel uncomfortable taking a few days off, 41% would feel uncomfortable taking a full week of work, 61% feel uncomfortable taking off more than a full week.

While no comparable information exists for other OECD countries, surveys asking workers how satisfied they are with their work-life balance suggest that the situation is more worrying in the United States than elsewhere. For instance, the European Quality of Life Survey shows that on average about 25% of European workers were dissatisfied with their work-life time balance in 2007 (OECD, 2011a). For Canada, the General Social Survey shows the proportion of workers that felt somewhat or very dissatisfied with their work life balance was 20% in 2001 (Wilson Banweel, 2006).

Americans are clearly not alone in facing work-life conflicts, but some distinct features may be contributing to higher tensions in the United States. A first reason is that people in employment work slightly longer hours (1 790 hours annually) in the United States than in most OECD countries (OECD average of 1 765 hours) (OECD Employment Outlook, data for 2012). Working hours and overtime have increased in the manufacturing sector, with a historical peak of some 42 hours reached recently (Figure 2), though in other industries they have declined.

Overtime work would probably not be such a problem if it were remunerated. The Fair Labor Standards Act (FLSA) regulates overtime work in the United States. It requires that covered (non-exempt) employees receive overtime pay for over 40 hours a week, at a rate not less than 1.5 times their regular rates of pay. There are, however, a variety of ways to exempt employees from the FLSA overtime provisions. For example, to avoid paying overtime, an employer may designate a worker as exempt if the employee is compensated on a salary basis; earns more than USD 455 per week; the employee's primary tasks are in office work; and the employee's "primary duty includes the exercise of discretion and independent judgment with respect to matters of significance." As a result, a worker whose earnings are insufficient to keep his or her family above the poverty level can be classified as a manager and therefore exempt from overtime. It is thus encouraging that the Administration has rightly proposed to raise the threshold of USD 455 per week, which has been changed only once since 1975.

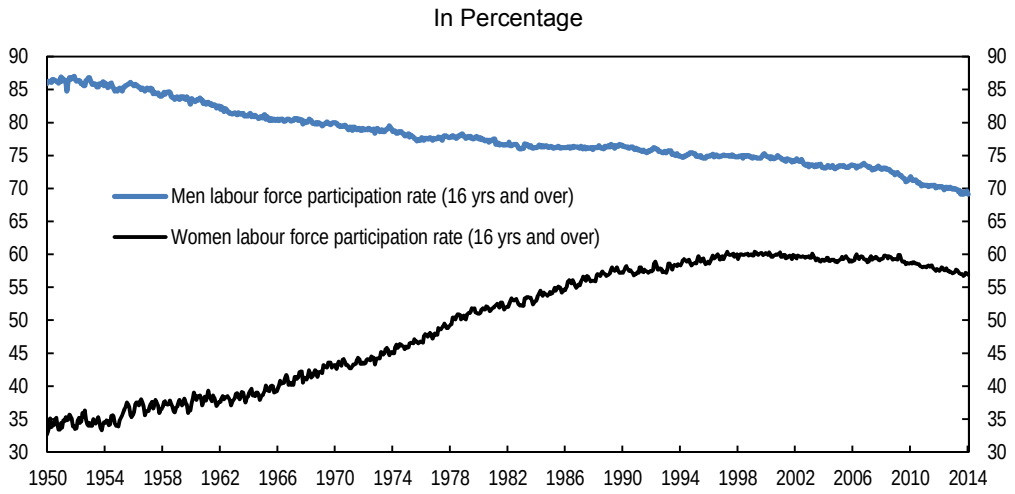
Figure 2. **Working time has increased in the manufacturing sector**



Source: US B

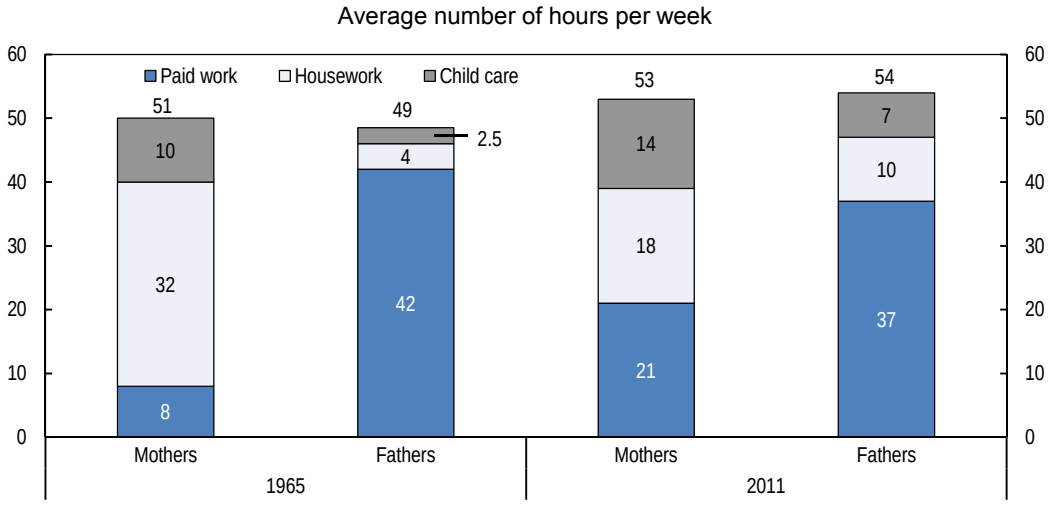
A second reason is that dual-earner families with children under 18 have become more "time poor". There is a high share of dual-earner couples and the total amount of hours of paid work by the typical couple has increased since the mid-1960s (Figure 4). The increase in hours worked has been mainly driven by more women joining the labour force (Figure 3). Mothers with children under 18 have particularly increased their labour force participation going from 45% to 78% between 1965 and 2000 (Bianchi and Raley, 2005; Bianchi, 2010). Housework has become less time consuming (Figure 3), thanks to home appliances becoming widely available. But these time gains have been transferred to paid work and childcare (Figure 4), thus compressing the free time parents have for leisure and personal care.

Figure 3. **Convergence of men and women labour-market participation**



Source: US Bureau of Labor Statistics.

Figure 4. **American families are facing rising time pressures**[1]



1. Based on adults ages 18-64 with own child(ren) under age 18 living in the household. Total figures (at the top of each bar) may not add to component parts due to rounding.

Source: Pew Research Center (2013).

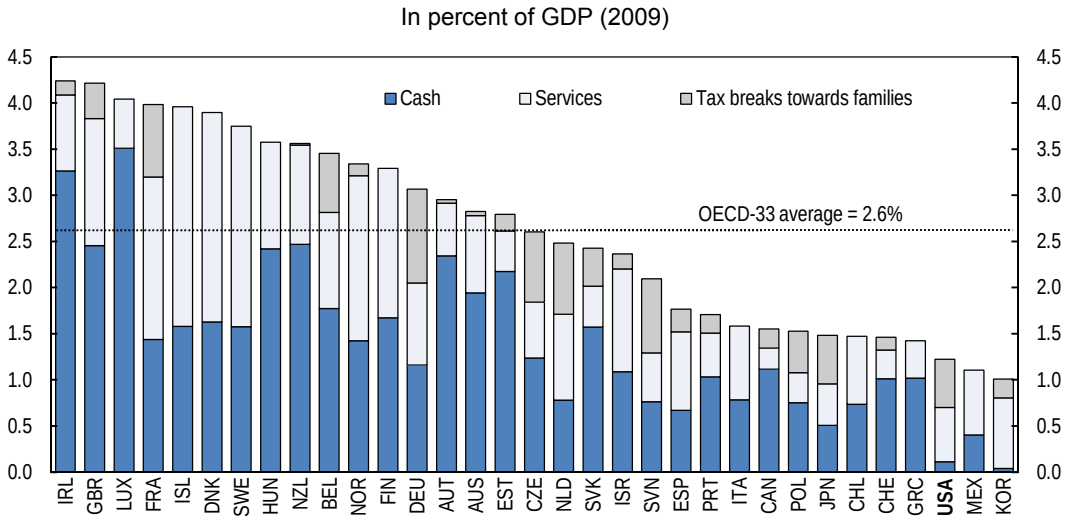
A third reason is a large share of single mothers, who are particularly exposed to time pressures (Bianchi, 2010). Among less educated women in the United States a large proportion of births are to unmarried women. In many of these cases, the father lives with the mother at the time of birth, but these families are quite fragile. Among unmarried mothers at the time of their child's birth, only 36% are still living with the child's father when the child is 5 years old (Carlson and McLanahan, 2010).

Middle-aged adults, in particular women, are particularly exposed to work-life conflicts too. People are living longer than in the past and families often take care of older family members (Shrestha, 2006, CEA, 2014a). Middle-aged adults, in particular women, often take care for their parents, while caring for their children who, contrary to the past, often do not leave home until well into their 20s (Bianchi, 2010).

Overall, these factors add to the complications of managing family life while breadwinning, in particular for single parents who have less time but also are significantly more poor.

Finally, American families receive less support through the public sector and their jobs to balance their work and life than elsewhere in the OECD. For instance, public spending to support families is low compared to elsewhere in the OECD (Figure 5). The United States, for example, is the only OECD country without a national paid parental leave policy. Support varies across states, but public spending on early education and care for infants and pre-kindergarten children amounted to around 0.4% of GDP in the United States in 2009, compared to 0.7% of GDP, on average, across the OECD.

Figure 5. **Public spending supporting families is low in the United States**[1]



1. Public support accounted here only concerns public support that is exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare support). Spending recorded in other social policy areas such as health and housing support also assists families, but not exclusively, and is not included here. Data missing for Turkey. Data on tax breaks towards families is not available for Greece and Hungary.

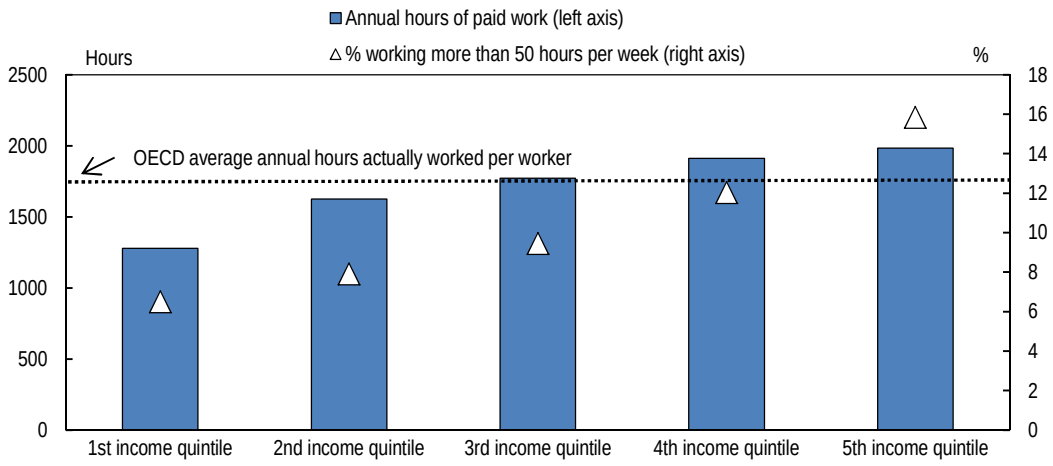
Source: OECD, Social Expenditure Database (2013).

Jobs, on the other hand, are a key determinant of the well-being of workers, perhaps even more than elsewhere in the OECD. For instance, most people get their health insurance from their employer and the same applies to pensions. But not all jobs are the same. High-income families work in professions, such as management, business and financial occupations, that are liable to long hours (Figure 6) and higher work demands. However, they have higher wages, more autonomy and control over their work schedules that can allow them to offset some of the work pressures. High wage workers also have higher rates of access to paid-leave or to flexible work arrangements. For instance, data from the National Compensation Survey shows that access to paid leave is more likely if an employee is well paid, works in a managerial or professional occupation, or is employed by a company with at least 100 employees. Data from the American Time Use Survey further shows that among high wage employees, 83% of workers earning more than USD 1 230 a week report that their employer allows them to earn paid time off or to change their schedule if they have family conflicts, but only half of workers earning less than USD 540 a week have access to paid leave. All these elements help as they have a positive effect not only on work-life balance, but on workers' well-being as well (ILO, 2012).

Low and middle income families work comparatively shorter hours than higher-income households (Figure 6), which in principle should lead to lower work-life conflicts. However, their well-being is negatively affected by their relatively lower income and worse working conditions. For instance, among

the first income quintile 20% are unemployed, compared to 3% in the top two income quintiles (See Annex A). Part-time work is more prevalent among low-income households, but many of low-income households working part-time do it because of slack work or business conditions. Low wage workers are also far less likely to have paid-leave benefits and to work in jobs that give them the flexibility to manage their work and life.

Figure 6. **Working time challenges vary across income groups**



Note: Data from to the American Time Use Survey (ATUS) refer to a population in the labour force. The income quintiles are defined with respect to the distribution of household incomes with respect to the entire population.

Source: OECD analysis based on ATUS (2012).

3. Why work-life pressures are a problem?

Work-life conflicts and job stress pose risks to the well-being of workers and their families. Time-diary evidence suggests that work-life conflicts lead to a reduction in time spouses spend together, and the time people have for themselves (Bianchi, 2010). Working mothers, in particular, give up leisure and sleep, compared to mothers not in the labour force, to meet the demands of child care and jobs. Longer working hours mean higher income, but not necessarily greater happiness. Caldera Sánchez and Tassot (2014) shows that those Americans who spend more time walking or exercising are happier, while those who work more than 50 hours per week are more likely to be unhappy and to have higher levels of anxiety.

Work-life conflicts can have implications for the economy more broadly. First, job demands can crowd out quality time spent with children (Gauthier et al. 2014), leading to lower investment in children's human capital. Evidence from time diary data, going back to the 1960s, shows that US parents have shielded their children from increasing work pressures by spending more time with them than ever before (Figure 4). However, not every parent is spending the same quality time with their children. Perhaps not surprisingly, high-income high-educated American parents are much more engaged in the type of intensive child rearing, like reading or playing, which is beneficial for children in the long term than low-income low-educated parents (Bianchi, 2010). Such disparities can lead to widening inequalities in later years. Low income parents face financial barriers to access quality preschool and childcare that can offset weaker parental skills and investment, as discussed below. Second, long working hours and lack of workplace flexibility can push women, in particular mothers, out of high paying jobs, increasing occupational segregation and reducing women earning potential (Goldin, 2014; Goldin and Katz, 2011). This is bad for women, but it is also bad for the society and the economy. If women drop out of the labour force or work in professions for which they are overqualified because of long working hours or lack of workplace flexibility the economy losses human capital, the gender wage gap widens and other efforts to improve

gender equality are offset. Finally, long working hours in paid employment combined with long hours of unpaid work are likely to have negative consequences for health (Dembe et al. 2008; Darden, 2014; Barnay, 2014). This is a cause for concern because some changes in working conditions - notably just-in-time delivery, atypical employment contracts and lower job security – have contributed to job strain and employment-related stress. This is happening at a time when the demographic ageing of workers may exacerbate this detrimental health impact. Furthermore, good health is associated with higher well-being among American households (Caldera Sánchez and Tassot, 2014). Thus, work-life conflicts can lead to poor health, which in turns undermines well-being.

The empirical health literature has established that stressful working conditions can have a detrimental impact on health, especially among workers who have a low capacity to cope with stressful environments. Stress causes the adrenal glands to release hormones that elevate heart rate and blood pressure. These hormones positively boost energy in situations characterised by conflict. However, when stress becomes chronic – constant stress over a long period of time in which hormone levels stay elevated – the health consequences can be severe. The medical literature has emphasised the relationship between stress and cardiovascular ailments. The mechanism through which job stress affects cardiovascular health is blood pressure. For instance, a high imbalance between workplace effort and reward has been found in the Netherlands to be associated with higher systolic blood pressure whether at work or not and a higher heart rate at work (Vrijkotte et al., 2000). Furthermore, Burke and Cooper (2008) report that long working hours tend to be associated with unhealthy lifestyle choices, such as smoking, excessive coffee intake and alcohol consumption, lack of exercise and poor diet.

Many workers suffer from stressful working conditions in the United States. A survey by the American Institute for Stress reports that 35% of workers said their jobs are harming their physical or emotional health. Furthermore, 80% of workers feel stress on the job; nearly half say they need help in learning how to manage stress; and 42% say their co-workers need such help. A 1999 report from the National Institute for Occupational Safety and Health (NIOSH) found that 40% of workers reported their job as very or extremely stressful; 25% viewed their jobs as the number one stressor in their lives; 75% of employees believed that workers have more on-the-job stress than a generation ago; 29% of workers felt quite a bit or extremely stressed at work; and 26% of workers said they were "often or very often burned out or stressed by their work."

Work-life conflicts and job stress do not only pose risks to workers' health and well-being, they can also affect companies' performance. In a meta-analysis, Gilboa et al. (2008) found that work–family conflict is negatively correlated with both self-rated work performance and general performance, lending support to another meta-analytical review which highlighted the potentially negative effects of work–family conflict on general job performance (Allen et al., 2000). Difficulties in balancing work and family life can also contribute to stress leading to mental health problems, absenteeism, lower productivity and higher disability, as well as illness such as cardiovascular diseases.

4. Options for improving well-being and work-life balances

4.1. Implementing the affordable care act

The US health insurance system has contributed inadvertently to job stress. This is because employer-provided health insurance, a unique form of the US health system, has led to job lock – a situation in which a worker stays in a job despite the desire to change jobs. When a worker is poorly matched to a job or is unprepared for or unaware of the stress that comes with a job, job lock may imply chronic stress situations that lead to poor health outcomes. Indeed, the job-lock literature (Cooper and Monheit, 1993; Anderson, 1997; Hamersma and Kim, 2009; Barkowski, 2013) suggests that employer-provided health insurance can create a job-lock effect if health insurance at work keeps employees from moving to other jobs. If a worker

is mismatched in her job, but remains because of employer-provided health insurance, this tension may also generate job stress. Furthermore, if a worker worries about losing her job because of unaffordable health insurance, then a correlation is observed between stress and local labour market conditions. Expanding health insurance coverage – either through the public provision of insurance or otherwise – may lessen job strain through a number of mechanisms. Thus, the Affordable Care Act (ACA) may reduce stress and improve mental health if the individual insurance market is successful in providing affordable health insurance. Although it is too soon to draw lessons, the ACA may help reduce these problems. A randomized experiment of Medicaid expansion conducted in Oregon found that being insured – relative to being uninsured – is associated with a 32% increase in self-reported overall happiness (Finkelstein et al., 2012) and a 9.5% decrease in the probability of depression (Finkelstein et al., 2013). Lower rates of depression are not surprising given that Finkelstein et al. (2013) also find that receipt of coverage "nearly eliminated catastrophic out-of-pocket medical expenditures". Furthermore, in addition to potentially alleviating stress related to medical expenditures, the ACA represents a large expansion in mental health services as all health plans on the private exchanges are required to cover mental health and substance use disorder care, such as the use of alcohol and other drugs.

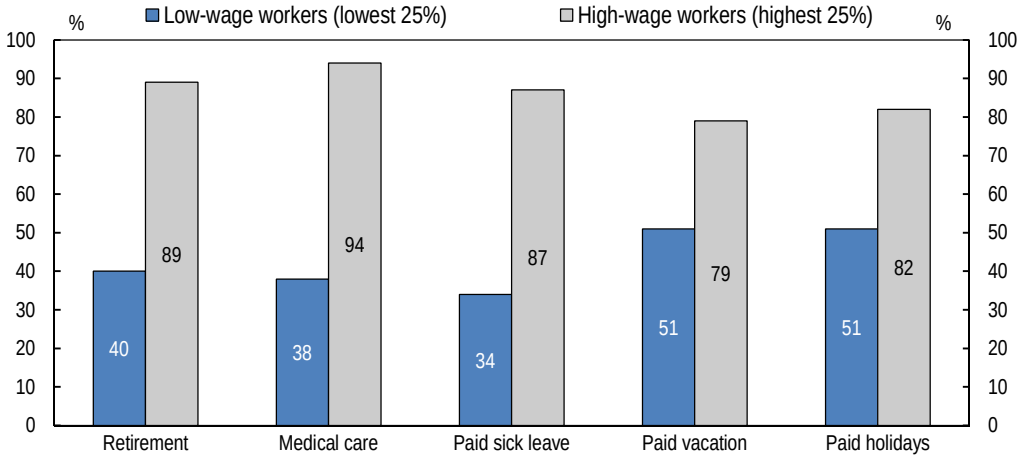
The Administration has also recently taken steps to support the health of those with mental problems by issuing rules that require insurers to cover care for mental health just like physical illness. The rules ensure that health plans' co-payments, deductibles and limits on visits to health care providers are not more restrictive or less generous for mental health benefits than for medical and surgical benefits. Significantly, the regulations clarify how parity applies to residential treatments and outpatient services, where much of the care for people with addictions or mental illnesses occurs.

Together the ACA and the new mental health rules will not only help those with mental problems, but can contribute to stem the important productivity losses derived from mental health disorders for those at work (OECD, 2010). However, adequate prevention and early intervention are also critical, especially for identifying the negative side-effects from stressful working conditions on health. Prevention efforts could be stepped up by monitoring prolonged sick leaves, job loss and disability-benefit claims. Engaging actors outside the Administration, most notably employers, could also help to improve awareness about the possible negative side-effects of job stress on mental and physical health and improve health outcomes and productivity.

4.2. Improving job quality

Work-life conflicts and health-related stress are related to the quality of jobs, which varies a lot across firms and industries. Jobs of poor quality come with low wages and mediocre health insurance, combined with modest pension and paid leave benefits (Figure 7). These jobs are disproportionally found in the retail and leisure/hospitality sectors, where non-standard work schedules, such as shift work, night work and weekend work are common (Mishel et al 2012). This suggests that effective policies to reduce work-life conflicts and job pressures will clearly hinge on improving the quality of jobs and expanding access to high-quality jobs.

Figure 7. **Low-wage workers have fewer benefits in the private sector (2013)**

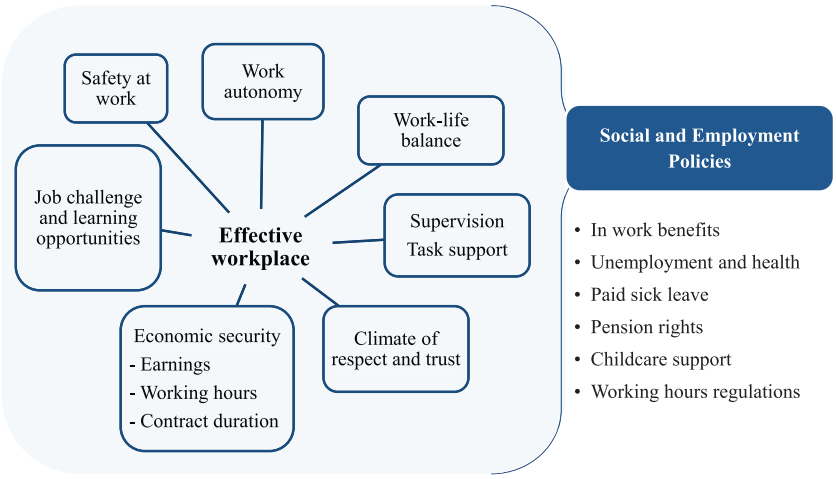


Note: Data refer to all private industry workers and include part-time workers.

Source: US Bureau of Labor Statistics, National Compensation Survey.

A good job has many elements, as discussed in OECD (2013b; 2014a), including good pay, access to learning opportunities, and flexible working hours (Figure 8). While many of these job characteristics are shaped by the institutional and policy framework governing the labour market, many are purely business choice. Some employers are indeed recognising that good jobs can also mean good business (Gallup, 2010). For instance, good jobs can help to attract and retain good workers, leading to savings in recruitment and gains in productivity, among other benefits (OECD, 2013b). Figure 7, however, shows that many employees in the United States do not have so good jobs.

Figure 8. **Which are the characteristics of good jobs?**



Why more firms are providing good jobs if quality employment leads to higher productivity? For one, because the business case for jobs is most evident for high-end professional jobs, where talent is hard to find, and recruitment and training costs are substantial (Holzer, 2012; OECD, 2007). But even in high-end professions workplace practices that lead to higher well-being at work, such as flexible working times, are not so common (CEA, 2010). A variety of market failures might be hindering firms in creating more good jobs (Table 1) which can motivate further government intervention to encourage wider adoption.

Table 1. A selection of market failures hindering better quality jobs and options for policy intervention

Policy	Rationale for policy intervention	Likely policy impact	Lessons for policy
• Policies to support mothers (new-born family leave, maternity leave and parental leave)	• Basic right to stop work for a few weeks prior to and after the birth of a baby granted to working mothers to protect mothers' and child's health and wellbeing. • Additional arguments include the benefits of maternal care for very young children.	• Some evidence that mothers' return to work within the six months of giving birth is harmful to her child. • Mothers employed in jobs covered by leave entitlements return to work more quickly after mandated leave than those not covered. • The introduction of leave mandates for family or health reasons in some US states increases the probability of returning to work. • Women who enjoy paid and job protected leave are also found to be more likely still to be employed when their child reaches their fourth birthday.	• From a narrow labour market perspective, the optimal period of leave seems to be around four to six months • In terms of child development, some evidence suggests child development is negatively affected when an infant does not receive full-time personal parental care for the first six months of a child's life.
• Policies to support fathers in contributing more to caring for young children (paternity and parental leave)	• Underlying objectives may differ across countries, but, in general, they aim to increase gender equality at home and at the workplace as well as to strengthen father-child relationships and thus improve child well-being outcomes.	• Parents leave positively influences fathers involvement in childcare and housework tasks. •Parents who spend more time with their children have more favourable labour market outcomes, earn more per hour and work fewer hours per week. •Fathers who are more engaged with children are more satisfied with their lives than their counterparts who engage less. •Some evidence that children with involved fathers have better cognitive and behavioural outcomes than their peers with less involved children.	• Need to be well-designed to be attractive to working parents. •Use is largest when leave is well-paid and when part of the entitlement cannot be transferred to mothers and it is lost if not used. • Work best when complemented with other family friendly policies such as flexible working practices and availability and support for childcare.
• Policies to encourage more flexible work-place policies	• Positive externalities in terms of higher birth rates, that are unlikely to be addressed by employers and unions. • Institutions in male dominated sectors lack incentives to to pursue gender equity objectives. • Ensure access to flexible workplace is equitable.	• Limited evidence. Employers who had introduced such measures are typically enthusiastic about the effects. Workplace flexibility can also have costs for workers, at least if not widely adopted, if for instance there is a trade-off between wages and flexibility.	•Work best when complemented with other family friendly policies such as flexible working practices and availability and support for childcare.
• Policies to encourage greater workforce skills	• A variety of market failures might prevent firms from training their employees: 1st) employers may have limited knowledge about compensation and human resources options; 2nd) the ability of employers to choose the high road might be constrained by the quality of workers available for hiring; 3rd) employers might be reluctant to invest in training workers for fear of poaching etc..		• Work best when government cooperates with the private sector.

4.3. Helping the working poor by strengthening the EITC and rising the federal minimum wage

A large number of US workers receive labour income that is not sufficient to keep them above the poverty level. Out of 46.5 million persons, living below the official poverty level, 10.6 million were considered to be "working poor" in 2012 (7% of workers), according to the Department of Labour. One reason for this is the low federal minimum wage, set at USD 7.25 in July 2009 and kept unchanged since (Figure 9). Although relatively few workers report wages exactly equal to (or below) the federal minimum wage, a much larger share of workers earns wages near it. In addition to low hourly wages, many of the working poor are engaged in involuntary part-time employment. Raising the earnings of the working poor is therefore an important aspect of a well-being strategy.

An important policy tool to raise the earnings of the working poor is the Earned Income Tax Credit (EITC), a large and successful antipoverty programme. It provides low-income workers, many of them poor, with extra income via refundable tax credits. It also encourages low-income parents to take up work by lowering their tax rate and by providing a financial bonus for their work. Several studies have shown the EITC has been particularly successful in increasing the employment of single mothers and in reducing poverty in households headed by single mothers (See Meyer 2010 for a recent review of the literature). Not all evidence is so positive. Eissa and Hoynes (2004) find the EITC has slightly reduced the labour force participation of married mothers. Heim (2006) finds the EITC has reduced hours of work. Yet, more recent evidence by Chetty et al (2013) finds the EITC has raised net incomes at the low end of the income distribution significantly, with a limited negative effect on employment through disincentive effects.

Researchers agree, though, that the EITC is less effective at increasing employment and reducing poverty among childless workers, many of whom earn low wages. A family with children can qualify for an EITC up to USD 6 143, compared to only USD 496 for childless workers. Moreover this small credit is not available to all low-income workers, but only for those aged 25-64. The Administration has called for strengthening the EITC for childless workers. While little detail exists on the exact policy design, work by

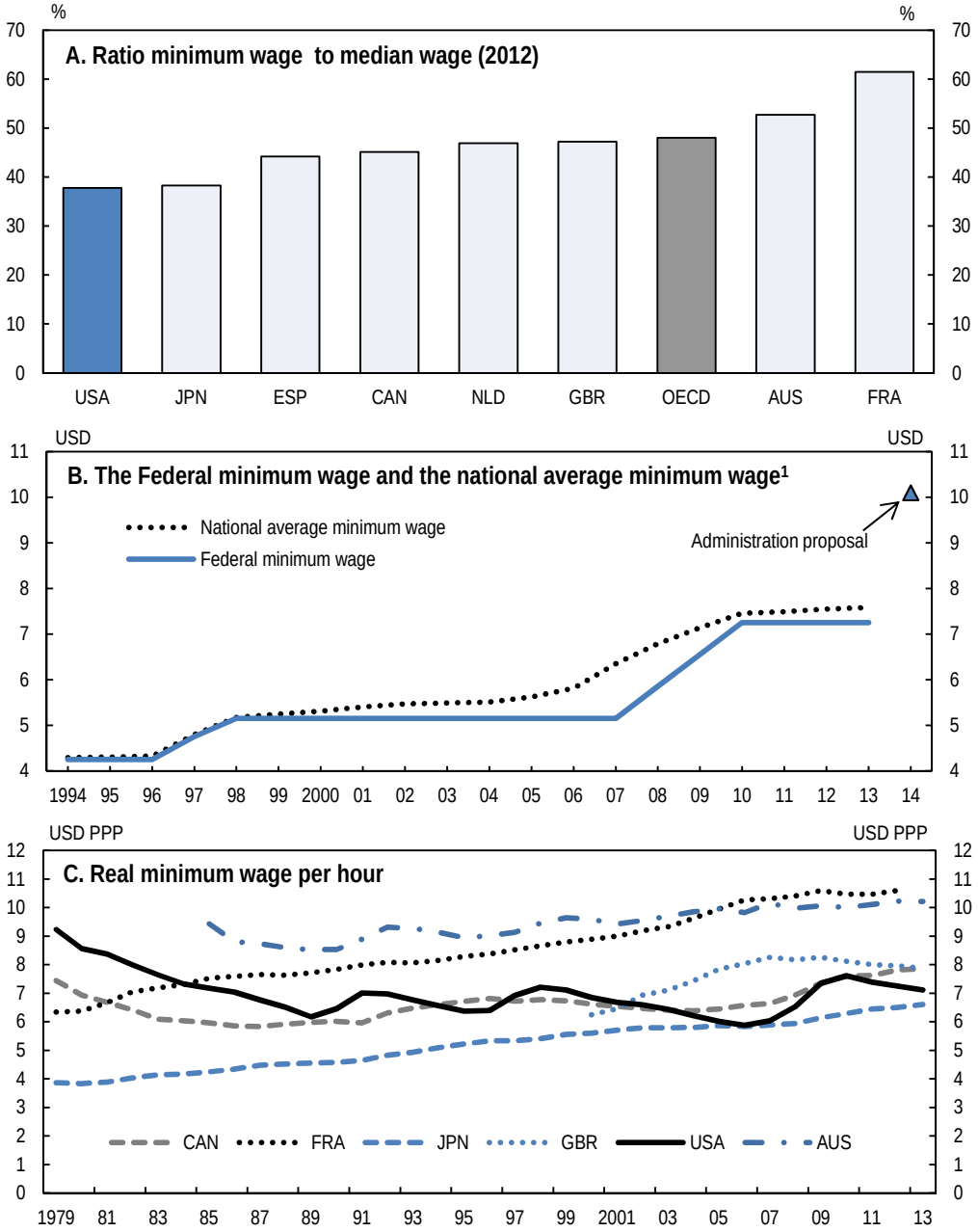
Edelman et al. (2009) suggests that strengthening the credit for childless workers and lowering the age threshold from 25 to 21 years old would benefit low-income workers with relatively poor education, helping to fight poverty by transferring income to those with few resources. It could also help improve the economic prospects of young workers, many of whom are still struggling, given the still-high youth unemployment rates.

Strengthening the EITC will cost money. However, Sahwill and Karpilow (2013) suggest that combining an increase in the federal minimum wage with a tripling of the EITC for childless workers would save enough money to pay for the expanded EITC through fewer welfare payments and higher tax collection. Additional funding could also come from reducing the costs of administering the EITC and fighting non-compliance (Meyer, 2010). The IRS estimates that about 20% of the EITC payments made in fiscal year 2012 were paid in error (TIGTA, 2013), and similar figures have been found for earlier years.

Setting the federal minimum wage at a reasonable level can also help to make the EITC more effective at raising incomes. Although hard to quantify employers could be capturing part of the credit by paying lower wages than they would in the absence of the EITC (OECD, 2009). Increasing the federal minimum wage would counteract this dead-weight loss by supporting wage levels.

The Administration has recently proposed to raise the federal minimum wage and tie it to inflation (CEA, 2014b). At USD 7.25 per hour, the current federal minimum wage is 38% of the median wage for full time workers, well below the 48% average in the twenty-four OECD countries with a statutory minimum wage (Figure 9). If the minimum wage were gradually raised to USD 10.10 by 2016, this would bring it to approximately half the median wage, close to the OECD average, providing a boost to the purchasing power of many low income workers. Moderate and low-income families would benefit most from an increase in the minimum wage, as the majority of minimum wage earners have a family income below the median (USD 60 974 in 2011) and nearly a quarter have family incomes below USD 20 000 per year (Figure 10).

Figure 9. **The US minimum wage has fallen behind**

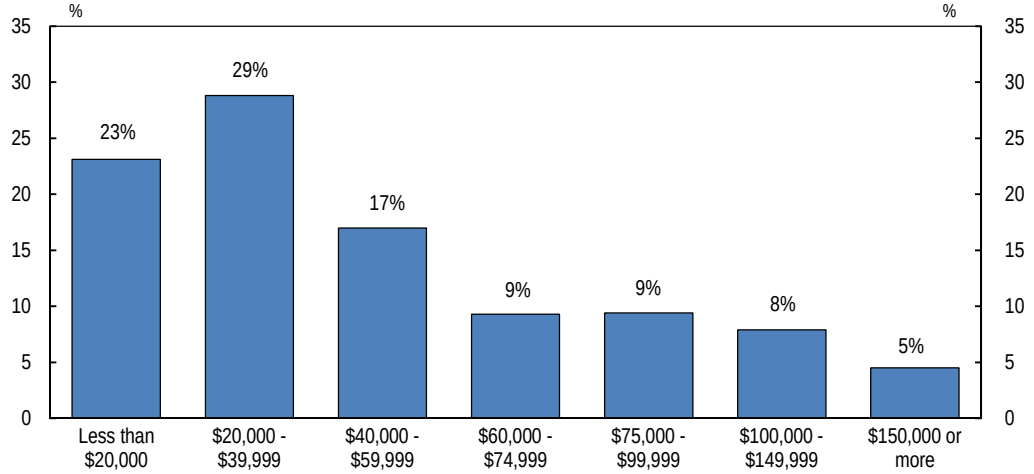


1. The national average minimum wage is calculated as the average of minimum wages prevailing in each US state, weighted by the percentage share of each state in the US population.

Source: OECD, Labour Statistics Database; US Department of Labor and OECD calculations.

Figure 10. **Raising the federal minimum wage would have ripple effects**

Share of affected workers by raising the federal minimum wage to USD 10.10 by July 2016



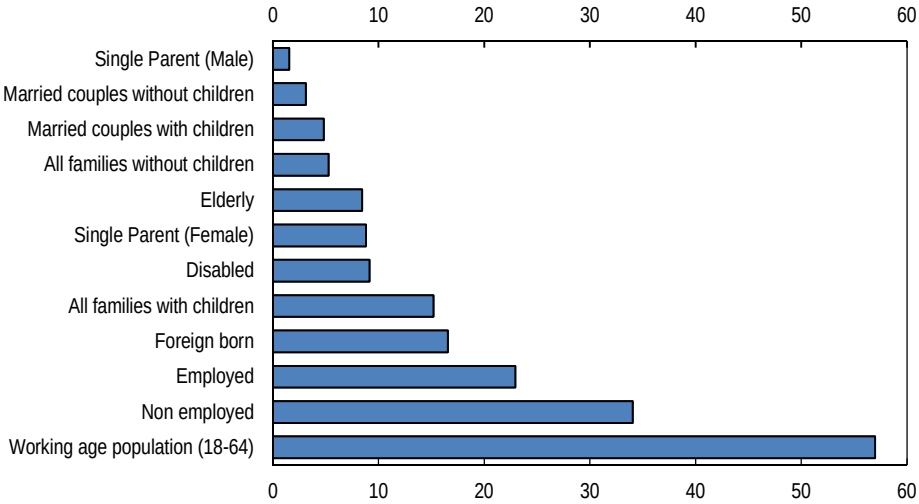
Source: Cooper, D. (2013). "Raising the federal minimum wage to USD 10.10 would lift wages for millions and provides modest economic boost," Briefing paper No. 371. Economic Policy Institute.

Plentiful empirical evidence suggests a modest increase in the federal minimum wage from such a low level will have no or only a small negative effect on employment of low-skill workers (Doucouliagos and Stanley, 2009; Dube et al. 2010; Wolfson and Belman, 2013). For instance, recent meta-analysis of a large set of studies looking at the relationship between employment and the minimum wage on teenage employment (Doucouliagos and Stanley, 2009) and on teens and fast food workers (Wolfson and Belman, 2013) conclude the effects are statistically detectible but economically small. Estimates from the CBO suggest that gradually increasing the minimum wage to USD 10.10 by 2016, as currently proposed, would reduce total employment by about 500 000 workers or 0.3% (CBO, 2014). CBO notes that as with any such estimates, however, the actual losses could be smaller or larger; there is about a two-thirds chance that the effect would be in the range between a very slight reduction in employment and a reduction in employment of one million workers (CBO, 2014). CEA (2014b) shows increasing the minimum wage to USD 10.10 by 2016 would benefit a large majority of low-wage workers and raise earnings for an estimated 12 million people now in poverty, lifting as many as 2 million of them out of poverty. Despite these likely positive effects, the effect on an increase in the federal minimum wage on the employment of teenagers and other low skilled workers should be carefully monitored.

There are limits to the extent increasing the EITC and the minimum wage would help to reduce overall poverty or lead to higher incomes more generally, because such policies offer little support to the large majority of poor who are not employed (Figure 11). Improving the employment prospects of the unemployed through higher skills, while not discussed in this paper, is a promising way forward.

Figure 11. **The American poor are a heterogeneous group**[1]

As a percentage of total US population below the poverty level



1. Following the Office of Management and Budget's directive, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. The official poverty thresholds do not vary geographically but are updated for inflation using Consumer Price Index. The official poverty definition uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps). If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. For instance, in 2011, the annual threshold for one person (unrelated individual) was USD 11 484 whereas for a family including 5 persons (2 adults and 3 children under 18 years), the threshold was USD 26 844.

Source: US Census Bureau.

4.4. Improving access to family paid leave

Paid family leave allows parents to look after young children when they are most vulnerable, promoting child development without forcing parents to sacrifice their careers and can contribute to the labour force attachment of mothers (OECD, 2007). Yet, the majority of workers do not have paid family leave that allows them to take off to meet family responsibilities, such as the arrival of a newborn, or a seriously ill family member, while still meeting their work responsibilities. For instance, the United States is one of four countries in the world, and the only high-income country, which provides some form of maternity leave but where there is no general legal provision of cash benefits (ILO, 2010). Workers without paid family leave combine paid sick days or vacation or take unpaid leave if they can afford it, or quit their jobs altogether (Shriver, 2014).

The Family and Medical Leave Act (FMLA) provides some support by allowing workers in large companies to take up 12 weeks of job protected unpaid leave, but many do not take leaves or take short ones because they cannot afford the full 12 weeks of unpaid leave (Klerman et al. 2013). Some states provide paid family leave or other type of support. For instance, California and New Jersey have enacted policies to provide workers with paid leaves, and others are in the process of doing it. A handful of states have passed laws above the FMLA requirements (IWPR, 2013) and a few others have temporary disability insurance or cash sick leave benefits, which can be used for parental leave (Thévenon and Solaz, 2013). Companies are moving forward too and some employers provide paid parental leave to their employees, while other employees get covered through sick leave insurance (Kamerman and Waldfogel, 2010; Thévenon and Solaz, 2013). For instance, the 2012 FMLA Survey shows that about one third of employees work for an employer offering paid maternity leave, and a fifth has paid paternity leave. Statistics differ, though, and access to paid leave may be lower than what the FMLA Survey shows. For instance, the 2012

National Compensation Survey shows that only 12% of employees have access to paid leave for care of family members (newborns, adopted children, or ill children or adults) (IWPR, 2013). The latest data demonstrates that a significant fraction of the population lacks access to leave policies, especially paid leave (CEA, 2014c).

Lack of effective support is most worrying in the case of leaves for mothers following child birth. Conditions vary across states and companies and data are scarce, yet the fact that most women (86%) in the top family-friendly companies take less than 12 weeks of paid leave for birth (IWPR, 2013) suggest maternity leave for most falls below the 12 week minimum recommended by the International Labour Organisation to safeguard the health of mother and child (ILO, 1998). There are also inequalities in access that are possibly hurting the disadvantaged most. Data show that access to paid leave is more common if an employee is well-paid, works in a managerial or professional occupation, or is employed by a company with at least 100 employees (DOL, 2012).

Beyond health and equity reasons, there are economic arguments for expanding access to paid family leave. Evidence shows that there are labour market gains of paying income support to mothers by strengthening mothers' labour force attachment, reducing turnover costs, improving mother's wages and shortening the length of time mothers are out of the labour market (Thévenon and Solaz, 2013; Bassanini and Venn, 2008). There are also reductions in receipts of public assistance (Houser and Vartanian, 2012). The benefits of expanding paid leave are important in a country with declining labour force participation and high rates of poverty among single mothers, which lead to high child poverty rates. Better access to family paid leave could also contribute to achieve greater gender equality, as evidence shows that fathers who benefit from leave around child birth spend more time with their children (Huerta et al. 2012).

To expand access to paid family leave for more workers the federal government could build on the successful experiences of California and New Jersey and develop a national social insurance programme for paid leave for all workers funded by a small increase in the payroll tax, as proposed in the Family and Medical Insurance Act recently introduced in Congress. While business may be concerned about such policy changes, evidence from California shows that the introduction of paid leave had minimum impact on business operations, and some even report positive effects on their productivity, profitability and on employee morale (Appelbaum and Milkman, 2011). A perhaps less politically difficult and more gradual approach could be to keep supporting states that want to follow the example of California and New Jersey with technical assistance. This risks being a slow process, though, judging from the experiences of those States that have paid family leaves.

Other options to support families with children include promoting the use of family leave through information campaigns. Evidence from the 2012 FMLA Survey shows that many employees have not even heard of the FMLA (34%) or do not know they can benefit from job-protected leave (41%) (Kelman et al. 2013). Guaranteeing job protection to workers in small businesses which are not covered by the FMLA, could also help to expand access to leave, even if not paid. Pre and post-natal visits could also be more widely used to encourage parents to take leave or to get involved in the care of their children, as it is important for child well-being.

4.5 Developing more family-friendly workplaces

Many American companies have policies in place that allow their workers to better manage their work-life conflicts (CEA, 2014d). For instance, many employers say that they allow their employees to periodically change their starting and quitting times (77%), or to take time off when important needs arise (87%), according to the 2012 National Study of Employers. Some employers help their employees to pay for child care or facilitate information on services for elderly family members (41%). Most employers offer

at least some workers the ability to return to work gradually after a major life event, such as birth or adoption of a child.

Yet, more could be done to encourage more family-friendly workplaces, in particular in low-paying jobs. Low-paid workers often work too few hours to financially support their families and are more likely to face unpredictable and shifting schedules. High-paid workers could also benefit. For instance, women in some high-paying professions are moving to worse-paid jobs to get more working-time flexibility (Goldin, 2014). Business could benefit as well. Workplace flexibility could lead to lower job stress, lower absenteeism, lower health costs and higher productivity.

Encouraging more family-friendly workplaces is a challenge other OECD countries are facing as well, especially for the less skilled, given that the business case for them is less straightforward (OECD 2007; OECD, 2011b). However, some useful experiences can serve as examples. Many countries put in place information campaigns to increase awareness on the benefits of family-friendly policies for employees and workers. For instance, the Swiss authorities have developed a handbook which outlines the business case for family-friendly policies, provides an overview of possible workplace measures and examples and addresses issues that may hinder reform (SECO, 2007).

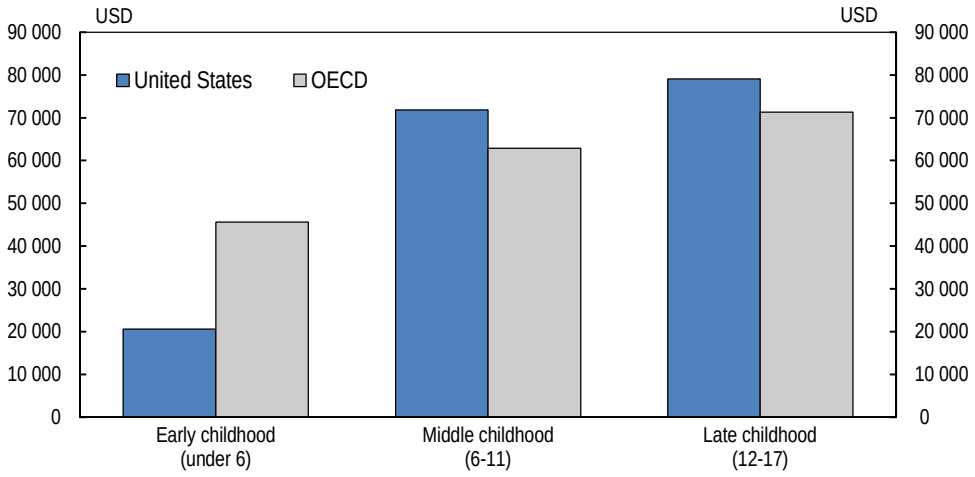
Another promising option is the establishment of right-to-ask policies, which allow employees to ask their employer for flexible working times to accommodate caregiving responsibilities. For instance, the United Kingdom has established the right to request flexible working hours and, according to the Confederation of British Industries, it is now widely used by businesses. Right-to-ask policies have also been adopted recently by the State of Vermont and if successful could be scaled up nationally. Right-to ask policies have the benefit of being less stringent on businesses than other policies that encourage family-friendly workplaces, such as legal requirements to provide changing working hours that exist in Germany, the Netherlands or Sweden. Another benefit is right-to-ask policies emphasise employer and employee involvement and do not involve one-size-fits-all solutions. Yet it is important to note that for right-to-ask policies to work, the legislation needs to provide a clear definition of the procedure and the business grounds on which the request may be turned down. Additionally, it is more likely to succeed if accompanied by resources and personnel on how to use them.

4.6. Facilitating better access to quality early education and childcare

To relieve pressure on working families, especially underprivileged ones, more should be done to improve access to quality early childhood education and care. Public education spending mostly supports compulsory public education, which typically begins around age 5 or 6 (Figure 12). Spending on high quality preschool and child care is typically the most cost-effective education investment in life (Heckman, 2009; Heckman, 2013). Such spending will not only provide better education opportunities to more children, it will strengthen their ability to gain from traditional public education and also help parents in employment or wanting to work to balance their breadwinning and caring responsibilities.

Figure 12. **The US lags behind in early education spending**

Cumulated public spending per child in 2009

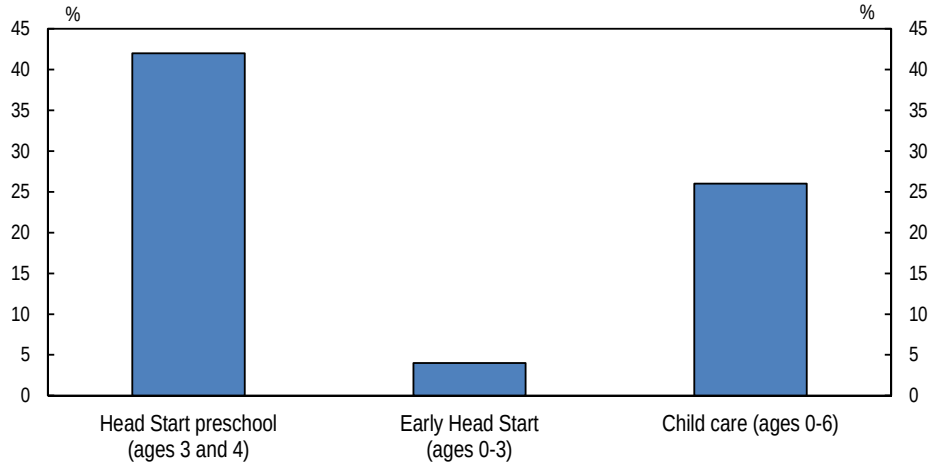


Source: OECD, Family Database.

Participation in early childhood education is not as common in the United States as in other countries. For instance, only 50% of 3-year-old children were enrolled in early childhood education in 2011, compared to 68% on average in OECD countries (OECD, 2013a). Early education is also costlier than in most OECD countries. For instance, costs can go up to 47% of family's monthly income for low-income households, according to data from the US census bureau. Subsidised care options are available, and programmes such as Head Start or Early Head Start targeted to the most disadvantaged are very effective, but they are underfunded and many eligible children are left out (Figure 13).

Figure 13. **Early childhood education is not well developed**

Per cent of eligible young children served in federal programmes



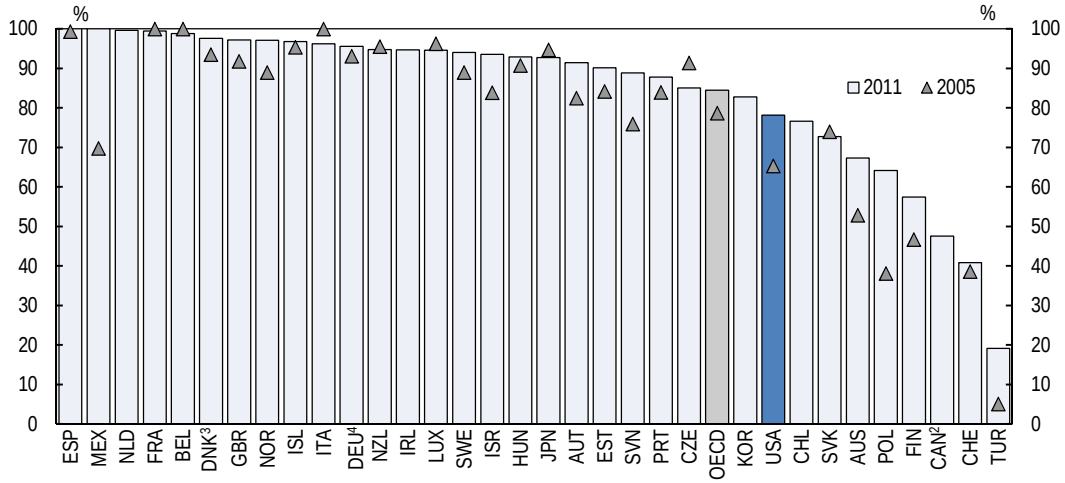
Note: Data for Head Start preschool and Early Head Start refer to 2012. Datum for Childcare refers to 2009.

Source: National Women's Law Center calculation of Department of Health and Human Services Head Start Data and American Community Survey Data; Office of the Assistant Secretary for Planning and Evaluation, estimate of Child Care Eligibility and Receipt for Fiscal Year 2009 (2012).

The Administration and Congress plan to increase access to pre-school education for 4-year-olds and to improve quality, rightly so. Public preschool enrolment of four-years-old rose by 25 percentage points between 1980 and 2011 (Cascio and Schanzenbach, 2013), due to increased subsidisation at the state level; and by 10 percentage points between 2005 and 2011 (Figure 14). Yet, participation is lower for children from low and moderate income families (the two bottom quintiles), with only 64% 4-years-olds enrolled, compared to 90% of 4-year-olds in families ranked in the top quintile of family income (Barnett and Nores, 2012). Additional funds are thus particularly needed to expand enrolment for more 4-year-olds from low and moderate income families and for more 3-year-olds. Low and moderate income families can benefit the most from additional public investment, given they cannot so easily afford private schooling. The marginal returns to human capital investment are also likely to be higher for disadvantaged children (Burger, 2010).

Figure 14. **Fewer children are enrolled in early childhood and primary education**

Enrolment rates at age 4 (2005, 2011)[1]



1. Enrolment rates at low ages should be interpreted with care, mismatches between the date of reference of ages and the date of data collection may lead to overestimations. Underestimation in enrolment rates may be due to uncounted late entrants.
2. Year of reference 2010 instead of 2011. Only includes kindergarten and junior kindergarten students in the public school system.
3. Mandatory classes have been included in ISCED 1 as of 2011.
4. Year of reference 2006 instead of 2005.

Source: OECD (2013), Education at a Glance 2013: See Annex 3 for notes (www.oecd.org/edu/eag.htm).

Boosting the quality of preschool and childcare programmes is necessary. Research examining state-level preschool and childcare programmes shows that many but not all programmes meet licensing requirements (Zellman and Karoly, 2012, National Association of Child Care Resource and Referral Agencies, 2013). Moreover, in many cases licensing requirements are fairly low, focusing on very basic safety and health standards. Standards are monitored in most states, but as many as nine states do not require any type of inspection at least once a year (National Association of Child Care Resource and Referral Agencies, 2013). Preschool programmes do not always provide stimulating learning environments as educators often lack the required skills (Early et al. 2005). Recommended benchmarks for adult child ratios and group sizes, which are basic ingredients for good pre-school education, are not widely met in most states (Schmit et al., 2013).

Some publicly funded programmes, such as Head Start and Early Head start, must adhere to higher quality standards and they are extremely effective (Cascio and Schanzenbach, 2013). Yet, not all publicly

financed programmes need to meet so high standards (Zellman and Karoly, 2012). For instance, most public child care assistance benefiting infants and toddlers is channelled through the Child Care and Development Block Grant, which allocates funds to states for child care with little or no requirements on the quality, not even on basic health or safety requirements (National Association of Child Care Resource and Referral Agencies, 2013).

Raising early education quality can have high pay-offs improving school outcomes later in life for disadvantaged children and contributing to lower inequality (Camilli et al. 2010; Heckman, 2013). Quality preschool can also have positive externalities through reductions in crime and public assistance that justify public investments in early childhood education (Kilburn and Karoly, 2008). Yet, the evidence discussed above suggests that the early school education experienced by many children is not of sufficiently high quality to improve their development and in some cases it may even be harmful to children well-being.

Under the Administration's *Preschool for All* initiative, States would need to meet quality standards to receive federal funds. Preschool teachers would need to have a bachelor degree, high salaries, and access to ongoing professional development. Similar reforms should be made to improve the quality of childcare financed by the Child Care and Development Block Grant. Childcare programmes should meet federally defined minimum guidelines on health and safety. Working conditions and remuneration could improve to incentivise competent staff to work and remain working in the childcare sector.

States' efforts to develop approaches to measure and improve early education quality, such as the state and local quality rating and improvement systems (Zellman and Caroly, 2012), should also be supported. Expanding effective targeted interventions, such as Head Start, Early Head Start and evidence based home visiting programmes, to more disadvantaged children, while costly, is also very important. Targeted interventions can help to offset the negative effects of poor socioeconomic backgrounds on children and can encourage greater parental engagement among low-income low-educated parents.

Box 3. **Recommendations to improve the well-being of Americans**

Job quality

- Broaden eligibility of the earned income tax credit by strengthening the credit for childless low-income workers and expanding it to younger workers.
- Improve the effectiveness of the EITC through appropriate reforms in the minimum wage.
- Work with employers to further strengthen the role of health policy in preventing the negative health effects of job strain and work-life conflicts, notably on mental health, by strengthening prevention, early intervention and improving awareness.

Family paid leave and family-friendly workplaces

- Improve support for parents who need to take off from work for family reasons by expanding access to paid family leave nationally.
- Encourage more employers to adopt family-friendly policies by increasing awareness of the possible benefits and helping states develop and implement right-to-ask policies.

Early education and childcare

- Improve access to quality preschool for underserved low and moderate income children.
- Ensure that childcare and preschool programmes deliver high quality for all children by defining and enforcing minimum quality benchmarks for preschool and childcare.
- Expand Head Start, Early Head Start and effective home visiting programmes to more disadvantaged children.

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ANNEX A

SOME FACTS ON THE WORK-LIFE BALANCE OF AMERICAN FAMILIES: EVIDENCE FROM THE AMERICAN TIME USE SURVEY

1. Introduction

American families have become richer over the last forty years, partly due to greater female labour force participation and more families relying on more than one earner. Yet these changes have caused workers to face conflicts between their work and their personal lives: more than half of all working parents with children under 18 say it is difficult for them to balance the responsibilities of their jobs with the responsibilities of their families, according to Parker and Wang (2013).

The OECD's Better Life Index sheds light on work-life conflicts in the US. The United States ranks 28th in the "work-life balance" indicator of the Better Life Index compared to other OECD countries, ninth from the bottom (OECD, 2013). Two sub-indicators are used to measure overall work-life balances: i) the proportion of employees working 50 hours or more per week, ii) the time people devote to leisure and personal care. The United States is marginally worse on the proportion of employees working 50 hours or more per week (about 11% of employees, more than the OECD average of 9%). The United States is also marginally worse in terms of leisure (e.g. socialising with friends and family, hobbies, games, computer and television use) and personal care (e.g. eating, sleeping). People in the United States devote 66% of their day, or 14.3 hours to personal care and leisure compared to an OECD average of 14.9 hours. While worrying, these indicators are imperfect measures of the true work-life conflicts Americans face. To get better insights into people's work-life conflicts is important to know how people allocate their time during the day. The American Time Use Survey (ATUS) provides such information.

The ATUS data record information on how people spend their time on daily activities. A random sample of households leaving each month's Current Population Survey (CPS) is chosen to participate in the ATUS. From each household an adult is randomly sampled to be surveyed about her time use in a single 24-hour period. ATUS interviewers record every activity done during the assigned day, categorised by type of activity, start and stop time, location and presence of others. Data for primary activities is then grouped in eight broad activities: paid work, unpaid household work, unpaid caregiving services to household members, community services and helping other households, learning, socializing, community participation and religious activities, leisure and sports and personal care. The ATUS also reports a great deal of data obtained from the outgoing CPS survey, including family income, individual earning, sex, age, presence of children, education and citizenship (Table B.1.), which allows linking time use to household characteristics. Using the ATUS data in 2012 and 2006, a statistical analysis was carried out to further investigate the work-life balance situation of US families.

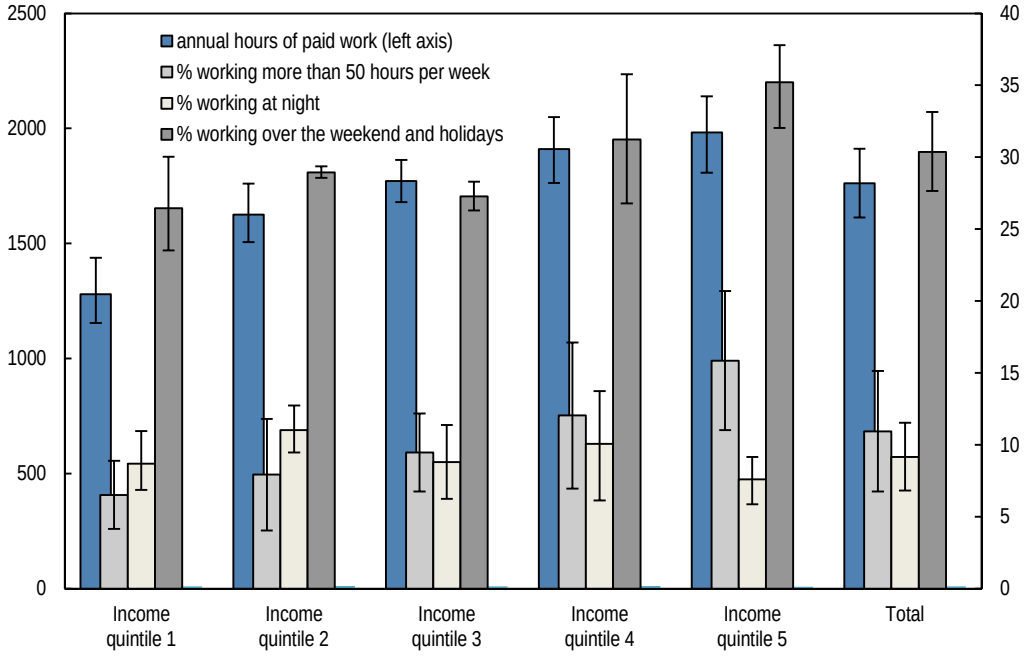
2. Some facts on the work-life balance of American families

2.1. High-income families spend more hours in work-related activities

People in the United States work 1 765 hours a year slightly more than the OECD average of 1 765 hours according to the OECD Employment Outlook, 2012 data. The ATUS data analysis shows the number of hours spent on work-related activities is increasing with household income. People in the top-income households (by top-income we mean households in the top quintile of the income distribution) work 1 980 hours a year (up to 2 130 hours for men) while people in low-income households work 1 280 hours on average (Figure A.1.). In addition, the proportion of people working 50 hours or more

per week is 16% for the top-income households while is only 6.5% for the low-income households. Those people working 50 hours or more per week are more likely to work in management, business and financial occupations or professional and related occupations or sales and related occupations. People in the top-income households are also more likely to work an atypical schedule (working over the weekend).

Figure A.1. Amount of time spent at work, by income quintile (2012)



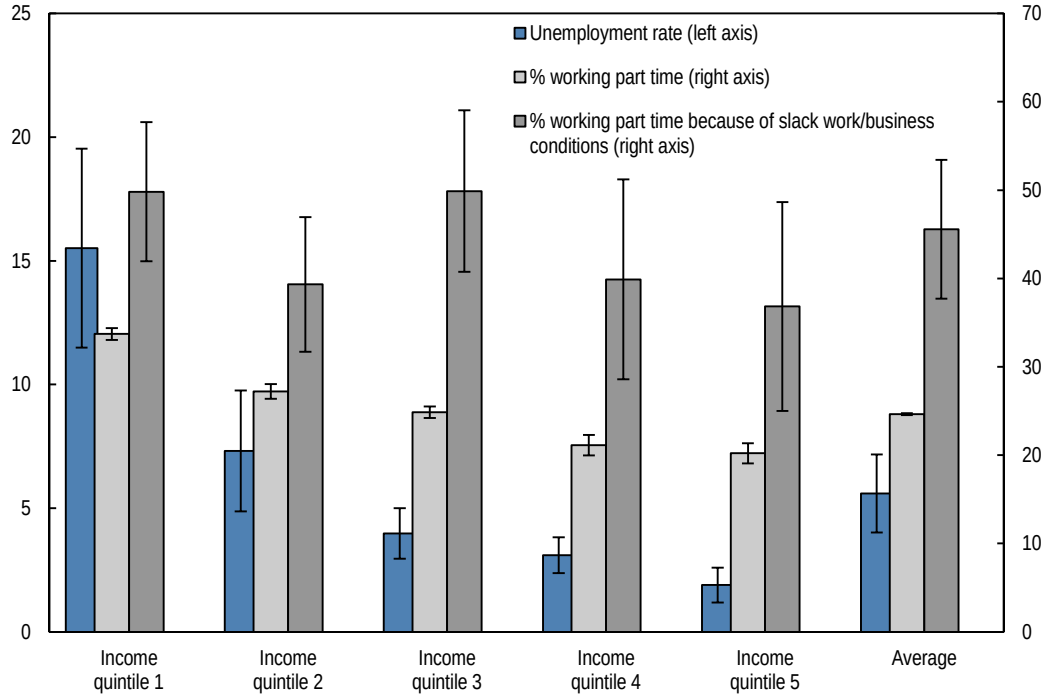
Note: The figure covers all persons in the labor force population. Annual hours of paid work is computed using reported average weekly hours of paid work and average number of weeks people get pay. The percentage of persons working at night includes people that work between 11.00 p.m and 6.00 a.m. Vertical bands represent the figures for men and women. Income quintiles are calculated using household equalised income. See Table B.2.

Source: ATUS (2012).

2.2. People who are time rich and income poor are working less than they would want

Low-income households in the United States are relatively poorer partly because of their low wages, but even more because of a lack of or short working hours that result in low-earned incomes (Sawhill and Karpilow, 2013). The ATUS data analysis shows that 20% of low-income households in 2012 were unemployed (the week preceding the survey) (up 8 percentage points since 2006). Among top-income households only 3% were unemployed (only 1.5 percentage points more since 2006) (Figure A.2.). Moreover, among low-income households 33% of them work part time compared to only 21% of top-income households. Among low-income part-time households: 57% declared they are working part time because of slack work or business conditions in 2012 (up from 42% in 2006). In addition, among low-income part-time households, 30% declare they work part time because they could only find a part-time job.

Figure A.2. Time rich, income poor and under-employment



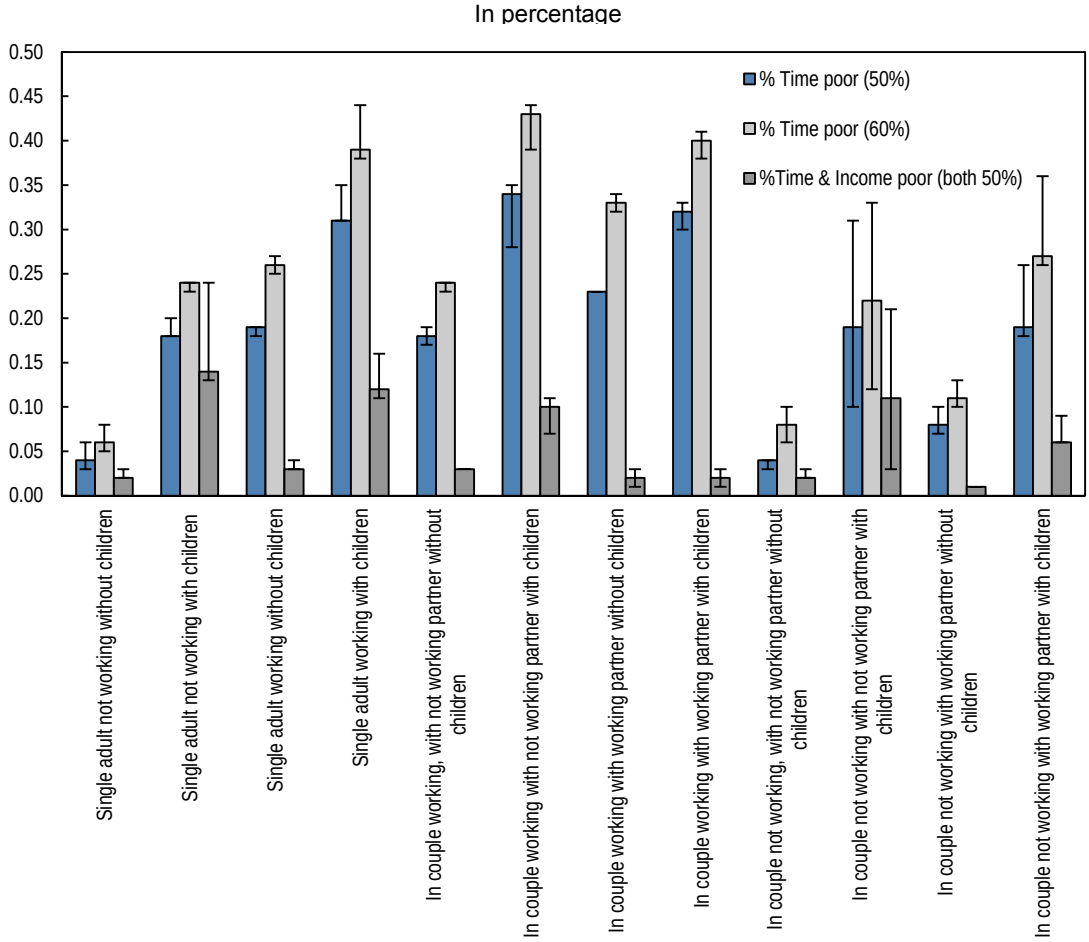
Note: The figure covers all persons in the labor force population. Vertical bands represent the figures for 2006 and 2012 (before and after the crisis). Income quintiles are calculated using household equivalised income. See Table B.3.

Source: ATUS (2012), ATUS (2006).

2.3. Many working single parents or working families with children are at risk of time poverty

American society has changed dramatically over the past half century: women have entered the labor force in growing numbers and families have increasingly relied on more than one earner to make ends meet. These changes have caused workers to face conflicts between their work and their personal lives (Parker and Wang, 2013). The ATUS data analysis shows that more than 30% of working single parents or working families with children are at risk of time poverty (up to 40% for women) (Figure A.3.). By time poor we mean the percentage of people having less than 50% of median discretionary time. Time poverty is less common among working single adults without children (19%) and among working couples without children (20%). Among parents, those working are also more likely to be time poor than non-working parents (See Table B.4.).

Figure A.3. Work life balance, by family type



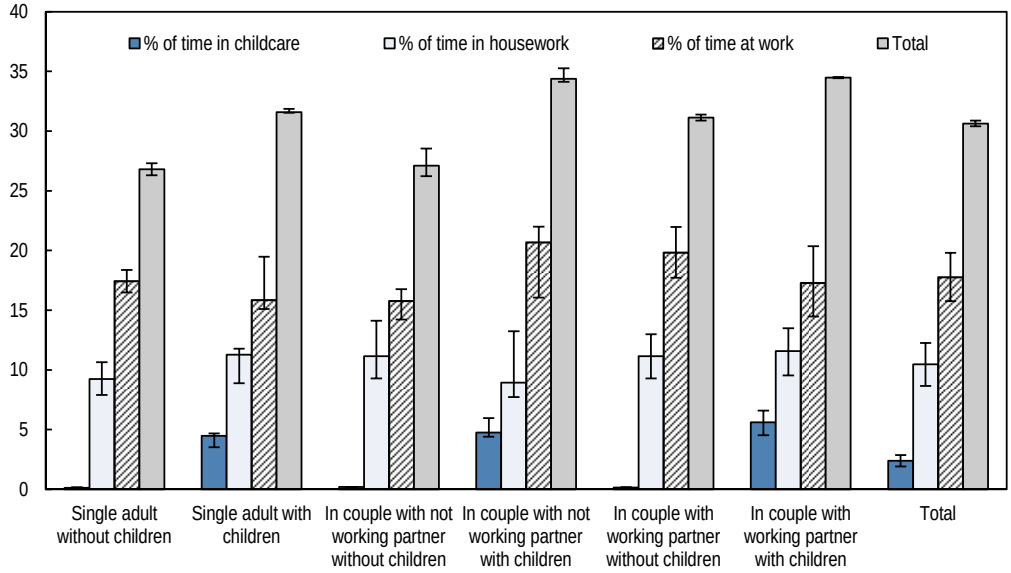
Note: Vertical bands represent the figures for men and women. Time poor is defined as the percentage of people having less than 50% (or 60%) of median discretionary time. Income poor is defined as the percentage of people having less than 50% of median household equivalised income. See Table B.4.

Source: ATUS (2012)

2.4. Parents in couple spend more time with their children individually than single parents

The significant increase in female labour force participation over the past decades in the United States has affected how men and women use their time, both at work and at home. Despite the trend of more mothers working for pay, American parents are spending more time with their children than in the past (Bianchi, 2010). Fathers have nearly tripled the time they spend with their children (from 2.5 hours in 1965 to 7.3 hours today). After a slight decline in the 1970s and 1980's mothers' time with children has also increased and today's mothers spend more time with their children than mothers did in the 1960s (Pew Research Survey (2013); Gauthier *et al.* (2004); Guryan *et al.* (2008); Krueger (2007)). The ATUS data analysis shows that parents in couple generally spend more time with their children than single parents (Figure A.4.). In 2012, working and non-working parents in couple devote around 5% of their time (over 24 hours) to childcare, while single parents devote 4.6% of their time.

Figure A.4. Time allocation (persons in the labor force population)



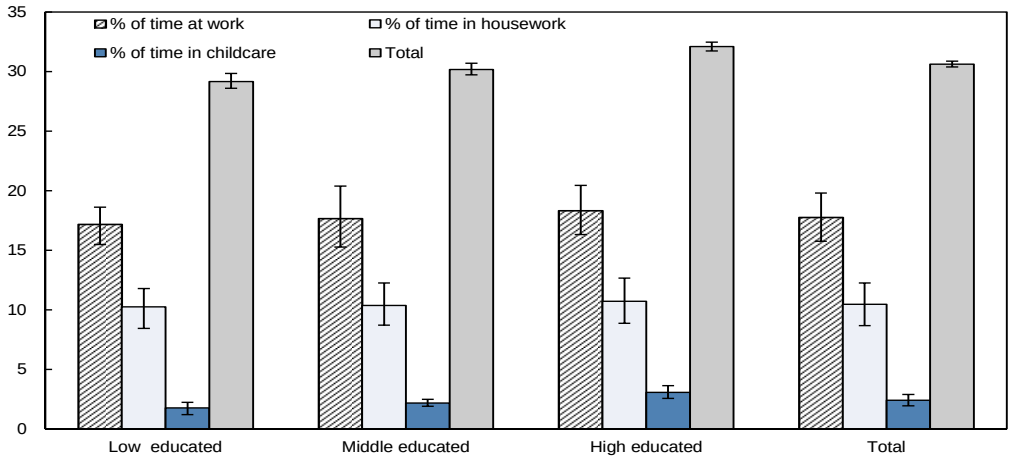
Note: Vertical bands represent the figures for men and women. The percentage of time is calculated as a share of 24 hours (See Table B.5.).
Source: ATUS (2012)

2.5. Highly educated parents spend more time with their children than low-educated parents

Inequities in quality time spent with children can have important implications later in life (Gauthier et al. 2004). The ATUS data analysis shows that higher educated parents spend more time with their children than low-educated parents (3% against 1.7% for low-educated parents) (Figure A.5.). This is striking, given that higher-educated parents also spend more time working outside home. This low parental supervision might have important consequences in terms of well-being particularly for low-income children (Herbst and Terking (2012), Baker *et al* (2005)).

Figure A.5. Time allocation (persons in the labor force population)

by education



Note: Vertical bands represent the figures for men and women. The percentage of time is calculated as a share of 24 hours (See Table B.5). *Source*: ATUS (2012)

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ANNEX B

Table B.1. Descriptive Statistics

In percentage of total sample

	Household Equalised Income					
	Income quintile 1	Income quintile 2	Income quintile 3	Income quintile 4	Income quintile 5	All
Female	60.86	58.67	54.60	51.89	51.14	55.52
Single adult not working without children	38.39	26.08	20.81	13.97	11.11	22.33
Single adult not working with children	7.72	1.93	0.51	0.28	0.08	2.21
Single adult working without children	12.71	15.29	23.28	21.41	22.70	18.94
Single adult working with children	8.01	8.00	4.51	3.86	1.67	5.26
In couple working, with not working partner without children	2.35	3.94	4.64	4.74	4.31	3.96
In couple working with not working partner with children	5.85	5.86	3.96	3.98	5.09	4.97
In couple working with working partner without children	2.27	4.84	10.00	14.76	14.65	9.20
In couple working with working partner with children	4.73	12.46	14.26	21.21	29.29	16.23
In couple not working, with not working partner without children	8.13	10.62	9.45	6.05	3.01	7.43
In couple not working with not working partner with children	2.50	0.98	0.47	0.36	0.16	0.92
In couple not working with working partner without children	1.64	3.28	4.51	4.46	2.89	3.32
In couple not working with working partner with children	5.70	6.72	3.62	4.93	5.04	5.22
Age 14-25	13.79	11.69	8.30	8.04	7.12	9.86
Age 25-44	34.81	34.65	33.79	39.16	39.38	36.37
Age 45-64	28.55	28.74	33.19	37.45	41.54	33.83
Age 65-over	22.85	24.93	24.72	15.36	11.96	19.95
Low education (up to High School graduate)	64.59	51.82	39.45	27.34	14.16	39.85
Middle education (Some college and Associate degree)	25.31	30.55	32.30	30.00	20.18	27.59
High education (From Bachelor's degree to Doct. degree)	10.10	17.63	28.26	42.66	65.66	32.56
Native	80.88	84.01	88.04	89.97	88.00	86.09
Foreign Born	13.38	8.69	5.87	4.18	4.76	7.48
Foreign Born-naturalized	5.74	7.30	6.09	5.85	7.24	6.43
White	70.18	77.41	80.64	83.13	83.65	78.85
Black	24.60	16.77	14.68	11.18	8.14	15.23
American Indian, Alaskan Native	1.01	0.82	0.43	0.40	0.33	0.60
Asian	2.65	3.24	3.11	3.74	6.96	3.92
Hawaiian Pacific Islander	0.15	0.29	0.21	0.28	0.12	0.21
Others	1.42	1.48	0.94	1.27	0.81	1.19

Source: ATUS (2012).

Table B.2. Amount of time spent at work, by income quintile (2012)

		Income quintile 1	Income quintile 2	Income quintile 3	Income quintile 4	Income quintile 5	Total
Weekly hours of paid work	Male	29.11	34.53	36.56	40.13	41.79	37.47
	Female	23.36	29.53	32.96	34.52	35.3	31.60
	Sample average	25.90	31.89	34.75	37.42	38.74	34.52
Number of week per year people get paid	Total	49.4	50.97	50.96	51.06	51.19	51.03
Annual hours of paid work	Male	1 438	1 759	1 863	2 049	2 139	1 912
	Female	1 153	1 505	1 679	1 762	1 807	1 612
	Sample average	1 279	1 625	1 770	1 910	1 983	1 761
% working more than 50 hours per week	Male	8.88	11.8	12.18	17.12	20.69	15.13
	Female	4.63	4.45	6.77	6.57	10.41	6.79
	Sample average	6.51	7.92	9.46	12.03	15.85	10.94
% working at night	Sample average	8.68	11.01	8.8	10.06	7.59	9.16
	Male	10.96	12.73	11.37	13.74	9.14	11.52
	Female	6.87	9.47	6.24	6.12	5.85	6.82
% working over the weekend	Sample average	26.45	28.94	27.27	31.23	35.22	30.37
	Male	30.03	29.37	28.29	35.77	37.79	33.14
	Female	23.52	28.57	26.3	26.78	32.04	27.65

Source: ATUS (2012).

Table B.3. Time rich, income poor and under-employment

		Income quintile 1	Income quintile 2	Income quintile 3	Income quintile 4	Income quintile 5	Total
Unemployment rate (%)	2012	19.53	9.76	5.00	3.82	2.60	7.17
	2006	11.49	4.87	2.96	2.38	1.19	4.02
Working part time (%)	2012	33.05	28.04	24.20	19.96	21.36	24.52
	2006	34.39	26.39	25.51	22.28	19.07	24.74
Working part time because of slack work/business conditions (%)	2012	57.69	46.94	59.02	51.22	48.65	53.41
	2006	41.94	31.71	40.74	28.57	25.00	37.70

Source: ATUS (2012, 2006).

Table B.4. Time and income poverty, by family type

In percentage of total sample

	% Time poor (50%)	% Time poor (50%)	% Time poor (50%)	% Time poor (60%)	% Time poor (60%)	% Time poor (60%)	%Time & Income poor (both 50%)	%Time & Income poor (both 50%)	%Time & Income poor (both 50%)
	Total	Male	Female	**Total**	Male	Female	**Total**	Male	Female
Single adult not working without children	**4**	2	5	**6**	4	7	**2**	1	2
Single adult not working with children	**18**	16	18	**24**	25	24	**14**	4	15
Single adult working without children	**19**	19	2	**26**	25	27	**3**	2	3
Single adult working with children	**31**	27	31	**39**	34	4	**12**	8	13
In couple working, with not working partner without children	**18**	19	17	**24**	24	25	**3**	3	3
In couple working with not working partner with children	**34**	33	4	**43**	42	47	**1**	9	13
In couple working with working partner without children	**23**	23	23	**33**	32	34	**2**	1	3
In couple working with working partner with children	**32**	31	34	**4**	39	42	**2**	1	3
In couple not working, with not working partner without children	**4**	4	5	**8**	6	1	**2**	1	2
In couple not working with not working partner with children	**19**	7	28	**22**	11	32	**11**	1	19
In couple not working with working partner without children	**8**	6	9	**11**	9	12	**1**	1	1
In couple not working with working partner with children	**19**	12	2	**27**	18	28	**6**	3	6

Source: ATUS (2012).

Table B.5. Time allocation (persons in the labor force population)

In percentage of total time, 24/7

		Single adult without children	Single adult with children	In couple with not working partner without children	In couple with not working partner with children	In couple with working partner without children	In couple with working partner with children	Total
% of time at work	Total sample average	17.45	15.85	15.78	20.69	19.82	17.29	17.77
% of time at work	Male	18.36	19.47	16.75	21.99	21.98	20.37	19.81
% of time at work	Female	16.49	15.09	14.23	16.06	17.71	14.46	15.76
% of time in housework	Total sample average	9.24	11.27	11.14	8.94	11.16	11.58	10.46
% of time in housework	Male	7.89	8.89	9.28	7.73	9.29	9.53	8.66
% of time in housework	Female	10.64	11.77	14.13	13.23	12.99	13.48	12.25
% of time in childcare	Total sample average	0.12	4.47	0.19	4.75	0.14	5.61	2.4
% of time in childcare	Male	0.06	3.51	0.2	4.4	0.12	4.53	1.92
% of time in childcare	Female	0.17	4.67	0.19	5.97	0.17	6.59	2.87
Total	Total sample average	26.81	31.59	27.11	34.38	31.12	34.48	30.63
Total	Male	26.31	31.87	26.23	34.12	31.39	34.43	30.39
Total	Female	27.3	31.53	28.55	35.26	30.87	34.53	30.88

Source: ATUS (2012).

Table B.6. Time allocation (persons in the labor force population)

In percentage of total time, 24/7

		Low-educated	Middle educated	High educated	Total
% of time at work	Total	17.17	17.66	18.33	17.77
% of time at work	Male	18.61	20.38	20.45	19.81
% of time at work	Female	15.48	15.27	16.33	15.76
% of time in housework	Total	10.24	10.36	10.71	10.46
% of time in housework	Male	8.7	8.47	8.76	8.66
% of time in housework	Female	12.05	12.02	12.56	12.25
% of time in childcare	Total	1.76	2.17	3.07	2.4
% of time in childcare	Male	1.29	1.86	2.52	1.92
% of time in childcare	Female	2.32	2.45	3.59	2.87
Total	Total	29.17	30.19	32.11	30.63
Total	Male	28.6	30.71	31.73	30.39
Total	Female	29.85	29.74	32.48	30.88

Source: ATUS (2012).

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