Nashville Family Reunion Conference Hosted By Vice President Al Gore, June 24, 1996

PRESIDENT CLINTON ANNOUNCES NEW FAMILY-FRIENDLY WORKPLACE PROPOSALS:

- **EXPANDED FAMILY & MEDICAL LEAVE**
- **EMPLOYEE-CHOICE FLEX-TIME**

NEW EXPANSION OF FAMILY AND MEDICAL LEAVE: *President Clinton's new proposal would deepen and expand Family Leave by allowing a worker to take unpaid hours off -- with a maximum of 24 hours a year -- for child education, older relatives' health needs, and routine family medical purposes.*

Current Family and Medical Leave Law. The FMLA helps families only with a medical crisis or special limited care-giving needs, such as a birth or adoption. But working families often have to care for children or parents in circumstances for which they cannot use Family and Medical Leave.

New Family And Medical Leave Procedures. FMLA expansion would be limited to 24 hours a year for the following specific purposes:

- **SCHOOL ACTIVITIES.** Participating in school activities directly related to the educational advancement of your child, such as parent-teacher conferences or interviewing for a new school;
- **ROUTINE FAMILY MEDICAL PURPOSES.** Accompanying your child to routine dental or medical appointments, such as annual checkups or vaccinations;
- **OLDER RELATIVES' HEALTH NEEDS.** Accompanying an elderly relative to routine medical appointments or other professional services related to the care of the elderly relative, such as interviewing nursing homes or group homes.

NEW EMPLOYEE-CHOICE FLEX-TIME: *President Clinton's new proposal would offer American workers more choice and flexibility in finding ways both to earn the wages they need to support their families and still find the time they need to be with them. The President's proposal would:*

- **EMPLOYEE CHOICE.** Allows employees to agree with their employers to work overtime in exchange for paid time-off -- flex-time -- with a limit of up to 80 hours. An hour of overtime could thus be used for 1-and-1/2-hours of overtime pay or 1-and-1/2 hours of flex-time.
- **FLEX-TIME FOR ANY PURPOSE WITH 2 WEEKS NOTICE.** Workers could use their earned flex-time for any reason -- as long as they give their employers 2 weeks notice.
- **EMPLOYEES CAN ALWAYS CHOOSE PAY OVER FLEX-TIME.** Workers would maintain the right to choose overtime pay, and even if they choose flex-time, they could still cash out any portion of their flex-time pay with two weeks notice.
- **FLEX-TIME FOR FAMILY LEAVE.** Employees can use their accumulated family flex-time for family leave purposes at any time.

OPPOSE ATTEMPTS TO REDUCE WORKER CHOICE: *In announcing these new family-workplace proposals, President Clinton made clear that he would oppose any bill that allows for coercion and uses phrases like "comp-time" as a cover for giving workers less choice in the workplace.*

FAMILY-FRIENDLY WORK PRACTICES

"...we have to encourage companies to be more family-friendly, because most parents work...Most of us who are parents believe that that's still our most important job. For all my responsibilities to you, I still think it's my most important job." (President Clinton, Xavier University, March 23, 1996)

I. OVERVIEW

Family-friendly businesses help workers meet their responsibilities to their families as well as to their jobs. Companies can make the difference by offering flexible work schedules, expanding family leave options, or helping with child and elder care information and costs. Such family-friendly policies not only help working families, but also benefit employers by attracting the best workers, decreasing turnover and absenteeism, and improving productivity and morale.

II. FACTS AND TRENDS

- Sixty percent of women with children under 6 and 76% of women with school age children are in the workforce. Approximate one-quarter of all families with children under 18 were maintained by women in 1994 (Bureau of Labor Statistics, Current Population Survey).

- Women are nearly half of all American workers, and they have a lot to say about the need for more family-friendly workplaces. More than a quarter of a million women responded to the Labor Department's 1994 Working Women Count Survey, and the number one thing they wanted to tell the President is how hard it is to balance work and family. They also said: too much stress is their number one problem; paid leave is a high priority for change; they need help finding affordable, quality child and elder care.

III. EVIDENCE

- Family-friendly workplace practices enhance productivity. Employees who have flexible schedules want to stay in their jobs longer, are more satisfied and show more initiative (The Changing Workforce: Highlights of the National Study, Families and Work Institute 1993).

- Workers are less productive, attentive and reliable when they are having difficulties such as finding and paying for quality child and elder care, coping with a work environment that is not responsive to family emergencies, working long hours in demanding jobs with no schedule flexibility (DC Friedman, "Linking Work-Family Issue to the Bottom Line," Report no. 962, The Conference Board, 1991).

- A division of a major corporation documented a 30 percent reduction in absenteeism after implementing flexible schedules. Johnson and Johnson employees missed 50 percent less work after flexible work arrangements were instituted (The National Study of the Changing Workforce by the Families and Work Institute).

IV. CASE STUDIES

Fel-Pro Incorporated: Fel-Pro is a third-generation, family-owned automotive supply (including lubricants, adhesives, and gaskets) manufacturer in Skokie, Illinois. Fel-Pro complements a strong salary package and profit-sharing with solid health insurance (the company pays 85% of every employee's premium) and a host of unique family-friendly benefits. Among many other benefits to assist families, the company offers on-site child care for $90 per week (a 60% subsidization), subsidizes tutoring for a child having trouble in school and runs an eight-week day camp in the summer.

Patagonia: Patagonia manufactures and distributes outdoor wear. The company offers excellent maternity and paternity leave -- both new mothers and fathers who have been with the company at least two years receive 8 weeks of paid leave after the birth of the child. The company also provides new parents with access to two on-site child care centers and accommodates workers' lives outside the job via job sharing, work-at-home opportunities, flextime, and compressed workweeks. Patagonia has an excellent record of promoting women, with females holding more than half of the highest-paying jobs, including that of the President.

V. ADMINISTRATION PROGRESS

- **Family and Medical Leave Act:** The first bill the President signed into law was the Family and Medical Leave Act, which allows workers to take up to 12 weeks of unpaid leave for an infant, spouse, or ailing loved one without losing their jobs.

- **Access to Quality Child Care:** Established the Child Care Bureau to streamline federal child care programs. Initiated Healthy Child Care Campaign to increase preventive health services for children in child care and ensure safer child care environments. Increased child care funding for military families, especially those with school-age children. Expanded Head Start.

- **Working Women Count Honor Roll:** After getting more than 250,000 responses to their Working Women Count Survey, the Women's Bureau at the Labor Department has asked employers to respond directly to women's concerns. Through the Working Women Count Honor Roll, more than 900 companies and organizations around the country are taking new steps to make work better for women, especially in the area of work and family. Some are offering paid leave so that parents can spend more time with new babies or at their children's schools. Others are creating child care centers or providing assistance with elder care. And many have instituted flexible work options such as flextime, part-time jobs with benefits, job sharing, and working from home.

PARTNERSHIP WITH EMPLOYEES

"The fourth important point, I believe, is to encourage business to work in greater partnership with their employees. That can mean a lot of things. It can mean a greater voice in the production process, it can mean good faith in collective bargaining it can mean gain-sharing of all kinds -- sharing the benefits when times are good, if you have to share the burden when times are bad. It can mean that when there has to be layoffs, it can mean having policies that really work, to at least let the employees know that you're doing your best to make sure they can move from this life to another one." (President Clinton, Xavier University, March 23, 1996)

I. OVERVIEW

Employee participation in the work process and work product make corporations more productive and provide workers with a greater sense of commitment and security. Employers can tap into the knowledge of their employees by encouraging them to become problem-solvers, self-managers, and entrepreneurs. A number of innovative structures and programs, ranging from consultative committees to self-directed work teams, strengthen these new roles of workers. These are used today by thousands of teams at hundreds of corporations, both union and non-union. Although many companies support the so-called TEAM Act in the name of employee participation, it is entirely unnecessary for this purpose; furthermore, it could permit some companies to evade democratically-elected employee representatives by picking and choosing their own "teams."

Partnerships also means sharing the benefits and burdens of good times and bad. A variety of alternative compensation plans has been devised to increase worker participation, raise productivity, and generate employee loyalty to the firm. These programs -- which include stock options, stock purchasing plans, employee stock ownership plans (ESOP), and profit/gain sharing -- can reinforce employee participation. They should, however, be a supplement to good wages, not a substitute for them.

II. FACTS AND TRENDS

Union Representation

- The proportion of employed wage and salary workers who were members of labor organizations fell from 25.2 percent in 1979 to 14.9 percent in 1995 (Bureau of Labor Statistics, Current Population Survey). Accompanying this decline has been a sharp and costly increase in the use of litigation to resolve workplace disputes (Commission on the Future of Worker Management Relations, "Fact Finding Report," May 1994).

- A 1994 national survey of more than 2400 workers, including non-supervisory personnel and low-and mid-level managers, in private sector establishments found that 41 percent of workers wanted union representation at their workplace, whereas only 14 percent were represented by unions. (Freeman and Rogers, June 1995)

Employee Participation

- Using 1992 data on 700 manufacturing establishments employing 50 workers or more, Osterman (1995) finds that 35 percent of the businesses surveyed made substantial use of self-directed work teams, job rotation, employee problem solving groups and Total Quality Management.

- A 1994 survey conducted by the National Center on the Educational Quality of the Workforce found that 37 percent of employers had adopted a formal Total Quality Management program. The survey also found that only 12 percent of non-managerial workers participate in self-managed teams. However, 54 percent of non-managerial employees participate in regularly scheduled meetings to discuss work-related problems, especially in the area of health and safety issues (Lynch and Zemsky, Feb. 1995).

Use of Alternative Compensation

- Since the enactment of ERISA in 1974, the number of ESOPs has grown from about 200 to over 10,000 today, covering an estimated 12 million ESOP participants. As a result, these employees own about $60 billion of their employers' stock. Most ESOPs, however, are less than 25% employee owned (Center for Economic Organizing, 1995).

- While the growth in ESOPs continues, the pace is slowing. From 1983 to 1988, the number of ESOPs grew by 66 percent; from 1988 to 1993, the number grew by 11%. This deceleration was primarily attributable to: (1) the abatement of takeover fears and (2) the elimination of a number of tax breaks that reduced the ESOP's attractiveness relative to 401(k)s and other retirement vehicles (Bell and Kruse, 1995).

- Towers Perrin's 1995 Salary Management Survey, indicates that 41 percent of the companies reported using some type of variable pay program for nonexecutive employees, up from 35 percent in 1994. Variable pay programs included group/team incentives (33%), discretionary bonuses (33%), gainsharing (19%), nonqualified profit sharing (18%), stock options (10%), and pay-for-skill (2%).

- Participation in deferred profit sharing plans has increased from 8.4 percent of the workforce in 1980 to 11.1 percent in 1986 to 18.3 percent in 1991 (Bell and Kruse, 1995).

III. EVIDENCE

Systems of innovative human resource management, particularly those designed to enhance worker participation, can improve business productivity and have a positive economic impact on the businesses adopting the new practices.

- Fourteen of 29 studies found that employee involvement in decision-making has a positive effect on productivity. Only 2 show negative effects while the remaining studies were inconclusive. (Levine and Tyson, in Blinder ed., Paying For Productivity, The Brookings Institution, 1990.)

- The effects of new systems of participatory work practices are large enough to be economically important to the businesses which adopt the new practices (Kochan and Ichniowski, 1995)

Although the evidence is decidedly mixed and of varying quality, there appears to be a positive relationship between adoption of profit sharing or ESOPs and worker productivity. This positive relationship appears to be enhanced where ownership is combined with active employee involvement. Evidence of effects on worker satisfaction has been even mixed, though rarely negative.

- A 1995 review of 19 studies of productivity and profitability under employee ownership concluded that the evidence suggests: (1) an estimated average productivity difference between ESOP and non-ESOP companies of 6.2 percent; and (2) an average productivity gain accompanying the adoption of an ESOP of 4.4 percent (Kruse and Blasi, 1995).

- In a review of 25 studies of employee attitudes and behavior under employee ownership in the past two decades, researchers concluded that: (1) there is no automatic improvement of attitudes and behavior; (2) findings are rarely negative (only one found lower satisfaction and this was in an ESOP company that had had a bitter strike the year before); (3) attitudes and behavior are positively linked to greater perceived or actual participation; (4) there is no automatic connection between employee ownership and participation (Belle and Kruse, 1995).

- Profit-sharing or gain sharing programs increased productivity from 3-11 percent according to a 1995 review of 30 econometric studies in the past 15 years that estimated a relationship between profit sharing and firm performance (Bell and Kruse, 1995).

- According to the Bell and Kruse review, 5 surveys have indicated that most employees in profit-sharing plans are very favorably disposed toward it, with positive effects on employee loyalty, work effort, and other measures.

- Many employees, however, expressed reservations about the risks of income variability associated with these alternative compensation plans (Weitzman and Kruse, 1990).

IV. CASE STUDIES

Cin-Made Corporation: Cin-Made demonstrates how both the employees and owners of a small business can prosper by working together in effective partnership. Founded in 1902, Cin-Made is a unionized manufacturer of cardboard cans and tubes for niche applications -- teas, cookies, home gardening, and agricultural products.

Republic Engineered Steels was formed in 1989 when its employees, using an Employee Stock Ownership Plan, purchased the Steel Bar Division of LTV Steel. The purchase was initiated jointly by the United Steel Workers and division management. The company is one of the largest employee owned companies in the United States. Republic has been a leader in changing the nature of the workplace in a unionized, heavy manufacturing setting, creating effective partnerships between management and employees.

Cummins Engine Company, Inc. is a leading worldwide designer and manufacturer of fuel-efficient diesel engines for trucks and equipment. Cummins' commitment to partnership with its employees and to high levels of training and investment came out of a painful overhaul of the company. This commitment to employee partnership is reflected in Cummins' labor agreements. In 1994 Cummins signed an unprecedented 11 year contract with the Diesel Workers Union (representing 1800 of the company's employees), guaranteeing a minimum number of hours worked per year and reducing the number of job classifications from 11 to 3.

V. ADMINISTRATION PROGRESS

Federal Reinvention: Partnership is fundamental to reinventing Government. Federal agencies are using partnership forums to plan, develop, and implement new and better ways of doing business and serving customers.

- Thousands of Federal employees are saving tax dollars by improving productivity and avoiding litigation through a variety of partnership efforts.

- Agencies are also "doing more with less" and are using partnership to ease the transition of employees affected by reductions-in-force and base closures.

- Project Reliance, a cooperative effort among six labor unions and management at four NASA Centers has produced over 40 strategies that will provide over $100 million in savings for NASA in the next four years.

- Through labor-management partnership and employee empowerment, the Red River Army Depot and the National Association of Government Employees ended fiscal year 1994 in a position $14.8 million better than anticipated. Joint decision-making and responsibility enhanced employee morale and job satisfaction, improved customer service, increased productivity, and achieved significant cost savings.

OSHA/Maine 200: The heart of OSHA's regulatory reform efforts is to offer businesses the choice of working with their employees to develop and enhance health and safety programs or to be subject to traditional OSHA enforcement. OSHA is seeking to modify its operations from reactively responding to complaints to proactively identifying and fixing the biggest workplace threats to health and safety. One of the first efforts began with 200 companies with the highest number of workers' compensation claims in the state of Maine and is being replicated in OSHA area offices nationwide.

The Commission on the Future of Worker-Management Relations (the Dunlop commission) was created by the President to investigate, report findings and make recommendations on how work-place productivity and labor-management cooperation might be increased regarding employee participation, collective bargaining and organizing, and alternative dispute resolution approaches. The commission's May 1994 Fact Finding Report and subsequent Report and Recommendations, completed in December 1994, provide factual data and comprehensive recommendations for addressing these critical partnership issues.

Conference on the Future of the American Workplace: In July of 1993, the Administration brought together several hundred labor and management leaders to highlight and explore innovative workplace practices and how labor and management were working together to create economic prosperity. The panel focused on partnerships, benefits, barriers and the prospect of private-public partnerships to assist business and labor to work together.