Montana’s Labor Shortage and Paid Family Leave

Recruiting Workers by Supporting Families

by Annie Glover

In the next 10 years, at least 130,000 working Montanans will retire. With an aging population, Montana’s labor force will only grow by 4,100 workers per year for the next 10 years (Wagner, 2015). Given current trends, there will simply not be enough workers to fill the projected annual job growth of 6,500 to continue to grow Montana’s economy. Montana must find strategies to increase labor force participation so businesses have the workers they need.

Meanwhile, workers face pressures each day at home – pressures that may be impacting their participation in the labor force. Parents leave the workforce when their children are young, often because of the prohibitively high cost of childcare. With average annual child care costs in Montana ranging from $9,062 for an infant to $6,815 for after-school care for a school-age child, it may not make economic sense for some parents to work outside the home (Childcare Aware, 2015).

Women also face an especially costly penalty in wages when they become mothers. According to research conducted by the Montana Equal Pay for Equal Work Task Force, mothers of young children make less than their female counterparts, women are much more likely to take time off...
to care for young children than men, and these long-term absences from work result in real skill loss and wage loss that affect workers for the rest of their careers (Figure 1). The American Association of University Women (AAUW) also has quantified the effect of motherhood on women’s labor force participation and earnings, noting from their survey of workers “ten years after graduation, 23 percent of mothers were out of the workforce, and 17 percent worked part time. Among fathers, only 1 percent were out of the workforce, and only 2 percent worked part time” (AAUW, 2013).

Working parents of young children are not the only people affected by home demands. Providing care for an aging parent, disabled relative, or child with special health care needs may also pull a worker out of the labor force. Caregiving for a disabled or ill family member occurs in an estimated 22 million American households (Cannuscio, 2013). Furthermore, the majority of adults in America who serve as informal caregivers also work, with 61 percent of the adults caring for elderly family members and 53 percent of parents of children with special needs employed outside the home. These families experience an average wage loss of 29 percent due to their home caregiving demands (Earle, 2012).

**Paid Family Leave Important to Montanans**

With the dual interest of closing Montana’s gender wage gap (74.4 percent in 2014 for full-time workers) and increasing labor force participation, the Montana Department of Labor and Industry has recently concluded the Montana Paid Family Leave Study, a year-long endeavor funded by a grant from the U.S. Department of Labor Women’s Bureau. The study focused on gathering data on the status quo of paid family leave and workers’ access to family-friendly work policies in Montana. The study also conducted a poll of Montana adults – using a sample size of 500 – to take a pulse on paid leave and family workplace policies and better understand how family pressures affect workers and businesses.

At the topline, 73 percent of Montanans support work policies that allow employees to take paid time off to care for an aging parent; 66 percent support six weeks of paid maternity leave; and, 60 percent support six weeks of paid parental leave (including both maternity and paternity leave). Montanans have a variety of reasons they support paid family leave. Sixty-seven percent feel that paid family leave is good
for children and families, and 65 percent feel that a lack of paid leave is especially unfair to women. Most notably, 56 percent of Montanans feel that paid family leave is good for businesses – a number that increases to 65 percent when the issue is put in the context of Montana’s labor shortage. Based on this finding, nearly two-thirds of Montana adults recognize paid family leave as a strategy that may boost recruitment and retention by keeping workers on the job and engaged in the labor force.

Recognizing the ROI of Family-Friendly Workplaces

Aside from the workers who stand to benefit, businesses have a vested interest in the provision of paid family leave and other family-friendly workplace policies. Paying for family leave may cost a business directly or indirectly through taxes, and policies such as flexible scheduling may pose logistic difficulties for managers struggling to cover shifts. To make financial sense, businesses must recognize the return on and investment in family-friendly work policies. Starting in January 2015, the Research and Analysis Bureau at the Department of Labor and Industry surveyed 2,303 Montana businesses to quantify the prevalence of these policies in Montana and better understand how business owners view paid family leave. The survey wrapped up in March with 948 valid completions (42 percent).

Currently in Montana, about 45 percent of businesses, covering 68 percent of workers, provide some type of paid leave, including general paid time off, vacation, sick leave, or family/parental leave. Paid family leave is very uncommon in Montana, with only about 6 percent of businesses providing this benefit to all their employees. When asked why they did not provide paid family/parental leave, business respondents gave a variety of answers, including the expense, their feeling that employees would not use it, employer preference, and a perceived negative impact on business productivity. Businesses also generally do agree that paid family/parental leave helps to retain employees; however, businesses have not connected the benefit of employee retention to profitability and productivity (Figure 2).

Working Montanans and the “Double Whammy”

On average, women’s labor participation in other Organization for Economic Cooperation and Development (OECD) countries has increased from 61.7 percent in 1990 to 79.5 percent in 2010. In the same time period, the U.S. rate has barely changed, increasing slightly from 74 to 75.2 percent. Hoping to explain the stagnancy of female labor force participation in the U.S. since 1990, researchers at the Institute for the Study of Labor (IZA) looked to international trends in family-friendly workplace policies. As other OECD countries have substantially grown paid family leave and public child care spending, U.S. policies have not kept up. After controlling for demographic and other policy variables, IZA attributes 29 percent of the deterioration in American women’s relative labor force participation rate to the paltry family-work policies in this country (Blau, 2013).

As baby boomers continue to retire, more and more working adults are finding themselves in the “Sandwich Generation” where they are responsible for the care of children in the home as well as their aging parents. The vast majority (78 percent) of parents who are also employed are employed full time. Montanans are clearly already feeling the strain that providing care to family members can put on their incomes. Access to paid leave reduces the odds that a family caregiver will experience that income loss by 37 percent (Earle, 2012). Given the double whammy of caring for young children as well as caring for aging parents, policy discussions must be inclusive of paid family that includes provisions for both.
Where Family Values Meets Business Success

In October 2015, U.S. Labor Secretary Thomas E. Perez visited Missoula to hear from Montana businesses about how they are helping employees stay on the job and balance the needs at home. A number of local businesses and nonprofits discussed their family-friendly policies as essential strategies to attract – and more importantly retain – the highly skilled workers they need (see sidebar). Anecdotally, the businesses felt that this investment paid off; as employers of choice, they can compete for the best and brightest at the state and national levels.

As shown by the Montana Paid Family Leave Study, Montanans place a high value on family-friendly work policies, and specifically on provisions that allow them to take time off work to care for their children and aging parents. Businesses need to attract and retain skilled workers to maintain their competitive edge in Montana’s growing economy. Work-family policies, such as paid family leave, lie squarely at the intersection of family values and business success.

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References


Employees to Labor Secretary: Flexible Workplace is Key to Happy, Committed Employees

Claude Sammoury, director of business development at Advanced Technology Group; Holly Foster, executive director of solution delivery; Secretary Perez; and Carey Davis, director of operations, pictured in front of ATG.

by Shannon Furniss

When Iris Owen found out she was pregnant with twins she was thrilled – and then terrified. A certified public accountant at Anderson ZurMuehlen’s Missoula office, Owen didn’t know how she would be able to continue her career with not just one but two infants.

After the twins were born, Owen had a few health complications and took four months off to stay at home. “If I didn’t work for a company that was so supportive, I might not have gone back to work,” she said. Now her girls are 18-months old, and the tax accountant has a flexible schedule, working more hours January through April (tax season) and three-quarters time during the rest of the year. She works from home sometimes and is happy that “at our company no one ever has to miss a soccer game or a doctor’s appointment.”

That kind of flexibility “really takes the stress off,” Owen said.

Owen told her story to U.S. Secretary of Labor Thomas E. Perez and a group of Montana business and nonprofit leaders during a roundtable discussion on flexible workplace policies held in October at Advanced Technology Group Missoula Solutions Center.
Secretary Perez was in Missoula for the University of Montana’s “Defining a 21st Century Education for a Vibrant Democracy” conference. October is National Work and Families Month, and Perez wanted to talk with local businesses about balancing the demands of work with the responsibilities of caring for families.

Work-life balance is important at downtown Missoula tech company ATG, according to Holly Foster, director of delivery at ATG. The company keeps its refrigerator well-stocked with healthy snacks, has ping-pong tournaments during breaks, and has “walk-and-talk” meetings along the river, she said. In addition to a family-friendly work environment and flexible workplace schedules, ATG has a dog-friendly environment where employees can bring their dogs to work. In fact, Hercules, a golden retriever, Annie, a yellow lab (pictured on page 12), and Ein, a corgi, have become office fixtures, she said.

“It’s core to our culture all the way into our ranks that we support flexibility, support families, and support people,” Perez said, adding that workers shouldn’t have to win the “boss lottery” to have paid leave or workforce flexibility.

Also at the roundtable was Pam Bucy, commissioner of the Montana Department of Labor and Industry, who agreed that workplace flexibility is important.

“It’s going to be costly for our economy if people don’t step up and figure out how they’re going to get their workforce in place and keep them there,” Bucy said.

Secretary Perez praised Montana’s business leaders and forward-thinking companies for their flexible workforce policies. “In a modern family world, you’ve got families balancing a lot of things,” Perez said, adding that workers shouldn’t have to win the “boss lottery” to have paid leave or workforce flexibility.

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