# **Testimony in Opposition to Senate Bill 256**

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Workplace flexibility is a mutually beneficial arrangement between employees and employers. While there is a perception that workplace flexibility is primarily an employee benefit, research shows that it can also enhance engagement and productivity; garner loyalty; attract and retain top talent; reduce costs; and reduce unnecessary absenteeism and turnover from employees who struggle to meet non-work obligations.

Below, I provide some context explaining the current challenges for organizations and working families. Next, I show how flexible work options support Kansas families. And finally, I offer a middle-of-the-road, common-sense solution that addresses both employees' needs for work/life support and an organization's needs for efficiency and productivity: hybrid.

## **Some Context**

#### **There Is a Pervasive Labor Shortage**

U.S. organizations continue to face an ongoing shortage of qualified workers. At the same time, employers are facing a pair of long-term demographic trends—rapidly declining birth rates and an increasingly aging population—that warn of a persistent shortage of skilled workers for many years. These two trends are reshaping the country's age distribution so that working-age adults represent an increasingly smaller part of the U.S. population. The youngest Baby Boomers are in their 60s, and Generation X is much smaller, leaving our prospective applicants coming from even younger generations who value flexibility. New Research of U.S. Labor Force Participation and Employment Finds Shrinking Prime-Age Worker Population Being Filled by Older Workers, EBRI, 2024

With the unemployed-to-job-openings ratio remaining under 1 at 0.9, the labor shortage continues to dominate recruitment conversations. For HR leaders, this means doubling down on retention strategies to secure your existing workforce. Evaluate engagement initiatives, career paths, and flexible work options to keep employees from exploring greener pastures. January 2025 Labor Market Review: The Talent Shortage Persists, SHRM January 2025

#### **Employees Desire and Appreciate Flexibility**

Studies show that employees of all ages, family backgrounds and jobs value work/life flexibility. 6

Flexibility is highly desired, second only to compensation when it comes to workplace satisfaction. Future Forum Pulse Report, October 2022

Nearly one-third of workers (32%) who go into the office at least one day a week are willing to take an average pay cut of 18% to work entirely remotely, according to a survey conducted last year by Robert Half, a Menlo Park, Calif.-based staffing firm. Another study by consulting firm Willis Towers Watson found that 58% of remote workers earning \$200,000 annually say they would take a pay cut to keep working remotely. WTW also found that flexibility is one of the five most important attributes for employees—a distinction that cuts across generations. Hybrid Work Reigns Supreme, Despite Leadership Doubts SHRM, Sept 2024

#### Working Families Positively Impact the Economy but Are Struggling

**Dual Income Families:** About 60% of married couples both work for income in the United States. **Proportion Increase:** The proportion of two-income households has increased by 15% since the 1970s.

**Balancing Responsibilities:** Around 75% of two-income families report difficulty balancing work and family responsibilities.

**Childcare Coordination:** These families spend an average of 20 hours per week coordinating childcare activities.

**Commute Time:** The average commute time for dual-income households is approximately 40 minutes daily.

**Paid Help:** 80% of two-income families already use paid domestic help for household chores. **Higher Household Income:** Two-income families often have higher household incomes than single-income families, with an average of \$100,000 annually.

**Homeownership:** These families are more likely to afford homeownership compared to single-income families.

**Retirement Savings:** Dual-income households often have more significant retirement savings compared to single-income households.

**Contribution to GDP:** Dual-income families contribute more to the national GDP compared to single-income families.

**Increased Savings:** They reported an increase in savings due to reduced expenses during the pandemic.

Two Income Families Statistics: Insights and Trends [2025] - July 2024

#### Absences Related to Childcare Harm Economic Activity

Data from the nonprofit organization Afterschool Alliance found that due to lapses in after-school care, parents can lose up to eight days of work and businesses can lose upward of \$300 billion a year. How to Support Working Parents Amid Back-to-School Season, SHRM September 2024

A U.S. Chamber of Commerce Foundation study found that breakdowns in childcare cause states to lose an average of \$1 billion in economic activity annually. Part of the lost revenue stems from the cost of parents missing work because quality childcare was not available—or unaffordable.

The lack of childcare affects more than just parents. Because of gaps in the childcare system, businesses may be unable to fully staff their operations, leading to facility closures or reduced hours of operation across all industries. Absences and employee turnover cost employers anywhere from \$400 million to \$3 billion a year, according to a U.S. Chamber Foundation study. Understanding America's Labor Shortage | U.S. Chamber of Commerce – February 11, 2025 and 20 Ways Business Improves Lives | U.S. Chamber of Commerce – January 25, 2024

Working parents have long struggled to access the affordable, quality childcare that enables them to participate in the workforce, but COVID-19 has made things even worse. The resulting impact on our workforce and organizations of every size and sector is more acute than ever and, for employers, it's affecting their bottom line. You are already paying for the lack of childcare. Access is an unforeseen and overlooked cost to employers, causing high turnover rates and absenteeism, reducing productivity and impacting recruitment of skilled staff. <u>US Chamber Foundation, Employer Roadmap: Childcare Solutions for Working Parents</u>

## Flexible Work Supports Kansas Families

Every family has tasks that must get done—buying groceries, making meals, taking the car in for maintenance and repairs, driving children to and from school and activities, and so on. In traditional couples, the noncareer partner assumes the lion's share of these responsibilities. For dual-career couples, managing all this on top of work is a constant juggling act. Mothers and fathers now work more hours than they did four decades ago—while also spending significantly more time on primary childcare. Jennifer Petriglieri in When Companies Make People Choose Between Their Career and Their Spouses', HBR 2018 and 7 Must-Read Stories About Working Parents, SHRM Sept 2024

"Remote work and flexible schedules allow caregivers the freedom and flexibility to successfully complete their work and care for their families at the same time, said Laura Hamill, the Limeade Institute's chief science officer. "Businesses cannot afford to alienate working parents and drive them to competitors who will offer increased flexibility." <a href="Lack of Flex Arrangements Keep Moms from Returning to Work">Lack of Flex Arrangements Keep Moms from Returning to Work</a>, SHRM 2021

"Flexible work and work from home allows women, or any person, to work in a way that suits their lifestyle," says Rachel Sederberg, senior economist at Lightcast, a Boston-based labor market analytics firm. "They can take an hour off to drop the kids off at school or make dinner and then work later in the evening. It can still result in great productivity, but in a way that's flexible, so they can get everything done." What's Working for Mothers, SHRM September 2024

In order for employers to both retain current employees and attract new talent, they must understand the demands of childcare and <u>find solutions</u>, such as flexible working hours, backup care, or reimbursement for nearby care, to help. <u>Understanding America's Labor Shortage | U.S. Chamber of Commerce – February 11, 2025 and 20 Ways Business Improves Lives | U.S. Chamber of Commerce – January 25, 2024</u>

#### The Future of Work: Work-Life Integration

Work-life integration seeks to bring work and life closer together. Rather than drawing lines between "work time" and "personal time," professionals can tackle their responsibilities at the times that work well for them. Work-life balance involves having your work life and personal life coexist, but each thrives separately. Employees maintain firm boundaries between home and office, allowing them to devote their full attention to each at a given time.

While employers can't control the demands of their employees' personal lives, they can support work-life integration. "Tailoring an employee's work situation to their work style and personal situation can help create a productive, balanced work environment," added Kaitlin Milliken, multimedia editor of Innovation Leader. "Each person works differently. Some thrive in an office setting daily and others are just as efficient working at home some or all of the time." "An employee's personal life does not need to be something that competes with work," Milliken noted. "Enabling people to tend to other parts of their life can help them avoid burnout." Work-Life Integration vs. Work-Life Balance | CO- by US Chamber of Commerce

# Overall, Flexibility is Highly Correlated with Positive Quality-of-Life and Performance Measures

Schedule flexibility is highly correlated with positive employee sentiment, satisfaction, and performance: employees with schedule flexibility show the highest scores across the board for quality-of-life measures, such as three times better work-life balance, and performance measures,

such as 29% heightened productivity and 53% improved ability to focus. Future Forum Pulse Report, October 2022

Flexibility has been linked to positive employee outcomes such as decreased stress and improved health and well-being, which have corresponding impacts on rates of absenteeism and overall health care costs. Future Forum Pulse Report, October 2022

In the University of Minnesota study, control over work hours led to greater perceptions of schedule control, less work-family conflict and fewer employees leaving the company. Increasing sleep time on nights before workdays, encouraging employees to go to the doctor when they are sick and increasing exercise frequency were also found to be related to increased control over work time. 46, 48 and 49

Remote work has led many workers to feel less stressed by having more control over their lives, whether that's greater availability to care for school-age children, increased time for meal planning and exercise, or healthier budgets due to reduced transportation and clothing costs. Losing those benefits may be disempowering and bring about added stress, which can lead to lower performance and worse mental and physical health. Employers will do more harm than good not to recognize and plan for those factors. How to Implement an Effective Return-to-Office Strategy, SHRM

#### Flexible Work Key for Recruiting and Retention

Research shows that flexibility initiatives are a significant predictor of applicant attraction and talent retention. In a competitive market, an organization offering workplace flexibility can brand and distinguish itself as an "employer of choice." Employers offering the option to work at a distance from the primary office location can fill positions with the most qualified candidates, regardless of location. 13

Research shows that flexible work options can move the needle: A whopping 80% of women said remote work is among the most important factors to consider when evaluating a new job, while 60% of them said they would look for a new job if they weren't allowed to continue to work remotely in their current positions, according to a 2021 FlexJobs survey. What's Working for Mothers, SHRM September 2024

#### Flexibility Allows for Continuity of Operations, Lower Absenteeism

Some forms of flexibility, such as telework, enable work to continue uninterrupted during times of bad weather, flu season or other disruptions, like breaks in school schedules. Future Forum Pulse Report, October 2022

#### **Employees with Flexible Work Show Increased Productivity**

"A lot of employers who were reluctant to provide telecommuting options at the beginning of the pandemic have found that employees are actually more productive at home than they were at work," Elissa Jessup, a human resources knowledge advisor at SHRM. Reopening Strategies Recognize Many Will Keep Working Remotely. SHRM, May 2021

Employees with location flexibility report 4 percent higher productivity scores than fully in-office workers. Those with full schedule flexibility find they are 29 percent more productive and have a 53 percent greater ability to focus, compared to workers with no ability to shift their schedules. Future Forum Pulse Report, October 2022

A 2020 <u>study</u> by Robert Half found that 68 percent of professionals who transitioned to a remote environment worked longer than eight hours a day. Moreover, 45 percent of remote employees said they work on the weekend. On average, employees who work from home log an additional 48.5 minutes per day, according to <u>2020 data</u> from the National Bureau of Economic Research.

One study at IBM found employees worked an extra day a week when they telecommuted. 5

#### Flexibility Increases Engagement and Loyalty

Many people who work from home find that having the option to work outside of normal business hours offers a greater work/life balance. When employees have the flexibility to attend doctor's appointments or a child's school play, they are likely to feel more positive about their jobs and to have a stronger desire to meet deadlines and employer expectations. 1

"Offering schedule flexibility is a genuine means to show your employees that you trust them, and trust begets engagement," says Helen Kupp, Senior Director and Co-Founder of Future Forum. "Schedule flexibility has long been a perk afforded to the C-suite, but the data makes a good case that flexibility should be offered more widely to all." Future Forum Pulse Report, October 2022

Often employees who have the opportunity to make use of workplace flexibility show increased commitment and engagement and improved performance—outcomes that ultimately help their employers. 9

Remote and hybrid workers are more likely to feel connected to their direct manager and their company's values and equally or more likely to feel connected to their immediate teams as fully inoffice workers are. Future Forum Pulse Report, October 2022

#### **Stronger Communities**

In addition to these clear benefits to employers, this report suggests that there is also a business case for workplace flexibility in improving the community by enabling employees to participate more freely in volunteer activities and engage more with family and friends. Workplace flexibility helps develop future generations of employees by providing current workers with more control as they seek to meet the demands of work and family life. 6

#### Flexibility Results in Cost Savings

Some flexible work arrangements may result in cost savings to employers. For example, if employees are working at a distance full-time, real estate and utilities costs decline because less office space is needed. The ability to retain quality employees by offering workplace flexibility saves money otherwise spent to recruit, hire and train replacements. Decreased stress and improved health lead to less absenteeism, fewer accidents, and decreased workers' compensation and health care costs. Future Forum Pulse Report, October 2022

#### Specifically in Turnover

Executive miscalculations about worker productivity could have dire consequences. Pulse data finds that the Great Resignation shows no signs of slowing down. The number of workers who say they are likely to look for a new job in the next year rose from 55% to 57% this quarter. Women, working mothers, and people of color are most likely to say they would like to change jobs. Employees want more choice and control over how, when, and where they work. If employers

respond by measuring worker performance and productivity by how many hours employees spend in the office, they're likely to drive away top talent. Future Forum Pulse Report, October 2022

Companies experienced "abnormally high" employee turnover and a longer time-to-hire after implementing return-to-office (RTO) mandates, <u>according to new research</u> from the University of Pittsburgh. The study authors tracked more than 3 million technology and finance workers' employment histories on LinkedIn to analyze the effect of RTO policies across S&P 500 firms. The increase in attrition was more pronounced among women, senior employees, and more skilled workers, the researchers found. Further, employers face greater difficulty with talent attraction after RTO mandates. RTO Mandates Lead to Higher Turnover, Recruiting Challenges Dec 2024

While lower wages and insufficient childcare pose challenges to bringing women back into the workforce, these are not the only obstacles. In a 2021 <u>survey</u>, 45% of workers reported leaving the workforce because they lacked flexibility in the workplace. A <u>USA Today</u> survey found that U.S. workers strongly prefer working from home—so much, in fact, that 25% said they would resign if forced to return to the office. <u>Data Deep Dive: Women in the Workforce | U.S. Chamber of Commerce June 2024</u>

Replacing an employee, on average, costs 33% of worker's total compensation – including income and benefits. US Chamber Foundation, Employer Roadmap: Childcare Solutions for Working Parents

# A Solution: Hybrid Options

Offering flexible work options allows employees to have some control over where and when work gets done and to make decisions based on how they will work most productively.14

Findings from the Pulse show that executives and non-executives alike are embracing the hybrid working model, with 65% of all workers saying they would prefer working some of the time from the office and some of the time remotely. Future Forum Pulse Report, October 2022

#### The Competition is Offering Hybrid

According to EY's Future Workplace Index, approximately 60% of companies are operating in a hybrid model, with about 20% adopting fully-remote work and the other 20% in-office full-time. While employers today continue to feel the impact of labor shortages, remote and hybrid companies have a strategic advantage in recruitment and retention. "Choice and flexibility are going to be key to holding onto talent in this new hybrid world," said Sara Morales, Vice President of People and Communities at Cisco. Earnst and Young, 2023 and How the Remote and Hybrid Work Era Impacts Employers | CO- by US Chamber of Commerce

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<u>Future Forum Pulse Report Fall 2022</u> Since June 2020, Future Forum has conducted quarterly surveys of workers and managers across the globe, asking them a series of questions related to the employee experience, including about productivity, sense of belonging, and preferred ways of working.