Module 2:

The Real Threat to Family Values

Trainer's Guide

A Popular Economics Education Workshop Series

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for the

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Module 2:

The Real Threat to Family Values

Workshop Objectives

1. Identify family-oriented economic indicators.
2. Explore economic conditions and pressures facing families.
3. Identify barriers to living one's religious values.
4. Name strategies for overcoming these barriers.

> "We must rapidly begin the shift from a "thing-oriented" society to a "person-oriented" society. When machines and computers, profit motives and property rights, are considered more important than people, the giant triplets of racism, extreme materialism, and militarism are incapable of being conquered.
>
> — Rev. Martin Luther King, Jr.

Agenda

1. Welcome and Introduction (15 mins)

a. Welcome – Opening prayer

The trainer asks one of the participants to lead the group in a prayer [the prayer in the box below can be used or another may be substituted].

> In a world of violence between persons, clans, and nations; of violence upon the self; where families are fractured through broken relationships, where unemployment causes frustration and suffering, where those who differ from ourselves become scapegoats for our pain and fears, and where hatred and war are common to the news... In such a world, God, we wonder what we are to do.
>
> O God, open our hearts that we may discern in others, and ourselves, the great worth and calling you bestow upon all people, that we may not ignore the world and its needs.

b. The trainer states the goals of the workshop (see page 2) and reviews the agenda. [It is helpful to put the agenda on a sheet of flip chart paper and leave it up for participants reference.]

Agenda Outine

1. Welcome and Agenda Review
2. Economic Indicators from a Family Perspective
3. The Real Roots of Family Insecurity
4. What Would a Family Friendly Economy Look Like?
5. Next Steps

2. Economic Indicators from a Family Perspective

This activity identifies some of the values participants believe are important to the economic well-being of families. The activity also identifies some of the indicators that inform us as to how well the economy is performing from the perspective of our families.

a. In pairs, participants introduce themselves (name, affiliation, place of residence) and identify two or three things you think families need to survive and flourish. [For example, "I'm Chuck Collins; I live in Boston, Massachusetts and I work for UFE. I think families need stable, affordable housing in order to survive and thrive."] After 2-3 minutes, participants share their ideas with the whole group. [Responses are put on a flip chart labeled "What Families Need."]

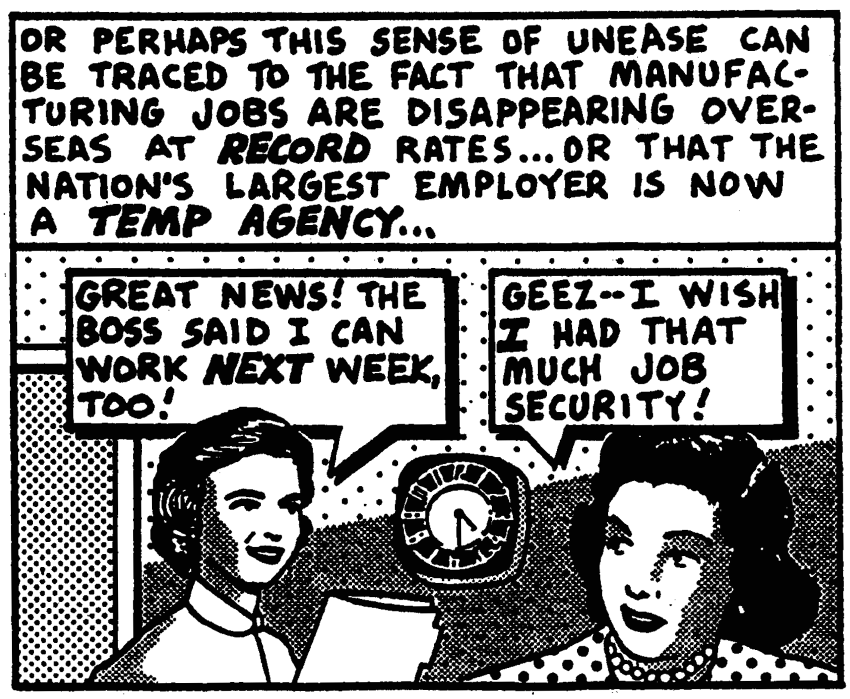
b. In small groups, participants look through the set of Economic Indicator cards [a template for making these cards are in the back of this Guide], select 3-5 cards that they agree reflect what is most important to themselves and their families. The cards are posted on a sheet of flip chart paper labeled "Our Economic Indicators." Blank cards are included for participants to add additional "indicators."

c. After no more than 10 minutes, each group in turn selects one or two indicators and briefly explains their importance. [If there is time, there can be a second round.]

> In a society where market values increasingly predominate, faith communities can offer a sense of meaning, purpose, and moral value that is increasingly missing in the society. When people feel reduced to mere consumers and life is reduced to shopping, faith communities can speak directly to the deep spiritual hunger that so many people experience. In the community of faith, persons are more than marketing data for advertisers or polling data for politicians; they are the children of God with immense and sacred value, created in the very image of God.
>
> — Jim Wallis

d. The group next looks at the two lists. The trainer asks the group to identify the key indicators that have emerged here. What do the teachings of our faiths say about family economic security? What connections would you make between the items on the two charts? [As participants indicate connections, the trainer can draw lines from item to item with a marker. If there is enough time, enough room, and the group is not too large, participants can come up and draw the connecting lines. In any event, a web of relationships will emerge from this dialogue.]

Now that we have identified some of the values we hold important to the well-being of our families, reviewed some of the economic and social indicators that have significance for us, and drawn some connections, we will review some recent economic trends that have a direct impact on our families.



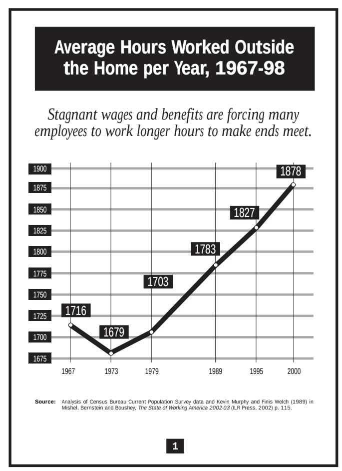
3. Real Roots of Family Insecurity

This activity is a presentation of information, including the average hours worked outside the home, level of employer-provided benefits, family savings rates, and more, that describes the impact of our economy on family life.

> **Note to Trainer:** Select from the following charts ones to review based on the interests and needs of the workshop participants and the amount of time available. It is not possible to review the information in all these charts in a 60- or 90-minute workshop. Remember that "less is more!"

a. The trainer asks participants to listen to a mini-presentation of some of the current economic and social trends that describe the impact of the economy on working families. [It is important to allow questions and comments from participants but it is also important to keep track of the time so that there will be space for the following activity.]

Average Hours Worked Per Year (1967-2001)



Talking Points: Families have had to go along with longer work hours because they need more hours to compensate for falling wages. Many workers are worried about a future economic downturn, so they are taking the hours they can get today, even though a raise would be a much better deal.

Oh, they say, you workers have to work more for America to be competitive in the New Global Economy. Really? Germans — among our main competitors — work nearly eight weeks less per year than we do, get paid more for it and enjoy better benefits. Even the Japanese, notorious workaholics, now have a shorter workweek than we do and are better rewarded. Meanwhile, our extra work has increased profits, stock values and CEO pay for the privileged few.

Not only is this pace bad for humans, it quickly turns bad for companies, too. Employees wear out, morale turns sour, turnover goes up and resentment rises — all of which affect the bottom-line productivity.

Dual worker families are now the plurality of families

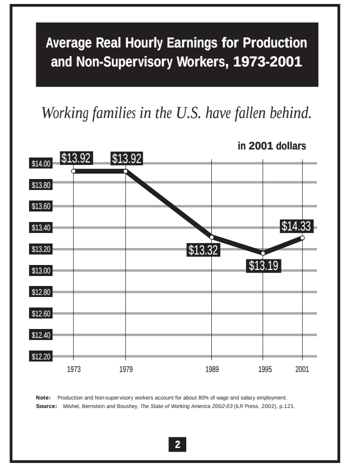
	1940	2000
Father works, mother at home	67%	18%
Both parents work	9%	49%
Female single parent	4%	12%
Male single parent	3%	3%
Retired, other	17%	18%

Source: Bureau of Labor Statistics, US Department o Labor

Talking Point: Whatever happened to the lunch hour? The incredibly shrinking lunch hour for the average American is now down to 29 minutes. A Manhattan lunch provider says that today's lean & mean corporations have changed the very purpose of the midday meal. She says, "It used to be a rest from the workday. Now it's part of the workday. They want people to be able to hold lunch in one hand and keep working with the other hand."

Average Hourly Earnings for Production and Non-Supervisory Employees (1973-2001)

Talking Points: Six out of ten workers say they have to work more and more just to stay even and to maintain a decent level of living ("Downsizing leaves legacy of insecurity" by Beth Belton. *USA Today*, August 29, 1997).

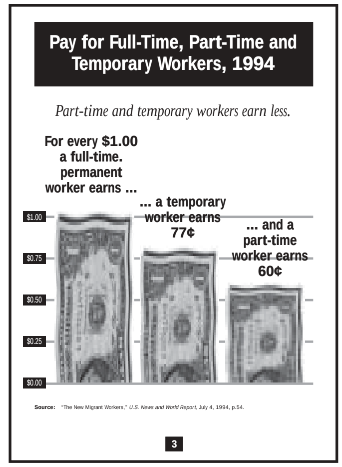


To cope with stagnant wages, more members of households are working more hours. More older people are deferring retirement. More younger people are deferring getting started as economic adults. And more working people are insecure. (Robert Kuttner, *Boston Globe* 12/14/01).

Job insecurity pleases the Wall Streeters and Chief Executives because it keeps workers worried about simply keeping their jobs, rather than pushing for better wages and fairer treatment. As a result, the corporations have felt free to squeeze employees even harder, cutting millions of full-time jobs to part-time, converting permanent jobs to temporary ones, lowering overall pay and eliminating health care and pensions. The result is that the prosperity being generated by the many is being taken by the few.

Federal Reserve Chairman Alan Greenspan is supposed to serve the needs of all of us, with a mandate to promote full employment. Instead, though, *The Wiz* has developed a bugaboo about employment, saying that if all of us are employed, wages will rise, and this will be "bad." Bad? Yes, he says, because rising wages will squeeze the profits of bondholders and Wall Street investors, who he actually serves.

Pay for Full-time, Temporary, and Part-Time Workers (1994)



Talking Points: We are creating a society that is "Jobless but not Workless" — there is plenty of work to do, but fewer truly secure jobs that working families can use as the foundation for economic security.

Between 1980 and 1994, retail and service industry jobs increased by 18.8 million while manufacturing jobs decreased by 2.3 million. In 1994, 41% of all retail workers, 29% of all service workers, and 6% of all manufacturing workers worked part-time (*US News and World Report*, 7/4/94, p. 54-55).

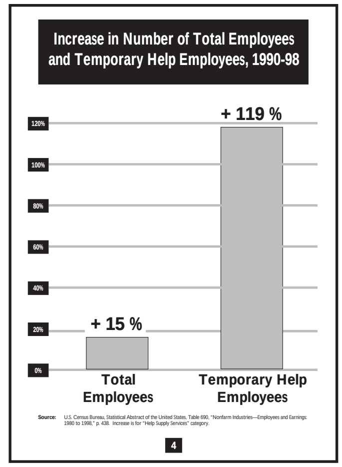
Sixty percent of the 250,000 Kmart employees work 30 hours a week or less (*US News and World Report*, 7/4/94).

The Bank of America employs some people who work two part-time shifts at two different bank branches but receive no benefits. The Bank of America posted a $1.5 billion profit in 1993. They fired 1,300 full-timers and hired them back as part-timers. Some had to take additional jobs. The bank insists it is responding to consumer demand for longer hours and faster service. Part-time workers allow the flexibility to staff at peak hours. Banks are now "de-skilling" the teller positions so that they can pay them less and get away with part-time arrangements and no benefits (*US News and World Report*, 7/4/94).

More Temps **-** Corporations are shifting to a new structure: a core of permanent employees and a ring of temps. "AT&T has eliminated 1,000 jobs a month between 1984 and 1994, but it may have as many as 15,000 temps at any one time." James Meadows, Vice President for human resources at AT&T, said, "At AT&T, we have to promote the whole concept of the work force being contingent [i.e., on a short-term contract, no promises]. 'Jobs' are being replaced by 'projects' and 'fields of work" (*US News and World Report*, 7/4/94). One year later, AT&T laid off 40,000 employees.

Wall Street's Ideal Workplace **-** "What airlines are doing is remolding themselves into what an airline would be today if it started all over again. If you started today with a clean piece of paper, you wouldn't own anything. You'd rent the pilots if you could." — Rose Ann Tortora, analyst with the investment bank Donaldson, Lufkin and Jenrette, Sept. 1994 (quoted in Barlett and Steele: *America: Who Stole the Dream*).

Increase in Numbers of Jobs and Numbers of Temp Workers (1990-1998)



Talking Points: Between 1970 and 1994, the proportion of involuntary part-timers in the workforce increased from 3.1% to 5.5%. This represents a 77% increase (*US News & World Report*, 7/4/94).

Between 1980 and 1991, the proportion of multiple job-holders in the workforce increased from 4.9% to 6.1%, a 25% increase. (*US News & World Report*, 7/4/94)

Between 1970 and 1993, the percentage of part-time workers who want permanent, full time positions increased from 19% to 30% (*US News & World Report*, 7/4/94).

Between 1970 and 1993, the number of full-time workers increased 51.6%. Meanwhile, the number of involuntary part-time workers increased 178.1% (Employee Benefit Research Institute, US Dept. of Labor, in *US News & World Report,* 7/4/94).

At least 25% of the workforce is contingent (self-employed, part-time, temp, and independent contractors), (Economist Richard Belous in Contingent Work packet, *Grassroots Policy Project*).

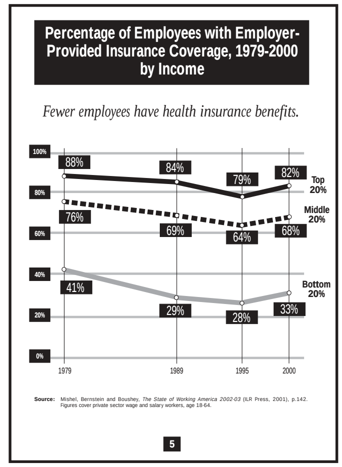
Many analysts believe that current statistics actually understate the number of part-time and temp positions. These studies count people, not jobs. If one person had two part-time jobs that added up to more than 35 hours a week, they would be counted as a full-time worker! (*US News & World Report*, 7/4/94).

Since the end of the 1990-91 recession, 1 out of every 6 new jobs created in the U.S. has been in the temporary services industry (US News & World Report, 7/4/94).

Percentage of Employees with Employer-Provided Health Insurance Benefits by Income (1979-2000)

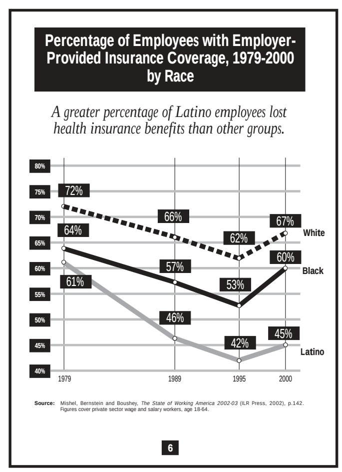
Percentage of Employees with Employer-Provided Health Insurance Benefits by Race (1979-2000)

Talking Points: There is insecurity in health care — whether you have coverage at all, whether your plan lets you get the care you need, whether the plan will go bankrupt after some orgy of profiteering." (Robert Kuttner, *Boston Globe*, 12/14/97).



Most of the jobs being created today don't offer health insurance benefits. "From 1994 through April 1997, the economy had generated just 19,000 jobs in well-paid fields...while it created 428,000 retail store jobs..." (Peter T. Kilborn, *New York Times*, 8/19/97).

There are more than 40 million people without health insurance in the US. A poll in November 2000 reported that more than two-thirds of Americans were "very concerned" about being able to afford health care for a family member (*Boston Globe*, 11/14/00).



Involuntary part-timers without health benefits grew from 26% 1979 to 37.8% in 1992. This is a 45% increase (*US News and World Report*, 7/4/94).

The percentage of Americans who contribute directly to their employer-provided medical coverage grew from 25% in 1980 to 66% in 1997. Workers covered by employer sponsored health plans declined from 66% in 1979 to 61% in 1997. (*The Economist*, 12/21/97).

Health care spending as a percentage of personal income:

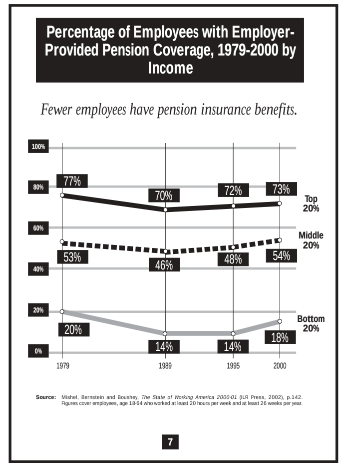
1959: 5%
1965: 6%
1975: 7%
1985: 10%
1995: 13%
2000: 18%

(US Bureau of Economic Analysis, *American Banker*, 2000).

Percentage of Employees with Employer-Provided Pension Coverage by Income (1979-1996)

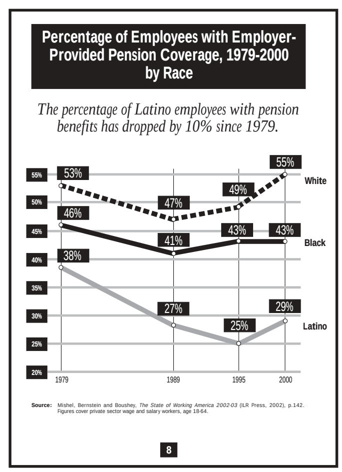
Percentage of Employees with Employer-Provided Pension Coverage by Race (1979-1996)

Talking Points: A **pension plan** is designed to give a worker a monthly income after he or she retires. Social Security is a national retirement insurance program that many employees supplement with private pension plans.



A **defined benefit pension** guarantees a certain amount of money per month to the retiree, based on pre-retirement wages and years of service. There is no risk that the employee will lose his or her pension benefit. The number of workers in defined benefit plans declined from 30.2 million in 1984 to 25.2 million in 1992.

A **defined contribution pension plan**, such as a 401(k) plan places all the risk with the employee. If the investments in the employee's 401(k) plan lose money, the employee is out of luck.



Pension Insecurity **-** A poll in November 2002 reported that 58% of Americans were "very concerned" about not having enough money for retirement (*Boston Globe*).

There is a double whammy to this pension squeeze. First, fewer wage-earners have access to pensions of any sort. Second, and more important, the type of pensions workers have is changing. There has been a shift away from the traditional "defined benefit" pension and toward newer "defined contribution plans, such as 401(k) plans. These 401(k) plans are proliferating and sound great, but they saddle employees with all the risk. It is estimated that 60% of American households have only a 401(k)-style pension (*Boston Globe*, 2/11/03). An employee's retirement fund could lose value or disappear altogether if the stock market should fall.

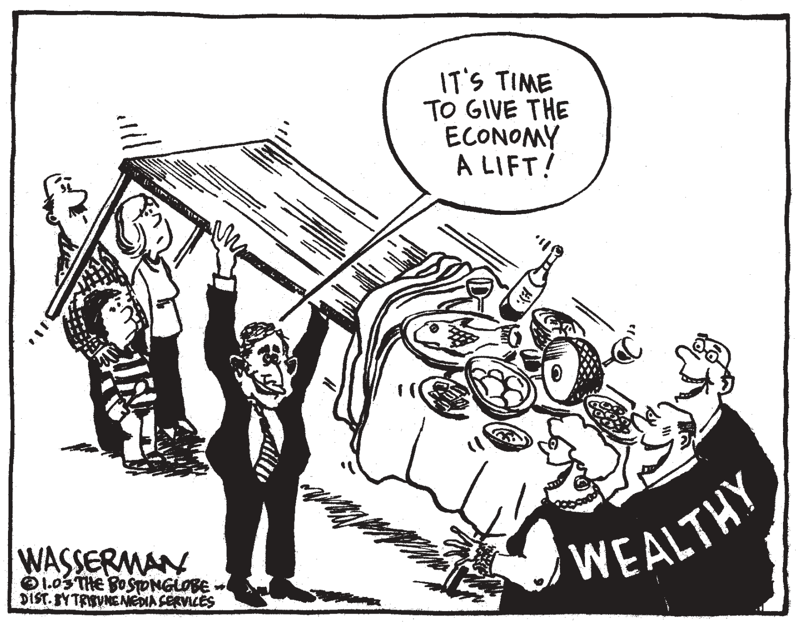
(More **Talking Points** on the next page)

Talking Points: The increase in 401(k) plans has not broadened overall pension coverage, and the shortfall in pension inflows has been a major contributor to erosion of national savings rate (*Pensions and Investments*, 2001).

Pensions are increasingly engines of inequality. Until recently, pensions and Social Security had combined to reduce income disparity among retirees. “We got to be a more egalitarian society. That’s because Social Security replaces more of lower income workers pay than it does for those who earn more — from 60% or more for people who earn the least to 15% or less for executives with six figure salaries.” (Teresa Ghilarducci, economics professor, in *USA Today,* 11/24/97).

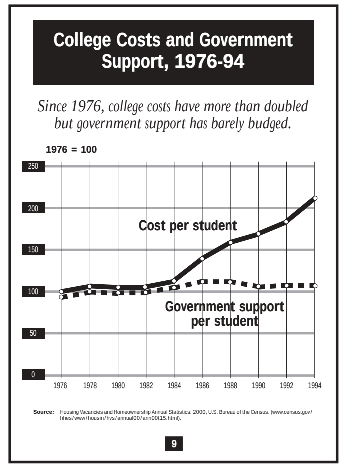
Fifty-seven percent of the income from company-sponsored retirement plans goes to the 20% of elderly with the highest incomes (1996 Social Security Administration study, reported in *USA Today*, 11/24/97).

“If the trends continue, the income disparity that is already enormous in retirement is going to widen dramatically. I sometimes wonder if 401(k)s aren’t the snake oil or junk bonds of the 1990s.” (Karen Ferguson, *The Pension Book*).



College Costs and Government Support (1976-1994)

Talking Points: Since 1976, public support per student has just kept up with inflation, while real costs per student have grown by about 40%. To make up for the difference, tuition and fees have doubled in the same period. (Labor Research Association, *Economic Notes*, July-August 1997.)



A poll in December 2001 reported that 44% of Americans were "very concerned" about being able to afford the college tuition for their children. (*Boston Globe*, 12/14/01)

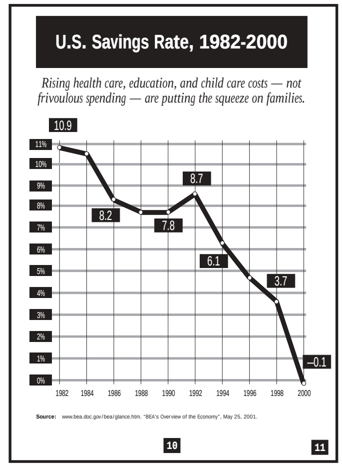
In 1991, the average student debt was $8,200. By 1997, the average student debt had climbed to $18,800 ("Nellie Mae, The College Board," *Boston Globe*, 10/23/97).

The perecentage of federal loans as a source of financial aid rose from 41.4% in 1981-82 to 58.9% in 1995-96 ("Nellie Mae, The College Board," *Boston Globe*, 10/23/97).

So far this decade, students have borrowed at least $140 billion—more than the total of student borrowing over the past three decades combined (*US News & World Report,* 6/9/97).

The Fall of the U.S. Savings Rate (1982-2000)

Talking Points: The savings rate is the percentage of disposable income that is saved. In 1996, savings rates for the U.S. was 2.9%; 13% for Japan; and 11.5% for Germany:



Is the low savings rate caused by foolish spending on frivolous items or because of selfish spending? No, say two researchers at the Federal Reserve Bank of Boston. It's because of rising health care and other involuntary costs: spending on durable goods such as cars, televisions, and refrigerators has held steady at 10% of disposable income, while spending on nondurables, such as food, clothing and gasoline, has grown slowly. So what are Americans spending their money on?

Housing costs in some areas of the country have tripled in the last 10 years. Health care spending is up 170% since 1960. Families also have to spend more on child care than ever before. Investment counseling and bank service fees are up the most, in other words, even the cost of saving itself is skyrocketing. (Boston Federal Reserve Bank report in *American Banker*, 11/12/96).

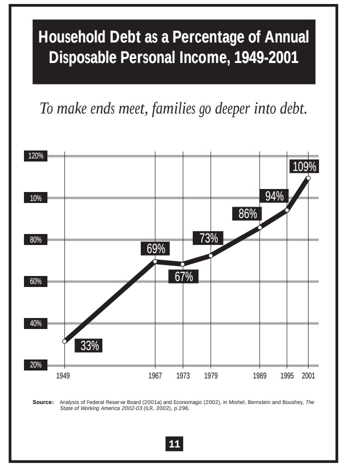
Many families are in increasingly precarious financial positions — if the economy suddenly turned sour, they would find it impossible to continue paying back their personal debt. This leads to increased anxiety and reluctance to push for wage and benefit increases, no choice but to work longer hours — anything to keep the job.

Household Debt as a Percentage of Annual Disposable Income (1949-2001)

Talking Points: Total household debt has reached the $5.4 trillion mark.

Credit card debt is on the rise. The average adult carries seven credit cards and owes more than $2,000 on them. Credit card debt increased by $4 billion a month in 1994. (*New York Times*, 11/20/94; *Wall Street Journal*, 11/14/96).

Consumer loan delinquency rate went up 42% between the summer of 1994 and the fall of 1996, from 1.65% to 2.34%. Bank card delinquency rate is up 49% over same period, from 2.5% to 3.72% (*American Banker*, 3/14/97). Personal bankruptcies are also at an all-time high.



Average Debt Burdens for High and Low-Income Americans

	1983	1995
Debt burden for families with income over $100,000	11.9%	11.9%
For families with income under $10,000	10.9%	21.1%

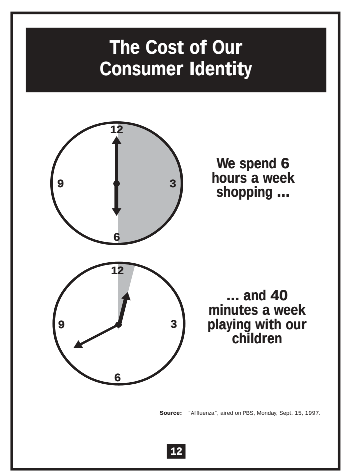
("Family Finances in the U.S.," *Federal Reserve Bulletin*, January 1997)

Revolving (Credit Card) Debt

- Average revolving debt per family: $6,000 to $7,000
- Average interest payments per family per year: $1,000

(Consumer Federation of America, *American Banker*, 2/26/97)

> You are a child of god. Your playing small does not serve the world. There is nothing enlightening about shrinking so that other people won't feel insecure around you. We were born to manifest the glory that is within us. And as we let our light shine, we unconsciously give other people permission to do the same. As we are liberated from our own fear, our presence automatically liberates others.
>
> — Nelson Mandela, 1994 Inaugural Speech

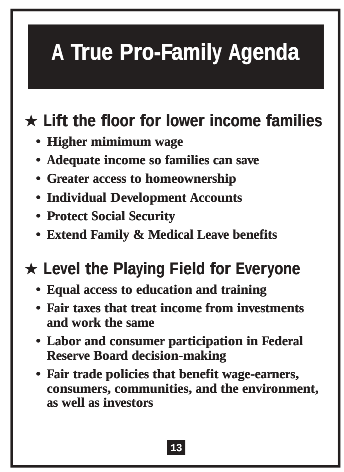


4. A Family-Friendly Economy: What Would it Look Like?

This problem-solving activity begins with a brainstorm of rule changes and policy recommendations for improving family economic security. Then, in small groups, participants use a worksheet to make links among our family values, the indicators of family insecurity, and policy and rule change solutions.

a. The trainer asks participants to look again at the list of family values generated in Activity 2 and to recall the charts that described trends contributing to economic insecurity. The trainer then asks the group, What policy or rule changes would you recommend that might address the threats to family security we have been talking about? [Record the brainstormed responses on a flip chart.]

b. The trainer then asks participants to review these economic policy or rule changes and the ones listed in the chart: “A True Pro-Family Agenda.” In small groups, participants match the family values with the indicators of family insecurity, and then the rule changes and policy initiatives that you feel might address the causes and support the values. Groups can use the Family-Friendly Economy Work Sheet to record their ideas. A sample of these ideas are shared with the whole group.



5. Next Steps

a. The trainer asks particpants to name the steps that they, as individuals or as members of a congregation, can take to implement the ideas generated in the previous activity. What are some ways the church can participate in creating a more "family-friendly" economy.

b. The trainer asks participants to share with the whole group a highlight of this session and suggestions for changes they feel would improve the workshop.

c. The trainer asks for a volunteer to lead the group in a closing prayer.

> It is a pre-theological conviction, available to anyone, that the world should not be the way it is. But if one is a Christian, one can never condone the present unjust order, and one must be committed to its victims, the poor. That is the starting point for everything else – not abstract principles but commitment to the poor.
>
> — Robert McAfee Brown

A Family Friendly Economy Work Sheet

Family Value (from the list we generated)	**Indicators of Family Insecurity** (from the charts of economic trends)	**Policy & Rule Change** (from our ideas)

Child Poverty Rate	**Capital Gains Tax Rate**
Dow Jones Industrial Average	**Wages**
Time Available to Spend With Family	**Job Security**
Pension Coverage	**Food Prices**
College Costs	**Estate Tax Rate**

Crime Rate	Housing Prices
Domestic Violence Rate	Credit Card Debt
Corporate Profits	Trade Deficit or Surplus
Health Insurance Coverage	Unemployment Rate
Income Tax Rate	CEO Salaries

Distribution of Wealth	**Rate of Inflation**
30-Day Treasury Bond Yield	