Four-Day Workweek Legislation

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Overview

Before the implementation of the Fair Labor Standards Act in 1936, the average U.S. employee worked more than seventy-hours a week. This would eventually change as a result of trade union movements that sprung across the country in the 1930s. In addition, Henry Ford, founder of Ford Motor Company, was one of the first employers to institute the forty-hour work week, which led to the popularization of the work policy among many employees and would later be established in the Fair Labor Standards Act in 1940.

Today, the average U.S. employee works an average of 1,750 hours per year or 400 more hours annually than employees in Germany, according to a report from the International Labour Organization (ILO). Despite working more hours, American workers output less GDP per hour worked than most developed countries. This is an important economic indicator that demonstrates the US's economic growth and competitiveness compared to other developed countries. Since the start of the COVID-19 more Americans are juggling between multiple jobs to cope with the escalating living expenses. In January 2024, 8.3 million people, or 5.2% of the US labor force, held multiple jobs. This illustrates that more Americans are holding more jobs in response to the high inflation that was induced by the pandemic which has steadily decreased to 3.2% in February 2024. As of the latest data on job openings, the U.S. currently holds 8.8 million job openings but only 6.5 million unemployed workers. This indicates a workforce shortage that has impacted many industries in the U.S. such as the healthcare industry and the education sector. More importantly, the COVID-19 has created a shift in work culture. The normalization of work from home has increased rapidly since the pandemic and has caused many industries to shift their work operations to telework or hybrid. This shift has sparked discussions about whether the status quo office-centric work culture should remain or if more changes need to be made to allow for more flexibility.

In addressing the disruptions in the economy that can be attributed to the COVID-19 pandemic as well as other economic factors, many state governments and private companies have instituted various policies to bolster the economy. The most popular of which is the four-day workweek. Proponents of this policy argue that a four-day workweek will increase productivity, incentivize professions facing staffing shortages, and increase spending among consumers which will strengthen the economy. The four-day workweek is not a new concept and has been introduced by <u>Richard Nixon</u> and more recently by Senator Bernie Sanders in March 2024.

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Advantages of A 4-Day Workweek

The advantages of a four-day work week are yet to be tested. However, some advantages have been noted in pilot programs tested abroad and among local communities.

UK Pilot Program. In a 2022 pilot program tested by 61 organizations in the UK, at least 31 organizations have made the four-day workweek permanent, and 54 continue to operate under the policy. The organizations attributed the change in their work policy to seeing positive impacts to their overall organizations and cited the following positive impacts:

- Increased staff well-being
- Reduction in staff turnover
- Improved recruitment

City of Golden, Colorado: Police Department
Four-day Workweek Pilot Program. In July 10,
2023, the City of Golden launched a four-day
workweek pilot program at the Golden Police
Department. Their goals were to improve
employee retention, increase employee wellbeing, and increase efficiency in the city
operations. Following the end of the pilot
program, the City decided to extend the program
due to the positive trends observed as result of
the policy. The city cited the following positive
trends:

- Cost savings: 79.3% decrease in overtime spending due to 304.54 fewer overtime hours worked per month on average.
- Increased efficiency: faster response times for all calls received.
- Increased employee well-being and community engagement hours.

Challenges of A 4-Day Workweek

Incompatible with certain industries. The four-day workweek is impractical to certain industries that require 24/7 service like

healthcare and emergency services. This policy is also impractical to factory workers which can lead to underproduction, increased backlog, and delays in customer deliveries.

Shorter timeframe to accomplish tasks.

Employees would be required to complete tasks previously completed in a five-day workweek to the condensed four-day workweek leading to higher stress levels among workers.

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Maryland. Introduced 2023. HB 0181. Failed.

Pennsylvania. Introduced 2023. <u>HB 1065</u>. Referred to Committee.

Vermont. Introduced 2024. <u>HB 713</u>. <u>Referred to Committee.</u>

Massachusetts. Introduced 2024. <u>HB 4279</u>. Referred to Committee.

California. Introduced 2022. AB 2932. Failed.

Considerations for Delaware Legislators

Creating a task force. Delaware legislators can consider creating a task force that explores the effectiveness of a four-day workweek legislation.

Apply the policy to small business and state agencies. The four-day workweek has the potential to be more effective when applied to smaller business or state agencies. Delaware legislators can consider limiting the applicability of the policy to smaller business or state agencies.

Create a Pilot Program and incentivize participation. To assess the effectiveness of this policy, Delaware legislators could consider creating a pilot program and provide tax credits as an incentive for private businesses to participate.

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