

**WORKERS SHOULD BENEFIT FROM
NEW TECHNOLOGY AND INCREASED
PRODUCTIVITY: THE NEED FOR A
32-HOUR WORK WEEK WITH
NO LOSS IN PAY**

HEARING
OF THE
**COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS**
UNITED STATES SENATE
ONE HUNDRED EIGHTEENTH CONGRESS

SECOND SESSION

ON

EXAMINING WORKERS BENEFITTING FROM NEW TECHNOLOGY AND INCREASED PRODUCTIVITY, INCLUDING S. 3947, TO AMEND THE FAIR LABOR STANDARDS ACT OF 1938 TO REDUCE THE STANDARD WORKWEEK FROM 40 HOURS PER WEEK TO 32 HOURS PER WEEK

MARCH 14, 2024

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**WORKERS SHOULD BENEFIT FROM
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Thursday, March 14, 2024

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The Committee met, pursuant to notice, at 10:03 a.m., in room 430, Dirksen Senate Office Building, Hon. Bernard Sanders, Chairman of the Committee, presiding.

Present: Senators Sanders [presiding], Casey, Murphy, Hickenlooper, Cassidy, and Braun.

OPENING STATEMENT OF SENATOR SANDERS

The CHAIR. The Senate Committee on Health, Education, Labor, and Pensions will come to order. This has been a shortened week, so I think you are going to see—there are hearings taking place all over the place and I think you are going to see Senators drifting in and out. But I want to thank all of our panelists for being with us.

This morning, we are going to be talking about an issue that is very rarely discussed in the halls of Congress or the Senate, and that is the need to reduce the standard work week in the United States. In fact, the last time, as we understand it, the Senate held a hearing on this subject was in the year 1955.

I think maybe the time is now to renew that discussion. At that hearing, the Senate heard from Walter Reuther, who was the—at that point, the head of the United Auto Workers and the Congress of Industrial Organizations, and Reuther is regarded as one of the great labor leaders of his time.

This is what Walter Reuther said at that time. He said, “We fully realize that the potential benefits of automation are great, if properly handled. If only a fraction of what technologists promised for the future is true, within a very few years automation can and should make possible a 4-day work week.

The reduction of the work week to 35 or 30 hours in the coming decade can be an important shock absorber during the transition to the widespread use of automation. It can both reduce the impact

of sharp rises in output and increase the manpower requirements in industry and commerce.”

Yet today, nearly 70 years later, despite an explosion, as we all know, in technology and a massive increase in worker productivity, nothing has changed. Think about that. Think of the huge transitions we have seen in the economy, but in terms of the work week, nothing has changed.

While we have not discussed this issue for a long time in Congress, this is not, needless to say, a new issue. In 1886, one of the central planks of the trade union movement in America was to establish an 8-hour workday with a simple and straightforward demand, “Eight hours for work, 8 hours for rest, 8 hours for what you will.”

That was back in 1886. Americans of that era were sick and tired of working 12-hour days for 6 or 7 days a week with very little time for rest, relaxation, or quality time with their families. They went out on strike. They organized. They petitioned the Government and business owners, and they achieved real results after decades of struggle.

In 1916, President Woodrow Wilson signed legislation into law to establish an 8-hour workday for railroad workers. Six years later, the Ford Motor Company became one of the first major employers in America to establish a 5-day work week for auto workers. And here is something I believe that most people in our Country do not know.

In 1933, the U.S. Senate overwhelmingly passed legislation to establish a 30-hour work week by a vote of 53 to 30. That was 1933. While that legislation ultimately failed as a result of intense opposition from corporate America, a few years later, President Franklin Delano Roosevelt signed the Fair Labor Standards Act into law, and a 40-hour workweek was established in 1940. My friends. In 1940.

Unbelievably, 84 years later, despite massive growth in technology and worker productivity, millions of workers in our Country are working longer hours for lower wages. And I hope people hear this because it is not an issue we talk about enough.

Today in America, 28.5 million Americans, 18 percent of our workforce, now work over 60 hours a week and 40 percent of employees in America now work at least 50 hours a week. We were talking about a 40-hour work week 80 years ago and that is what people today, despite the explosion of technology, are working.

The sad reality is Americans now work more hours than the people of any other wealthy nation, and we are going to talk about what that means to the lives of ordinary people. In 2022, employees in the United States, and I hope people hear this, logged 204 more hours a year than employees in Japan.

They are hardworking people in Japan. 279 more hours than people in—workers in the United Kingdom, and 470 more hours than workers in Germany. Despite these long hours, the average worker in America makes almost \$50 a week less than he or she did 50 years ago after adjusting for inflation.

Now let that sink in for a moment. Think about all of the extraordinary changes in technology that we have seen over the last 50 years, computers, robotics, artificial intelligence, and the huge increase in worker productivity that has been achieved during that time. In factories and warehouses, robots and sophisticated machinery did not exist then, or were only used in primitive forms. In grocery stores and shops of all kinds.

There were no checkout counters that utilized barcodes. As a result of the extraordinary technological transformations that we have seen in recent years, American workers are now over 400 percent more productive than they were in the 1940's.

Extraordinary. Technology has made working people far more productive. And what has been the result of all of that productivity increase for working people? Almost all of the economic gains of that technological transformation have gone straight to the top while wages for workers have remained stagnant, or even worse.

While CEOs today are making 350 times as much as their average employees, workers throughout the country are seeing their family life fall apart as they are forced to spend more and more time at work.

They are missing their kids birthday parties, Little League baseball games, and just the time they need with their family. And what stresses them out even further is that after spending all of this time at work, many of them still are living paycheck to paycheck, can't take care of their basic needs.

At a moment in history when artificial intelligence and robotics—and I hope we all understand that the jobs that people have today ain't gonna be there in many cases in 15 years. Our economy is going to be transformed through artificial intelligence and robotics.

The question that we are asking today is a pretty simple question—do we continue the trend that technology only benefits the people on top, or do we demand that these transformational changes benefit working people, and one of the benefits must be a lower work week, a 32-hour work week.

This is not a radical idea. France, the seventh largest economy in the world, has a 35-hour work week and is considering a 32-hour work week. Norway and Denmark is about—their workweek is about 37 hours, and Belgium has already adopted a 4-day work week.

What we are going to hear today is there are companies all over our Country and all over the world that have adopted the 40-hour work week, and you know what they found? They found that productivity actually went up because workers were able to focus on their work.

They were not exhausted, they were happy to go to work. So, the issue that we are talking about today is of enormous importance. Who benefits from the exploding technology, the wealthiest people who are doing phenomenally well or working people who are falling behind? And with that, let me give the mic over to Senator Cassidy.

OPENING STATEMENT OF SENATOR CASSIDY

Senator CASSIDY. Thank you, Chair Sanders—thank you, Chair Sanders. The 32 hour work week with no loss in pay, my staff has volunteered to be the test case for that. I mean, like, who wouldn't want it? It is free money, if you will. No loss in pay, but you work a lot less. But in reality, there is no free lunch.

Workers would be the ones who would pay, not get paid extra. The Government mandating a 32 hour work week requiring businesses to increase pay at least an extra 25 percent per hour would frankly destroy some employers.

They would ship those jobs overseas, or they would automate to replace those workers for whom they have an increased expense, or they would dramatically increase prices to make this stay afloat. Now, we have talked about the Biden economics leading to inflation. This would be napalm upon the fire of inflation.

If this policy is implemented, it would threaten millions of small businesses operating on a razor thin margin because they are unable to find enough workers. Now, they have got the same workers, but only for three quarters of the time, and they have to hire more.

In fact, there is even an incentive for them to dip down, so they make everybody part time and then they don't have to pay certain benefits which are required—or certain requirements which are required for full time.

Now, if a business wants to voluntarily try a 32 hour workweek for themselves, Federal law allows it. We don't have to mandate it. And we will hear from a business today that does that. So, if an employer thinks it is good for their business, makes them more competitive, go for it. We think that is a good thing.

But by the way, I will note that the Chair has not done that with his staff. Why? Because there is a certain amount of work required for the continuity of the work. That is just basic. Now, if a business needs to maintain a 40-hour workweek to remain competitive, not just locally, but globally, a Government mandated 32-hour workweek would be catastrophic.

Government should not be in the business of undermining an employer's ability to keep their doors open with unreasonable and perhaps unconstitutional mandates. Now, the Chair frequently says the United States is the wealthiest nation in the world. We are. How did we achieve it?

American work ethic. Second to none. And we have a balance. We don't have people as they do in China working 80 hours a week, but we have that balance. This disrupts that balance. And we won't maintain the status of being the world's wealthiest nation if we kneecap the American economy with something which purports to be good for the American worker, but indeed will lead to offshoring of jobs seeking for a lower cost labor force.

Now, there is a reason that no other country has a mandatory 32 hour workweek. When Japan shortened its workweek from 46 to 30 hours between 1988 and 1996, economic output plummeted 20 percent. Belgium, as the Chair notes, has a 4-day workweek, but those workers work 40 hours within those 4 days.

Now, AI and other technologies have the potential to dramatically increase economic productivity. I think we should have a bipartisan hearing on the potential impact of AI on the American economy. If we have this, my gosh, I am ecstatic. And I see one of—Dr. Schor, you are nodding your head yes. We are simpatico on this. We need to explore it.

My office published a white paper in an RFI to stakeholders last year on how this Committee should approach AI and the impacts upon health, education, and labor, and we are working on next steps based upon that feedback.

But a mom and pop restaurant is not really seeing increased productivity from AI. They are having trouble finding enough people to fill shifts. And if we require them to pay for a 40 hour work week for 32 hours of work, how will it turn out for that mom and pop restaurant? Hospital staffing shortages, we have talked about that, threatening public health.

Well, why are we passing a law to exacerbate that shortage? UAW pushed for a 32 hour workweek. It didn't happen. But now I don't think the Federal Government should mandate it, frankly, just to kind of placate a Democratic political base. Frankly, this seems an exercise to try and help the UAW lay the groundwork for future negotiations. And if the UAW wishes to discuss this, we should do so—they should do so at the bargaining table.

Now, by the way, I apologize if this hearing gives anyone false hope, but a mandatory 32 hour workweek is bad policy. I will note not even Democrats unanimously support this, but it may give us an understanding where the Biden administration is heading.

They are up for tough reelection, and they may be more than willing to use Executive authority to do something which does not—which actually has bipartisan opposition. And there has been a concerning pattern from Democrats prioritizing policies to help politically connected unions at the expense of the workers and businesses—the workers and the businesses themselves.

Recently, the Biden administration proposed a new overtime rule, dramatically increasing overtime pay threshold by 55 percent. That will result in layoffs, and it will result in more inflation.

The Biden administration released a new joint employer rule, threatening the viability of the franchise model that employs over 9 million workers and has empowered people who had a dream of becoming a small businessperson to become a small businessperson and otherwise would not have.

The Department of Labor's new Independent Contractor Rule jeopardizes the ability of 27 million Americans to work as independent contractors, with the flexibility to pick their own hours and work from multiple businesses, and this being attractive—but their independence and protection from forced unionization has made restricting this freedom a top priority for unions.

The Administration's assault on workers flexibility and employers via rulemaking is unacceptable. These policies hurt the American worker and, by the way, contribute to inflation. As I said, I would have been excited to work with the Chair on a hearing to

discuss the impact of AI and the new technologies in our jurisdiction.

There is very strong bipartisan interest in examining this issue, but we are working instead upon a bill which will never pass Congress and will be detrimental for American workers. With that, I yield.

The CHAIR. Thank you. We have a very knowledgeable panel, and we thank all five panelists for being with us today. We are going to begin with Shawn Fain. Mr. Fain is the International President of the United Automobile Workers.

He is a 29-year member of the UAW and got his start with the union as an electrician at Chrysler Kokomo Casting Plant. Recently, he led the UAW in negotiating an historic contract which substantially raised wages and benefits for the workers of that union. Mr. Fain, thanks for being with us.

**STATEMENT OF SHAWN FAIN, INTERNATIONAL PRESIDENT,
UAW, DETROIT, MI**

Mr. FAIN. Thank you. Good morning and thank you, Chairman Sanders, Dr. Cassidy, and Members of the Committee. I am here to talk about one of the most important issues to any union leader and any working class person, any U.S. Senator, and any human being, and that is our time.

As President of United Auto Workers, I represent 400,000 working class people and 600,000 retirees, and I know when my members look back on their lives, they never say, I wish I would have worked more. When people reach the end of their lives, they never say, I wish I would have made more money.

What they wish for is they wish they had more time. And that is what work does. Work, we are paid for our time, and when we work, we are sacrificing time with other people, with family, friends, and other things we wish to do.

But time, just like every precious resource in our society, is not freely given to the working class. Since the Industrial Revolution, we have seen productivity in our society skyrocket with the advances with technology.

One worker is now doing what 12 workers used to do. More profit is being squeezed out of every hour, every minute, and every second. There was a time when this phenomenon was supposed to lead to workers getting their time back, getting some of their lives back. Nearly 100 years ago, economist John Maynard Keynes spoke of the future of workers' time.

His worry that—was with all the gains in productivity we wouldn't know what to do with ourselves. And he predicted a 15 hour workweek, 100 years ago. In my own union, I go back into our archives, and I read about the fight for the 30 hour workweek, an idea that was alive and well with our union back in the 1930's and 40's.

But today, deep in the 21st century, we find these ideas unimaginable. Instead, we find workers working longer hours. We have workers working 7 days a week, 12 hours a day. There are workers, not union—union or not, working multiple jobs, and they are

living to work and are scraping to get by, and they are living paycheck to paycheck.

We find workers today, later in their life, working deep into their 60's, 70's, and 80's because they can't afford to retire. And we find associated deaths of despair from addiction and suicide of people who don't feel a life of endless, hopeless work is a life worth living.

We have workers who feel despair as a consequence of advances in technology. Workers have been sacrificed at the altar of greed and they have been stripped of their dignity. We have a mental health crisis. We talk about a lot in this country, but we never talk about the causes of that.

There has been studies done, increases in stress from working 7 days a week, 12 hours a day. You are sacrificing family life, things you want to pursue. It causes an increase in cortisol levels, which lead to heart disease, cancer, strokes.

But given all those facts, if someone is lucky enough to get to retire, typically when they have worked themselves to death their entire life, they face knee replacements, hip replacements, shoulder surgeries, and the rest of their lives figuring out how they are going to survive. So, it is sad to say that in 1933, the U.S. Senate passed legislation to establish a 30 hour workweek.

But due to intense corporate opposition, that legislation failed. But in 1940, President Franklin Delano Roosevelt signed the Fair Labor Standards Act, establishing a 40-hour workweek. 84 years ago, 84 years ago, the 40-hour week was established. And since then, we have had a 400 percent increase in productivity. But nothing has changed.

We—that was why we had—our big three campaign. We had our stand up strike. We raised a flag for a 32 hour workweek. This isn't just a union issue. Contrary to what some people want to talk about, this is a working class issue. And that is why 75 percent of Americans in our contract fight stood with us in that fight, because they are all living the same reality. Who is going to act?

Who is going to act to fix this epidemic of lives dominated by work? Are the employers going to act? Will Congress act? How can working class people take back their lives and take back their time? And I know what people and many in this room will say. They will say, people just don't want to work or working class people are lazy. But the truth is, working class people aren't lazy, they are fed up.

They are fed up with being left behind and stripped of dignity. As wealth inequality in this Nation, this world spirals out of control, they are fed up that in America, in America, three families have as much wealth as the bottom 50 percent of citizens in this Nation. That is criminal. America is better than this.

I want to close with this. I agree there is an epidemic in this country of people who don't want to work. People who can't be bothered to get up every day and contribute to our society, but instead want to freeload off the labor of others. But those aren't blue collar people. Those aren't working class people.

It is a group of people who are never talked about for how little they actually work and produce, and how little they contribute to

humanity. The people I am talking about are the Wall Street free-loaders, the masters of passive income. Those who profit off the labor of others, have all the time in the world.

While those who make this country run, the people who build the products and contribute to labor, have less and less time for themselves, for their families, and for their lives. So, our union is going to continue to fight for the rights of working class people to take back their lives and take back their time, and we ask you to stand up with the American workers and support us in that mission. Thank you.

[The prepared statement of Mr. Fain follows.]

PREPARED STATEMENT OF SHAWN FAIN

Good morning, Chairman Sanders, Dr. Cassidy, and Members of the Committee. I'm here to talk about one of the most important issues to any union leader, any working-class person, any U.S. Senator, any human being. Our time.

As president of the United Auto Workers, I represent 400,000 working class people across industries, and 600,000 retirees. And I know when my members look back on their lives, they never say "I wish I had worked more." They never say, "I wish I'd made more money." They say, "I wish I had more time."

But time, like every precious resource in our society, is not given freely to the working class.

Since the industrial revolution, we have seen the productivity of our society skyrocket.

With the advance of technology, one worker can do what used to take dozens.

More profit can be squeezed out of every hour, every minute, every second.

There was a time when this phenomenon was supposed to lead to workers getting their time back.

Nearly 100 years ago, the economist John Maynard Keynes spoke of the future of workers' time.

His worry was that with all the gains in productivity, we wouldn't know what to do with ourselves. He predicted a 15-hour work week.

In my own union, I go back into our archives and read of the fight for the 30-hour week, an idea that was alive and well for many decades.

But deep into the 21st century, we find these ideas unimaginable.

Instead, we find workers working longer hours.

We find workers working deep into their 60's, 70's, even 80's.

We find the associated deaths of despair from addiction and suicide, of people who don't feel a life of endless, hopeless work is a life worth living.

In our Stand Up Strike last year, we raised the flag for a 32-hour work week.

Countries across the world have it.

We know with technology, we can do more with less. It is the mantra we hear from management every day, and yet it never benefits the worker.

Who is going to act to fix this epidemic of lives dominated by work?

Will the employers act?

Will Congress act?

How can working class people take back their lives, and take back their time?

I know what people will say. Maybe even people in this room.

They'll say: people just don't want to work. They'll say, working class people are lazy.

I want to close with this.

I agree there is an epidemic in this country of people who don't want to work.

People who can't be bothered to get up every day and contribute to our society, but instead want to freeload off the labor of others.

But those aren't the blue-collar people. Those aren't the working-class people.

It's a group of people who are never talked about for how little they actually work, and how little they actually contribute to humanity.

The people I'm talking about are the Wall Street freeloaders, the masters of passive income.

Those who profit off of the labor of others have all the time in the world.

While those who make this country run, who build the products and contribute the labor, have less and less time for themselves, for their families, and for their lives.

Our union will continue to fight for the rights of working-class people to take back their lives, and take back their time. We ask for your support in that fight.

The CHAIR. President Fain, thank you very much. Our next witness is Dr. Juliet Schor. She is an Economist and Professor of Sociology at Boston College. Dr. Schor is a lead researcher for 4-day week global trials of companies instituting 4-day weeks with 5 days' pay.

She has been researching work time since the 1980's and is the author of the bestselling book, *The Overworked American*. Dr. Schor, thanks very much for being with us.

**STATEMENT OF JULIET SCHOR, PROFESSOR OF SOCIOLOGY,
BOSTON COLLEGE AND LEAD RESEARCHER FOUR DAY
WEEK GLOBAL TRIALS, NEWTON, MA**

Dr. SCHOR. Thank you. Good morning, Chairman Sanders, Dr. Cassidy, and Members of the Committee. I am honored to have this opportunity to support the 32 Hour Workweek Act.

We are here today because for 84 years, there has been no reduction in the standard workweek. Since 1950, the productivity of the American worker has risen by 400 percent. Yet full time employees still log an average of 41.9 hours a week. Annual hours even rose in the 1990's and have barely changed since then.

These trends depart from the steady reduction in hours between 1870 and WWII, and from trends in other wealthy countries. The average American is on the job 400 more hours a year than in Germany, 200 more than in France, the Netherlands, the U.K., and more than the average Japanese.

This is despite the U.S. historically being the global leader in work time reduction and the world's first 5 day week country. Now, this was the situation when the pandemic hit, which brought with it extraordinary levels of stress and burnout, the great resignation, and historically high job vacancies.

In response, an increasing number of employers are shifting to a 4 day, 32 hour week with no reduction in pay. I was asked to lead research on their experiences in collaboration with an NGO called Four Day Week Global. To date, more than 300 companies around the world have taken part in our trials.

While the majority are white collar firms, they do include all sectors, health care, mom and pop restaurants, manufacturing, construction, retail, nonprofits, IT, finance, professional services, and even a police department in Golden, Colorado.

In the U.S., 78 percent of these are small businesses with 50 or fewer employees, which is similar to the U.S. economy. Our results have been extremely positive for both workers and the companies. We have 26 well-being measures for more than 3600 employees, every one of which registers improvement from baseline to the end

of the trial. Nearly 60 percent of employees experience better work family balance.

Anxiety, sleep problems, fatigue, physical and mental health improve for 40 percent of workers. 69 percent of employees have lower burnout scores. Participants tell us that the new schedule is “life changing.”

One person reports that had it not been for the pilot, I wouldn’t have had the time or the availability to get medical appointments and procedures, which ultimately led to the early detection of something that might have proved fatal.

That something was cancer. In our statistical modeling, we find that the larger the work time reduction, the greater the increase in well-being. Fewer sleep problems and less fatigue are one reason, but the second is that a majority of employees register an increase in their productivity over the trial.

They are more energized, focused, and capable, partly as a result of organization wide changes in work culture and processes. In response to methodological criticism, I will just say here that our findings are robust across time, across place and industry, and contain a large number of variables to rule out alternative explanations.

For employers, the most important number is 91 percent. That is the fraction of companies who have continued with the 4-day week after at least one full year. In the U.S. and Canada, only two companies have gone back to a 5-day schedule. Their performance metrics reveal why.

Resignations fell 22 percent, absenteeism declined 39 percent, revenue increased an average of 30 percent. Some companies report that quality of service improves. After losing 50 percent of their inpatient nurse leaders during the first two pandemic years, Temple University Hospital gave them a 4-day week. Patient outcomes improved and voluntary turnover fell to zero.

If the U.S. adopts a 4-day week, a 32 hour week, it is likely that hourly productivity will rise. That has been the experience of both workers and management in our trials. It is historically what scholars have concluded from past reductions in work time, and it accords with international comparisons.

The countries with the highest levels of per hour productivity are those with the shortest working hours. I began my remarks by referencing our fourfold increase in productivity. The fact that so little of that productivity increase has been put toward reducing hours has left American workers suffering from burnout and stress, with families in special jeopardy.

The pandemic exacerbated this preexisting problem. Given the current robust rates of U.S. productivity growth, the promise of further large increases from artificial intelligence, and the fact that over the last 84 years the standard workweek has been unchanged, it is now time for a 32 hour week. Thank you.

[The prepared statement of Dr. Schor follows.]

PREPARED STATEMENT OF JULIET SCHOR

Good morning Chairman Sanders, Dr. Cassidy and Members of the Committee. I am honored to have this opportunity to discuss the thirty-two hour week.

We are here today because since 1938, there has been no reduction in the standard workweek. And yet, since 1950, the productivity of the average American has risen by 400 percent.¹ Although there has been a small average reduction in weekly hours since that time, full-time workers still log an average of 41.9 hours per week.² On an annual basis, hours also remain high—they even rose in the 1990’s, and have barely changed since then.³

On a household basis, the time squeeze is especially acute. As increased numbers of mothers entered the paid labor force in the 1970’s, and men’s hours did not fall to compensate, paid work effort soared in dual earner families, which are now the majority household type. Annual household hours for an average middle-class married couple with children rose to 3,446, or 600 more than in 1975.⁴

These trends are in contrast to the path of worktime reduction from 1870 until WWII. In fact, the long working hours of the United States represent an exception—both to our own past and in comparison to other countries. The average American is on the job 400 more hours than in Germany; 200 more than in France, the Netherlands and the UK; and 50 more than the average Japanese.⁵ This is despite the U.S. historically being the global leader in worktime reduction—and the world’s first 5 day week country. In other high income nations, hours have fallen steadily, by just under a half a percent a year over the postwar period.⁶ Here, hours have been roughly stable on a population basis, and on a household basis, have risen considerably.

This was the situation when the pandemic hit, which brought with it extraordinary levels of stress, burnout, and exhaustion for American workers, as well as the Great Resignation,⁷ and historically high levels of unfilled positions.⁸ Gallup reports that the U.S. and Canada have the highest regional levels of workplace stress in the world, with more than half of all respondents reporting that yesterday they experienced feeling stressed “a lot of the day.”⁹

As a result of these elevated levels of stress and burnout, as well as successful individual company experiences, an increasing number of employers have decided to trial a 4-day, 32-hour week, with no reduction in pay. I was asked to lead research on their experiences. Beginning in February 2022, in collaboration with an NGO called 4 Day Week Global, we began a series of 6 month trials of the 4-day week model. Since that time we have been enrolling additional companies. More than 200 have joined, plus another 100 are being followed by our collaborators in Portugal, Brazil and Germany. While the majority are white collar firms, we have participants across all sectors—including healthcare, restaurants, manufacturing and construction, retail, non-profits, IT, finance, and professional services, the largest group. Participants span the globe—in addition to the U.S. and Canada, we have companies in Europe, Australasia, South Africa, and Brazil. We collect data from employees before they begin their new schedules, as well as at six, twelve, and twenty-four months into their 4 day weeks. We have also collected a small set of common metrics from the organizations. The results have been extremely positive, for both workers and companies.

First, the worker findings. We have twenty-six worker well-being measures for more than 3600 employees who have completed at least two surveys. On every metric, we find positive and statistically significant improvements with the shift from a five to a 4-day schedule. In our U.S. and Canada sample, 69 percent of employees have lower burnout scores and 41 percent have lower stress. More than 40 percent

¹ Total Economy Data Base (TED), Conference Board. In 1950, per hour productivity was \$22; in 2022 it was \$83, in constant dollars. <https://www.conference-board.org/data/economydatabase/total-economy-database-productivity>.

² Weekly hours for full-time workers in 2023 from BLS. <https://www.bls.gov/cps/cpsaat19.htm>.

³ Average annual Hours from TED. Annual hours were 1796 in 1990, 1844 in 2000, 1734 in 2010 and 1774 in 2022.

⁴ Isabel V. Sawhill and Katherine Guyot, 2020, “The Middle Class Time Squeeze,” Brookings Institution. p 2. <https://www.brookings.edu/articles/the-middle-class-time-squeeze/>.

⁵ Average annual hours from TED. <https://www.conference-board.org/data/economydatabase/total-economy-database-productivity>.

⁶ Timo Boppert and Per Krusell, 2020, “Labor Supply in the Past, Present, and Future: A Balanced-Growth Perspective,” *Journal of Political Economy* 128(1):118–157.

⁷ Total private quits from Federal Reserve of St. Louis Economic Data. <https://fred.stlouisfed.org/series/JTSQR>.

⁸ Unfilled job vacancies from Federal Reserve of St. Louis Economic Data. <https://fred.stlouisfed.org/series/LMJVTUVUSM647S>.

⁹ Gallup, *State of the Global Workplace: 2023*, p 22. <https://www.gallup.com/workplace/349484/state-of-the-global-workplace.aspx>.

report better physical and mental health. Two-thirds experience more positive emotions. Anxiety and fatigue decline for 40 percent. Nearly 60 percent score higher on questions about their ability to achieve work-family balance. Sleep problems diminish. Ninety-five percent of participants want to continue with this schedule. Findings are very similar for our global and our large UK samples.

In survey comments and interviews, we hear that the new schedule is “life changing,” “the best thing that’s ever happened to me,” “transformational,” and that the trial has “improved my life in every possible way.” Workers tell us about improvements in mental and physical health, ability to spend time with family, and finally getting a chance for time for themselves. We hear from people with disabilities who credit the 4-day week with their being able to stay in the labor force. One respondent reports that “Had it not been for the pilot I wouldn’t have had the time or the availability to get medical appointments and procedures which ultimately led to the early detection of something that might’ve proved fatal.” That something was cancer.

We also find that these results are durable—and not merely a response to a novel schedule. At 12 months there is no reversion to pre-trial levels, and for some measures, improvement continues.

In our statistical modeling, we investigate what is driving these improvements in well-being. We find that it is reductions in hours worked.¹⁰ These vary across the sample, as not everyone actually reduces hours by the full eight per week. What we discovered is that the larger the working time reduction, the greater the well-being improvement. When we drill down farther, we find two main reasons for the association between worktime reduction and well-being. The first is reductions in sleep problems and fatigue. The second comes from a more surprising, but integral part of the approach, which is that the 4-day week results in large improvements in people’s self-reported work ability. We find that 57 percent of employees experience an increase in their “current work ability compared to their lifetime best.” Self-reported productivity also rises and 54 percent score higher on a “work smart” scale. The ways in which companies and individuals prepare for the 4-day week leave people more in control of their workloads, more energized on the job, and more capable. It’s central to why the model works, not just for employees, but for the organizations who implement it.

Let me say a word about our research methods. To assess employee outcomes we use a within-subjects methodology, surveying employees before and after the 4-day schedule is introduced. This avoids the biases of retrospective and cross-sectional studies. While we do not have a perfect way to establish causality, the finding that larger reductions in hours yield more well-being improvement supports our interpretation. To mitigate “confounders,” i.e. unmeasured trends occurring simultaneously, we have adjusted for a wide range of socio-demographic and socio-economic characteristics, as well as company characteristics such as industry and size, which barely change the findings. Our findings hold across various time periods, industries and nations, suggesting that our results are robust and likely generalize to different settings. In our ongoing trials we have added control companies for comparison.

Let me turn now to our company findings. The most important number here is 91 percent. That’s the fraction of companies in our global sample of 202 who have continued with the 4-day week schedule after at least 1 year. Only 9 percent have gone back to a 5-day schedule. Among the 60 U.S. and Canadian companies, only two, a mere 3 percent, have reverted to 5 days.

Company performance metrics also show success. Among the U.S./Canada companies, the resignation rate fell 22.5 percent. Absenteeism declined 39 percent. The average revenue increase over the trial period has been 30 percent. We do not have a common productivity measure in large part because productivity is so difficult to measure in many white collar settings and because measurement varies across organizations. However, the companies rate the trial impact on productivity at 7.7 out of 10. They rate the trial overall at 8.6 out of 10. They rate the ability of the new schedule to attract employees at 8.8.

Many observers are surprised by the fact that a reduction in hours with no decrease in pay can work for companies. One reason is that they are able to increase hourly productivity. The 4-day week global model involves 2 months of preparation in which companies figure out ways to improve efficiency. These vary by industry, but for many, streamlining meetings and reducing distractions are key. Because

¹⁰ Wen Fan, Juliet B. Schor, Orla Kelly and Guolin Gu, 2023, “Does work time reduction improve workers’ well-being?: evidence from global 4-day workweek trials,” <https://osf.io/preprints/socarxiv/Tucy9>.

standard hours have been sticky at 40, companies become vulnerable to Parkinson's Law—work expands to fill the available time. Even as they have gained many time-saving digital tools, if hours are not reduced, inefficiencies can creep in. This has been the case for many in the trials.

A key finding of our research is that the productivity improvements companies report are not due to speed-up, but occur as a result of true enhancements to work process and culture. Our employee metrics for work intensity and the pace of work are mainly stable as measured before the trial and at 6 months. In contrast, workers' self-reports of productivity and work ability increase significantly.

But success involves more than just increasing hourly productivity. Companies are also benefiting in other ways. For some of the organizations in our trials, the main benefit is reduced burnout among their employees, which in turn leads to improvements in employee retention.

Less stressed, more committed workers may also lead to a higher quality of service or production. This is of particular concern among healthcare workers, and nurses in particular, who are the largest group of healthcare workers in the U.S.. The high rates of not just resignations, but nurses leaving the profession can be addressed with a 4-day week. After experiencing a loss of 50 percent of their inpatient nurse leaders during the first two pandemic years, Temple University Hospital instituted a 4-day week for them. Voluntary turnover fell to 0 percent and patient outcomes improved.¹¹

In our trials, we see a statistically significant reduction in turnover intentions. Some companies report zero resignations after starting the new schedule. Similarly, they find large increases in their applicant pool when they can advertise a 4-day week. This is especially crucial at the current moment, when there are so many unfilled positions.¹²

Our research involves companies who have voluntarily decided to shift to a 4-day week. It may be useful to note some of the features of these companies, to address potential concerns of an economy-wide shift to a 32-hour week. One concern is about small companies. We have a preponderance of small companies in our sample—in the U.S./Canada group, 78 percent of organizations have 50 or fewer employees. In part that is an artifact of the trials—large companies can do this on their own. However, employees at many small companies may be especially suffering from burnout.

A second issue relates to flexibility. Companies in these trials do not follow a one size fits all model. They are more like snowflakes—every company does it differently. The ways in which they take time off vary, as they plan, experiment and figure out the best model for them. For example, only 60 percent have a Fridays off model.

Finally, one of the reasons these organizations are succeeding is that the planning process involves productive collaboration between workers and management to figure out how to make the new schedule work. That collaboration is itself a benefit to the organization going forward.

Governments around the world have become interested in the 4-day week. In Spain, Portugal, Belgium and Scotland, national governments have already sponsored trials. Interest is growing.

If we adopt a 4-day week it is likely we will find that productivity growth not only makes worktime reduction possible, but that the relationship goes both ways. Hours reductions can raise hourly productivity. That has been the stated experience of both workers and management in our trials. It is historically what scholars have concluded from past reductions in worktime.¹³ And it accords with international comparisons—the countries with the highest levels of per hour productivity are

¹¹ Angelo Venditti, Barbara Cottrell, and Kimberly Hanson, 2023, "Designing structures to support a 4-day workweek for nurse leaders," *Nursing Management*, October, pp-28-32. <https://journals.lww.com/nursingmanagement/citation/2023/10000/designing-structures-to-support-a-4-day-workweek.5.aspx>.

¹² Unfilled job vacancies from Federal Reserve of St. Louis Economic Data. <https://fred.stlouisfed.org/series/LMJVTUVUSM647S>.

¹³ Gerhard Bosch and Steffen Lenhndorff, 2001, "Working-time reduction and employment: experiences in Europe and economic policy recommendations," *Cambridge Journal of Economics*, 25:209-243; John Pencavel, 2015, "The Productivity of Working Hours," *The Economic Journal*, 125(589):2052-2076.

those with the shortest worktime—Germany, France, Netherlands, Norway, and Denmark.¹⁴

I began my remarks by referencing the four-fold increase in productivity that we have seen in the U.S. economy over the last 70 years. The fact that so little of that productivity increase has been put toward reducing hours is in sharp contrast to the prior century. As a result, American workers have been suffering from burnout and stress, with families in special jeopardy. The pandemic exacerbated this pre-existing problem. Given current robust rates of U.S. productivity growth,¹⁵ the promise of further increases as a result of Artificial Intelligence, and the fact that over the last 85 years, the statutory workweek has been unchanged, I support the legislative effort to enact a 32 hour workweek.

[SUMMARY STATEMENT OF JULIET SCHOR]

We are here today because since 1938, there has been no reduction in the standard workweek. Since 1950, the productivity of the average American has risen by 400 percent yet full-time workers still log an average of 41.9 hours per week. Average annual hours even rose in the 1990's, and have barely changed since then. These trends depart from the steady reduction in hours between 1870 and WWII, and from trends in other wealthy countries. The average American is on the job 400 more hours a year than in Germany; 200 more than in France, Netherlands and the UK; and 50 more than the average Japanese. This is despite the U.S. being the world's first 5 day week country. This was the situation when the pandemic hit, which brought with it extraordinary levels of stress and burnout, the Great Resignation, and historically high vacancy levels.

In response, an increasing number of employers are shifting to a 4-day, 32 hour week, with no reduction in pay. I was asked to lead research on their experiences, in collaboration with an NGO called 4 Day Week Global. To date, more than 300 companies around the world have taken part in our trials. While the majority are white collar firms, they include all sectors—healthcare, restaurants, manufacturing, construction, retail, non-profits, IT, finance, and professional services. In the U.S., two-thirds of these are small businesses, with 50 or fewer employees. The results have been extremely positive, for both workers and companies.

We have twenty-six well-being measures for more than 3600 employees, every one of which registers improvement. In our U.S./Canada sample, 69 percent have lower burnout scores. Nearly 60 percent experience better work-family balance. Anxiety, sleep problems, fatigue, physical and mental health all improve for roughly 40 percent of workers. Participants tell us that the new schedule is “life changing,” and “transformational.” One person reports that “Had it not been for the pilot I wouldn't have had the time or the availability to get medical appointments and procedures which ultimately led to the early detection of something that might've proved fatal.” That something was cancer.

For employers the most important number is 91 percent—the fraction of companies who have continued with the 4-day week after at least 1 year. In the U.S./Canada group, only two companies have reverted to 5 days. Performance metrics reveal why. On average, resignations fell 22.5 percent. Absenteeism declined 39 percent. Revenue increased 30 percent. After losing 50 percent of their inpatient nurse leaders during the first two pandemic years, Temple University Hospital gave them a 4-day week. Patient outcomes improved and voluntary turnover fell to 0.

If the U.S. adopts a 4-day week it is likely that hourly productivity will rise. That has been the experience of workers and management in our trials. Similarly, nations with the highest levels of per hour productivity are those with the shortest hours—Germany, France, Netherlands, Norway, and Denmark. I began my remarks by referencing the fourfold increase in productivity that we have seen in the U.S. economy since 1950. The fact that so little of that productivity increase has been put toward reduced hours is in sharp contrast to the prior hundred years. As a result, American workers have been suffering from burnout and stress, with families in special jeopardy. The pandemic exacerbated this pre-existing problem. Given robust rates of U.S. productivity growth, the promise of further increases as a result of Artificial Intelligence, and the fact that over the last 85 years, the statutory work-

¹⁴ Annual hours and productivity from TED. <https://www.conference-board.org/data/economydatabase/total-economy-database-productivity>.

¹⁵ Productivity growth was 3.2 percent in Q4 of 2023. <https://www.bls.gov/news.release/prod2.nr0.htm>

week has been unchanged, I support the legislative effort to enact a 32 hour workweek.

The CHAIR. Dr. Schor, thank you very, very much. Our next witness is Jon Leland, the Chief Strategy Officer at Kickstarter and Co-Founder of the nonprofit WorkFour. Mr. Leland successfully introduced 4-day workweek at his company in 2022, and in his nonprofit work supports employers, unions, and policymakers advancing the 32-hour workweek. Mr. Leland, thanks for being with us.

STATEMENT OF JON LELAND, CHIEF STRATEGY OFFICER, KICKSTARTER AND COFOUNDER, WORKFOUR-THE NATIONAL CAMPAIGN FOR THE 4-DAY WORKWEEK, NEW YORK, NY

Mr. LELAND. Good morning, Chairman Sanders, Dr. Cassidy, and Members of the Committee. As the Chief Strategy Officer at Kickstarter, I bring a unique perspective to this panel, having both implemented and experienced a 4-day workweek in our company of 118 employees.

Our journey began during the pandemic, a period that completely upended traditional work norms and demonstrated just how ingrained and potentially outdated some of our assumptions are around work.

But the pandemic also clarified that the time we have with our families and loved ones is the most valuable thing that we have. Kickstarter is a data driven company and we were initially driven by repeated studies and success stories demonstrating that a 4-day workweek could benefit both businesses and employees.

We also recognized some common sense around how a 4-day workweek could work. Hours worked is a factor in productivity, but it is not determinative. Efficiency, focus, and employee retention are all equally or more critical. And people are tired. Workers are already finding ways to rest at work. They are surfing the internet. They are just slowing down. They are stepping away just to get the energy to get through the workday.

I would rather just give people back their time so they can properly rest. In April 2022, we initiated a 6-month pilot. Our goal was to maintain or improve overall productivity. And to do that, the bargain we made with our employees was simple.

They would get back an extra day every week, retaining the same salary, the same benefits, and in exchange, we expected them to manage their time effectively, show up to work every week rested and ready to go, and get the job done.

We were not going to scale back our ambitions or our goals to accommodate the 4-day workweek. And the results of our pilot were clear. Our goal achievement rate soared from 62 percent to 95 percent. Customer response times and satisfaction ratings stayed the same. Employee retention increased from 82 percent to 98 percent, all while reducing average weekly working hours by 9 hours a week for each employee.

We made the decision to stick with the 4-day workweek and have kept it for 2 years. The most profound change, however, has been the impact to our employees. In just 2 years, we have been able to

return nearly 10,000 days to our 118 employees. That is more than 27 years.

Those are our years of spending time with family and their children, volunteering in their communities, learning new skills, and taking care of their health. The value of that time is priceless and ultimately has been the greatest outcome of our transition to a 4-day workweek. The 5-day workweek is not an immutable law of nature. It was not written on the tablets. It was established 84 years ago here in the U.S..

Critics of the 5-day workweek back then also predicted doom. They worried that a weekend would destroy the American economy. Instead, it helped launch us to the front of the global pack. Entire industries of recreation and leisure were born.

The American middle class became the envy of the world, and the weekend became a time when families and communities came together, with a century of profound changes in our workforce and technology. With AI looming on the horizon, it is time for a much needed update.

The studies echo what we learned at Kickstarter that when piloted, the 4-day workweek works. All 35 North American companies that piloted the 4-day workweek with us in 2022 have kept it. If it didn't work, for profit companies would abandon it. You don't need theories or advanced data, you just need to see that the companies that tend to pilot this tend to stick with it. This is not just tech companies either.

These are manufacturing companies, health care facilities, restaurants, and police departments that are making this transition. This is a shift that can and must benefit all workers in our society. That is why the bill introduced by the Chairman is so important.

It would ensure that we are defining a new standard for our workweek that benefits all workers in our economy, not just the most privileged. With the opportunity we have now, it is important to ensure that all American workers and our communities reap the dividends.

The 4-day workweek is an issue backed by data that Americans of all stripes in poll after poll say matters to them. Before us is the opportunity to deliver a boost to our economy and happiness to every American worker, to strengthen American families and communities. The original weekend did just that, and it is time to do it again.

[The prepared statement of Mr. Leland follows.]

PREPARED STATEMENT OF JON LELAND

Introduction

Chairman Sanders, Ranking Member Cassidy, and Members of the Senate Health, Education, Labor, and Pensions Committee, I appreciate the opportunity to testify on the need to transition to a shorter workweek, with no loss in pay, for the benefit of our economy, society, and our people.

My name is Jon Leland and I am the Chief Strategy Officer of Kickstarter, the largest crowdfunding platform for creative projects. We have 118 employees across the country and every year we help about 20,000 entrepreneurs, creators and artists fundraise \$700M to launch new businesses and projects. I am also the co-founder of WorkFour, the national campaign for the 4-day workweek. We are an entirely vol-

unteer-driven organization dedicated to supporting the transition to a shorter workweek for the benefit of all workers, businesses, and society.

Data and Common Sense Led Kickstarter to Pilot a 4-Day Workweek

The COVID-19 pandemic upended work for everyone. Suddenly, the norms around where, when, and how work got done shifted radically. Kickstarter, like many companies, pivoted to being a fully remote company, and we adapted quickly to new forms of working together. That shift demonstrated just how ingrained, and potentially outdated, some of our assumptions are around the way we work. But the pandemic also clarified something else—that the time we have with our families and our loved ones is the most valuable thing in our lives, an insight that made us more critically assess the time we do spend at work.

Kickstarter is a data-driven organization, and our interest in the 4-day workweek began with the mounting evidence that a 4-day workweek can work for the mutual benefit of businesses and its employees. Studies from trials in Europe and success stories from pioneering organizations in the U.S. all showed that this was possible. Poring through the research led to a simple conclusion: the data was good.

We also knew that our employees were stressed, trying to balance work and their personal lives—particularly employees with young children at home. Smartphones have connected us to the world in real time, while letting work follow us around everywhere we go. We wanted to give our employees the time and space to attend to the rest of their lives, enabling them to be their best selves at work.

Finally, we recognized the common sense behind the data that showed the 4-day workweek works. Hours worked is a factor in productivity, but it's not determinative. Efficiency, focus, and employee retention are all more critical in driving organizational output. And the truth is, a lot of time at work is not used efficiently. Companies take up too much time meeting inefficiently, engaging inessential tasks, or performing the theater of work. Additionally, with an epidemic of burnout, workers are already finding ways to rest at work. They're surfing the Internet, working slowly, or just stepping away for a time to get the energy to continue with their workday.

We were faced with a choice: we could either demand our employees give us time that wasn't being used effectively and efficiently, or we could strip the inefficiencies in our work and give time back to our employees to properly rest. Armed with the data from studies and pilots from around the world and with input from stakeholders across the organization, we opted for the better approach—the 4-day workweek.

Once we decided we wanted to pilot a 4-day workweek, we quickly found support from our board and our employees for a pilot. We were actually in the middle of negotiating the first collective bargaining agreement with our newly formed union, who were pleasantly surprised by management's desire to move to a 4-day workweek, and we worked together on a provision in our CBA to facilitate policies for the pilot.

How Kickstarter Adapted to a 4-Day Workweek Without Losing Productivity

Our goal in transitioning to a 4-day workweek was to maintain or improve overall productivity, while consistently giving employees more time back in their week. The bargain we made with our employees was simple: they would get an extra day back every week while retaining the same salaries and benefits, and in exchange, we expected them to manage their time effectively, show up to work every week rested and ready to go, and get the job done. We weren't going to scale back our goals or ambitions to accommodate the 4-day workweek.

Kickstarter joined the first joint pilot in the U.S. that kicked off in April 2022, which was organized by 4 Day Week Global and an earlier iteration of the WorkFour campaign. Transitioning to a 4-day workweek required the active participation of every level of our company, and it didn't happen overnight. For executive leadership, the transition required us to set tightly focused goals for our teams, establish clear success metrics, and reaffirm a culture of high expectations and high trust. The 4-day workweek requires leaders to be sharper and clearer—there's less room for error in our own performance. That's a challenge we embrace. At the team level, we significantly trimmed meeting time, and identified and reduced the lowest impact work. Almost any employee you talk to could tell you a few ways that their job wastes their time. The 4-day workweek is an opportunity to collectively identify and strip away those inefficiencies. At the individual level, we expected our employ-

ees to manage their time effectively, and show up to work more focused and more motivated.

Different teams had to make different adjustments. Our product teams focused on improving their development processes. Our support teams, which have to respond to user tickets and issues 7 days a week, invested in additional automation and extended their weekend rotations to cover 3 days instead of two. Our creator success team, which works with our top accounts, proactively set expectations with creators that we would be less responsive on Fridays, but would still be available if the matter was urgent. Nothing we did was radical or revolutionary, but working together with the shared benefit of a shorter workweek, we were able to structure our work to fit a 4-day schedule.

Outcomes of the 4-Day Workweek for Kickstarter and its Employees

Data informed our decision to trial a 4-day workweek, and we used data to assess the success of our pilot. We measured our performance by whether we were able to hit our overall goals, maintain our user response times and satisfaction, and actually reduce working hours. The outcomes were clear. In the 6-months of the pilot, our ability to hit our company goals jumped from 62 percent to 95 percent. Our response times and user satisfaction remained the same. Satisfaction with work-life balance increased from 48 percent to 81 percent. Employee retention rose from 82 percent to 98 percent. We managed these outcomes while reducing, on average, staff working time by 9 hours a week. Faced with the data of our experience, we made the decision to maintain our 4-day workweek going forward.

It has now been 2 years since we adopted the 4-day workweek and the benefits persist. We rarely see an employee choose to leave the company. That means our teams stay together longer, work together better, and our turnover costs are reduced. Meetings are like weeds and need to be occasionally cut down to keep us working efficiently. Maintaining focus and clarity in how we direct the company remains critical for supporting our staff in hitting their goals in fewer hours each week.

For as beneficial as this shift has been for us as a company, it is a profound change for our employees. In just 2 years, and with a staff of about 100 people, we've been able to return nearly 10,000 days to our employees. That's more than 27 years. Those are years of our employees spending more time with their children and families, volunteering in their communities, learning new skills, and taking care of their health. The value of that time is priceless, and ultimately that has been the greatest outcome of our transition to a 4-day workweek.

Building the National Campaign for the 4-Day Workweek

Motivated by the success of Kickstarter and other companies across America, my co-founder Jon Steinman and I established WorkFour not just to help accelerate this change that we believe will benefit everyone—and that so many of us are clamoring for—but to help ensure the transition benefits everyone. Our economy has not always delivered fairly to all who help power it forward. Returning invaluable time to everyone who participates in our economy is the right decision and a smart re-investment that the United States should make in its people.

The 5-day workweek is not an immutable law of nature, it was established 100 years ago here in the United States. It was the product of visionary leadership from policymakers, unions, and private industry who recognized that our economy was built on far more than hours clocked and products shipped. The economy is all of us, too, working; it's all of us going to the office, climbing into the cab of a long haul truck, donning the welder's mask. Critics of the 5-day workweek predicted doom, as they worried that a weekend would set the United States' economy back. Instead, it helped launch us to the front of the global pack. Entire industries of recreation and leisure were born, the American middle class became the envy of the world, and the weekend became the time when families and neighbors came together.

Now, it's time for a much overdue update.

Enormous advances in technology helped enable the original weekend, and the same is going to be true for expanding it. Sophisticated technology is further driving corporate efficiencies and innovation; productivity and profits are soaring. With the rapid development of applied Artificial Intelligence in the workplace, we are on the

verge of even more change. Bill Gates¹ and Jamie Dimon² are already predicting the need to transition to a three or three and a half day workweek. Change isn't coming, it's upon us—our generation's choice is what we make of it. With the opportunity we have now, it's important to ensure all American workers and our society reap the dividends.

The latest round of studies continues to echo what we've already learned: when piloted, the 4-day workweek produces increased organizational efficiency, happier employees, and lower rates of turnover. All 35 North American companies that piloted a 4-day workweek with us in 2022 have kept it. These are individual organizations achieving individual results. If it didn't work, for-profit companies would abandon it. You don't need theories or advanced data, you just need to see that the companies that try it, almost always stick with it.

As with the original weekend, when the 4-day workweek is the norm, the benefits will scale across society. Research suggests that beyond improved workplace productivity and employee well-being, communities and families will benefit as will our environment³—and perhaps our civic bonds as well.

At WorkFour, we're supporting the employers, unions, and policymakers at the forefront of this transition. We've worked with employers across the country who have successfully adopted a shorter workweek, and these are not just white-collar companies. Advanced RV is a manufacturer in Willoughby, Ohio, who builds custom mobile homes. They moved to a 4-day workweek in 2022, finding efficiencies that enabled them to maintain their output while dramatically improving the well-being and happiness of their employees. 4C Health is a behavioral health provider in Indiana employing hundreds of workers and serving thousands of patients. Facing a worker shortage in healthcare, they moved to a shorter workweek, which improved productivity, retention, and recruitment and decreased clinician burnout by 50 percent. The Golden, Colorado Police Department launched a 4-day, 32-hour workweek in July 2023. Six months in, they found that their response times improved, burnout amongst officers decreased, and the city saved \$115,000 in overtime compensation.⁴ ThredUp, a clothing retailer and publicly traded company with 300 employees, made the shift to 4 days permanent after a successful 1-year experiment, citing improved employee morale and increased productivity. This is a transition that can and must be made across industries, for the benefit of all workers.

We're proud to have helped support and introduce legislation in 10 states to advance the 4-day workweek, along with the bill introduced by Rep. Mark Takano, in the House of Representatives. Policymakers have a critical role in facilitating an equitable and smooth transition to a 4-day workweek through pilots, incentive programs, and policy adjustments.

We appreciate the engagement of this Committee and the Senators in attendance today. We also appreciate that it's an election year, and there's plenty of partisanship to go around. But the 4-day workweek is an issue, backed by data, that Americans of all stripes, in poll after poll, say matters to them. Before us is the opportunity to deliver a boost to our economy and happiness to every American worker. The original weekend did just that.

It's time to do it again.

The CHAIR. Mr. Leland, thanks very much. Senator Cassidy, do you want introduce your witnesses?

Senator CASSIDY. Please. First, Dr. Liberty Vittert is a Professor of the Practice of Data Science at the Olin Business School at Wash. U. in St. Louis. She is a Senior Fellow at Harvard University and MIT researcher, on air statistician from News Nation, two

¹ Royle, O. R. (2023, November 23). *Bill Gates teases the possibility of a 3-Day work week*. Fortune. www.fortune.com/2023/11/23/bill-gates-microsoft-3-day-work-week-machines-make-food/.

² Jljenniferliu. (2023, October 3). *JPMorgan CEO Jamie Dimon says Ai could bring a 31/2-day workweek*. CNBC. www.cnbc.com/2023/10/03/jpmorgan-ceo-jamie-dimon-says-ai-could-bring-a-3-day-workweek.html.

³ Colombo, G. F. and S. (2023, May 18). *The climate benefits of a 4-day workweek*. BBC News. www.bbc.com/future/article/20230220-is-a-4-day-workweek-good-for-the-climate.

⁴ Aguilar, J. (2024a, February 20). *Golden Police's 32-hour workweek-for 40-hour pay-resulted in faster emergency response times, Data Show*. The Denver Post. www.denverpost.com/2024/02/20/four-day-week-golden-police-results-productivity-response-times/.

Discovery Channel shows, and analyzes and calls elections for Decision Desk HQ, and is featured in a number of publications.

Has a great resume for academics. But what is most interesting about Dr. Vittert is that she studied at Le Cordon Bleu. So, we actually have someone here who knows how to cook something more than pancakes, which, no offense, I am sure others do as well. Anyway, so we—you would call it a crepe. Anyway, so we are pleased to have you.

STATEMENT LIBERTY VITTEERT, PROFESSOR OF THE PRACTICE OF DATA SCIENCE, OLIN BUSINESS SCHOOL, WASHINGTON UNIVERSITY IN ST. LOUIS, ST. LOUIS, MO

Dr. VITTEERT. I should have made some chocolate chip cookies for the group. Chairman Sanders, Dr. Cassidy, Senator Hickenlooper, thank you so much for having me here today. I am a statistician, and we have heard a lot of statistics thrown around.

I am here to make some sense of these and make sure we are analyzing them properly. Proponents of the 32 hour workweek often point to statistical studies, mostly pilots, that suggest shorter workweeks can lead to increased productivity and improved employee well-being.

But this argument is making broad claims based upon weak and statistically flawed data sets. A closer look at some of the most popularly cited studies reveals significant flaws and limitations. We will take a brief look at some of these studies to understand these statistical flaws and shed significant and potentially insurmountable doubt on the proposal's sustainability in the American work economy.

Many of the news headlines touting these studies discuss the stress or happiness levels of workers who work less time. Inevitably, over the short term, in these short pilot projects, it is not inconceivable to imagine that happiness levels increase. The question is where does the pendulum end?

At no work. Statistical studies, long term statistical studies of this, have shown us that happiness does not increase over time, it goes back to the same level. For example, the study in France, after a mandatory Government reduction of hours, saw a return to the same level of happiness after 7 years.

If you want to see those same employees really stressed out, just see what happens where their employers lay them off to hire part time workers instead or have to close their doors because they cannot make enough revenue. Another major flaw in these studies is the self-selection bias.

For example, the companies that choose to participate in some of these studies, like the Four Day Week Global Study, are companies whose work tend to be able to be adapted to a shorter workweek already. Who can remove "wasted hours."

Specifically, only companies that are able to adapt to shorter workweek that tend to participate. Cutting out, as they say, extraneous meetings, coffee breaks, having more independent work, going to Zoom.

However, over 70 percent of the U.S. job economy is people working with their hands. They don't necessarily have extraneous meetings or too many coffee breaks to cut out. So statistically, you can't apply this type of cutting of hours across the entire economy.

Also, given the types of companies that are potentially capable of cutting their workweek, we could see a divide of the rich getting richer, having more time, and the poor needing to take on three part time jobs in order to pay the bills.

We also potentially disadvantage older workers who cannot necessarily physically do the same amount of work in a shorter time. This happened to the great detriment of that population during the Great Depression.

In terms of increased productivity, by shortening the week, the statistics just aren't there, and there are specific studies that show the opposite. Japan tried it, as Dr. Cassidy said, from 1988 to 1996, and the result was not ambiguous.

Economic output fell by 20 percent. Another largely touted study was in Iceland, which had a pilot program cutting the workweek by about 4 hours from 2015 to 2019. The results were blasted all over the headlines as this overwhelming success.

What is not reported on is that the Icelandic government, or rather taxpayers, now have to shell out almost \$30 million extra a year to hire more health care workers because of this experiment. In Spain, where there is a pilot program, the companies that participate get access to a multi-million dollar government fund in order to participate.

Microsoft also tested a 4-day workweek by shutting down its Japan office every Friday for the month of August. The statistical claim is that this resulted in a 40 percent increase in productivity.

This is a statistical fallacy that correlation is not necessarily causation. Productivity increased over a very, very short period of time during a low productivity month when overall productivity was already at a 75 year low. There is no statistical evidence to merit a nationwide mandate of a 32 hour workweek.

In fact, there is clear evidence against it. If it works for some companies in some sectors, that is great. But it cannot be applied to all sectors. Thank you.

[The prepared statement of Dr. Vittert follows.]

PREPARED STATEMENT OF LIBERTY VITTERT

Flaws in Statistical Studies on the 32-Hour Work Week: A Critical Examination

The idea of a 32-hour work week has gained a significant following as a solution to modern workplace challenges i.e. burnout, stress, and work-life balance. Proponents often point to statistical studies (pilot programs in general) that suggest shorter work hours can lead to increased productivity and improved employee well-being. The argument for the 32 hour week is much more tendentious, making broad claims based on weak and flawed data sets. A closer look at some of the most popularly cited studies reveals significant flaws and limitations that call into question their reliability and validity. We will take a brief look at some of these studies to understand the statistical flaws that shed significant and insurmountable doubt on the proposal's sustainability in the American work economy and threaten what makes our Nation's future prosperity possible.

Productivity:

The definition of productivity is very different throughout these statistical studies, as is the measure of success. Is it sales per agent? Is it company revenue? Is it country GDP? Or, in most cases, is it simply self-reported data by the employees? There are no clear statistical studies showing that in the long-term, less hours would produce more productivity unless productivity is already low or any increase is simply along the same lines as regular expected and planned for increases in a company's yearly outlook. A large statistical study was already conducted in Japan on this topic. From 1988 to 1996 (the longest study I have found), Japan shortened the work week from 46 to 30 hours. The result was not ambiguous: Economic output fell by 20 percent. Productivity simply could not increase enough to compensate for the country's economic loss. Ignoring these major studies is what we call in statistics "cherry-picking"—only choosing the studies, or rather pieces of studies, that suit our particular point. In Japan, Microsoft also tested a 4-day work week by shutting down its Japan office every Friday during the month of August. The claim is that this resulted in a 40 percent increase in productivity. But if that's true, then why aren't they doing this everywhere Microsoft operates? Again, the answer is simple: Productivity increased over a very short period of time during a low-productivity summer month, when overall productivity was already at a 75-year low. This clearly also does not show Japan's productivity across multiple sectors, only one very particular company, giving us absolutely no statistically valid insight. Multiple studies that have shown some increase in productivity are not necessarily not looking at shortened hours (i.e. 40 to 32 hours per week) but rather a shortened work week (i.e. working 10 hours per day for 4 days). This is not the proposal here and provides possible consequences like more accidents, insufficient quality in product production or potentially more stress for workers.

On this note, advocates of the 32 hour work week often cite a study out of Iceland conducted between 2015 and 2019 (cutting from the traditional 40 hours to a 35–36 hour work week), which purportedly found positive outcomes associated with shorter work hours. However, a critical examination of the statistical methodology used in this study reveals significant flaws that call into question its validity and generalizability.

The Iceland study introduces several methodological challenges. For instance, the study relied on self-reported data (the employees who are directly affected by the study are reporting on themselves), which is susceptible to severe biases. Additionally, a lack of randomization in assigning workers who choose to participate in the pilot program versus the 'control' (does not reduce hours) can cause serious statistical selection bias and confounding variables.

Furthermore, two think tanks that heavily lobby the government for shorter working weeks base their case on this study. But the first thing to note is that many of the cited studies didn't actually test a 4-day week at all. Rather, it shortened their overall hours in a 5-day week. We need to be clear when discussing a "4 day work week" versus "number of hours worked". For example, a large study in Belgium only looked at a condensed work week i.e. the same number of hours just over a shorter period. The Iceland trial only included a little more than 1 percent of that nation's workforce. However, in terms of economic output and productivity, it had negative consequences in specific field. The Icelandic government had to expend almost *\$30 million extra* each year to hire more healthcare workers because of the experiment.

It is clear from the trial participant's own language and the study conductors that a key to any success in this study was removing "wasted hours" at work. For example, work meetings were shortened or coffee breaks were reduced. This type of pencil-cutting is clearly not feasible for the vast majority of the job economy. While the study touts that roughly "86 percent of Iceland's population has either moved to shorter working hours or have gained the right to shortened their working hours" that is highly statistically misleading. Large groups of workers had their work week shortened by 18 minutes, not hours.

Even further studies show that the only way a program can succeed by having less hours for the same pay is with government subsidies. For example, Spain started a trial program in December 2022 with the pilot helping businesses cut their working week by half a day without reducing salaries. However, companies that choose (again self-selection) to do this, are eligible to receive aid from a multimillion dollar government fund. A study by 4 day week global showcased revenue increases during their 6 month trial period with hiring increasing. Without sounding too repetitive, self-selection of the companies participating in this study is crucial for the statistical veracity. Smaller companies are probably hiring more. In the short-term,

more pay for less work could increase hiring. Last, period of the trial was from June 2022-December 2022, while recovery was high anyway—an increase in revenue could have been correlation and not causation.

Stress and Happiness

Many of the news headlines touting these studies discuss the stress or happiness levels of workers who work less time. Inevitably, over the short term, it is not inconceivable to imagine that happiness levels increase—the question is where does the pendulum end—at no work? Statistical studies show that it doesn't actually matter if we decrease the work time in the long run—workers' happiness fails to improve over these long-term studies. For example, in France, the government mandated the reduction of the standard work week from 39 hours to 35 hours. There was no evidence that this increased workers' happiness and in fact, decreased it, due to the need of companies to hire part-time, cheaper, workers. Worker satisfaction in general is not at a terrifying low—in fact personal well-being levels have increased in many countries according to census data. As with the study in Iceland, this data is self-reported and therefore highly susceptible to statistical fallacy. But more importantly, we need to examine long term effects. How will workers feel when they don't have a job anymore because the company had to close due to lose productivity and profits or when the company hires, cheaper, part-time labor, or when they have to work two jobs in order to make the same income because of this? Multiple studies show these long-term poor effects on workers' stress and happiness.

Concurrently, many companies that participate in these studies, one would imagine, feel the need to keep going i.e. they are self-selecting. Imagine over a 6 month period you give your employees the same pay for 32 hours of work instead of 40 hours of work but then tell them they need to go back to 40 hours of work for the same pay. Even the largely touted 4 day week Global study says in their own words “The initiative, which only involves companies whose work can be adapted to a shorter workweek, is led by Berlin-based management consultancy Intraprenör together with the non-profit organisation 4 Day Week Global (4DWG).” By definition, this concept and any statistical findings from it cannot be extrapolated to the work economy at large. It is specifically only companies that are able to adapt to a shorter workweek by cutting out, as they say, extraneous meetings or having more independent work. Over 75 percent of the U.S. job economy is people working with their hands, they don't have extraneous meetings or too many coffee breaks to cut out. Statistically, you cannot apply this generality across all types of companies by any stretch.

Polarization of Labor Markets

Given the types of companies that are potentially capable of cutting their work week, we could see a divide of the rich getting richer (or working less time) and the poor needing to take on part time jobs. Given our largely aging population, we also potentially disadvantage older workers who cannot necessarily physically do the same amount of work in a shorter time. For example, this was the case in the United States when the work week was reduced during the great depression. This is all to say that the current statistical studies do not show us what the long-term effects are on a country's workforce and economy. Imagining that a 6 month or 2 year study will show us this is statistically dangerous.

This also does not account for the workers that companies will have to bring in to make up for like the loss of workers in the Iceland study that the government needed to make up for. But there are even larger effects. Given the potential need for companies to hire part-time workers to ensure that productivity does not decrease (or to man the phones on Fridays), part-time unemployment could potentially increase significantly which are usually associated with lower-paying jobs and lack of benefits.

The trial by 4 day week global showed many of these issues. First, it was not a full reduction of hours from 40 to 32 hours. The study required a “meaningful reduction” which is not defined from my inspection. Second, it is self-selected companies (a majority of which had less than 25 workers) and the companies that had issues with this short trial were specifically “reliant on continuous client engagement or time-sensitive deliverables”. This, by definition, is a majority of the work economy in the United States.

[SUMMARY STATEMENT OF LIBERTY VITTEERT]

Flaws in Statistical Studies on the 32-Hour Workweek: a Critical Examination

There are significant statistical flaws in all of the studies I have examined and are regularly touted as proof of concept for the shortened workweek. There are also many overlooked studies that show the true detriment to both the workers and the economy of the country.

Based on this, in my testimony today I will make four main points:

First, productivity does not necessarily increase with a shortened workweek in the long-term. Besides the issue of defining exactly what productivity or success means in different companies or countries, we have seen in multiple studies that long-term there is a significant decrease in productivity as measured by the country's GDP (a study in Japan run from 1988 to 1996) where economic output fell by 20 percent after a significant reduction in working hours.

Second, there is a large self-selection issue of companies participating in these studies such as with the 4 Day Week Global study. The companies are choosing to participate, potentially meaning that they are small and trying to grow (enticing new workers) or are capable of reducing hours by removing extraneous meetings, coffee breaks etc., a point made by the study conductors themselves. Given that 75 percent of the workforce in the United States works with their hands, there are no extraneous meetings to cut out.

Third, a study in Iceland that is widely cited as a measure of the success of the shortened workweek, fails to mention that the Icelandic government had to expend almost \$30 million extra to hire more healthcare workers because of the experiment. This is also the case with a study in Spain where companies that participate in the pilot were also eligible for a multi-million dollar government fund to help subsidize.

Fourth, the concept that this reduction in hours will automatically increase happiness and decrease stress long-term is statistically flawed. For example, in France, the government mandated the reduction of the standard workweek from 39 hours to 35 hours. There was no evidence that this increased workers' happiness and in fact, decreased it, due to the need of companies to hire part-time, cheaper, workers. Should workers not have jobs, or have to work two jobs since with this plan companies are incentivized to hire part-time workers instead, stress and unhappiness will surely increase.

Senator CASSIDY. Thank you, Ms. Vittert. Next is Mr. Roger King, a Senior Labor and Employment Counsel at the HR Policy Association, which represents the chief human resource officers of nearly 400 of the largest businesses.

He is highly regarded as a labor relations attorney. Career spanning more than 40 years. He began out of law school as a counsel for this Committee. He told me he was a peer with Angus King, one of our colleagues, and that he in his day worked with Robert Taft Junior, a very young Teddy Kennedy, Jacob Javits, and others.

It is like a homecoming week for you. Thanks for being here, Mr. King.

STATEMENT OF ROGER KING, SENIOR LABOR AND EMPLOYMENT COUNSEL, HR POLICY ASSOCIATION, ARLINGTON, VA

Mr. KING. Thank you very much. Mr. Chairman, Dr. Cassidy, Members of the Committee, it is indeed a distinct honor to come back before this Committee again. I had great experiences here working with Robert Taft Jr., Fritz Mondale, Ted Kennedy, Jack Javits. And, yes, Angus King and I used to go out for an adult beverage now and then in this community.

Thank you again for having me back. And I am appearing here, Dr. Cassidy as you mentioned, on behalf of the HR Policy Association. We represent approximately 10 percent of the private sector

workers in this country through our corporate members. I would like to start the discussion about mandating 32 hours over 8 hours, over 12 hours.

These are concepts that have consequences. This proposal only works if you reduce 8 hours a workweek and have the workers have the same level of productivity that they had at 40 hours. It just doesn't work in many industries. It doesn't work economically. It doesn't work operationally.

Then what we have is what I call a productivity gap, where we have work that is not getting done for the 32 hour workweek situation. How do you fill that productivity gap? And as you mentioned, Senator Cassidy, the inflationary impact of this type of proposal is considerable.

I noted this week that the U.S. Bureau of Labor Statistics said that we have inflation at 3.2 percent, ticked up from January. Our core inflation is 3.8 or more. Well beyond the 2 percent target rate for the Feds.

This is bad policy as it results to the consumer. So, what do I mean by that? If you can't fill the productivity gap by cutting back hours or making some adjustments in your business, you pass on added costs to the consumer. You have to pay for it some way.

The other very important point I would like to make at the beginning of my testimony is flexibility is the most important thing that we are hearing from workers today. They want as much flexibility as possible as to how, when, and where they perform work.

The proposal of the Chairman, and all due respect, is going to interfere with that flexibility. Workers today want to be able to spend more time with their families. I certainly agree with the panel of witnesses on that point. They also want to select though, as I said, when, where, and how they work.

Let's go to the history of the Fair Labor Standards Act just for a moment. It has been mentioned already numerous times. If you go back and look at the history of the New Deal and why President Franklin Roosevelt was initiating this proposal, it was to increase the number of jobs in the country.

The evidence is clear. That proposal was put in place by the Congress to increase the number of Americans to come to the workplace. The proposal of the Chairman will require the creation of more jobs, especially, part-time jobs. We already have a tremendous shortage of workers.

Industry after industry doesn't have enough workers today. This proposal for many employers will cause even further worker shortages. The flexibility factor is a problem. Now, we do commend the Chairman and this Committee for having a hearing on the impact of AI. It is considerable.

Senator Cassidy, I think your suggestion for a bipartisan discussion is excellent. We would welcome that. There is no question AI can increase productivity. And there is no question that increased wealth can occur. This is what I call the AI dividend wealth. And we agree that workers and employers alike should share in that wealth. But the way to go about that is let the market determine that distribution of wealth.

If Mr. Fain's union can negotiate a 32 hour workweek, so be it. If he can convince the auto worker companies in this country to do it, so be it. But let the market determine how the distribution of wealth is to occur.

Finally, as an overall point, we commend the Committee for starting a discussion about the Fair Labor Standards Act. This is one of the most litigated statutes in the country. Mr. Chairman, you are absolutely correct, we need to reexamine it. The amount of litigation that occurs regarding the Fair Labor Standards Act is way over the top. We need to address more clarity in this statute.

I have listed in my testimony a number of problems with the 32 hour workweek. I would close with this comment. I just saw the Senator's bill last night, and it is even more extreme than I had thought we were going to be discussing today.

The requirement to pay overtime over 8 hours will be a significant economic adverse impact on many companies, and the requirement to pay double time over 12 hours. I think the only state in the country that does that is California.

That, from our perspective, is quite extreme. One last point is an example, just to bring this home, health care employers in this country generally employ registered nurses for three 12 hour shifts.

It is not just four—they have gone to three workdays, but they are 12 hour shifts in a work week. And that works by and large. But this proposal would require between that 36 and 32 hour, 4 additional hours of overtime, and additionally, it would require overtime over 8. That is going to have a very negative impact on the health care community in this country and cause health care expenses to go up.

The solution for the health care community is to get more nurses, more workers into the employment stream, not to impose strict standards that will cripple employers and cause incremental costs. Thank you very much.

[The prepared statement of Mr. King follows.]

PREPARED STATEMENT OF ROGER KING

Chairman Sanders, Ranking Member Cassidy, and Members of the Committee:

Thank you for the opportunity to again testify before the Committee. Each time I appear before this Committee, it is a special privilege as one of the first employment positions I had after graduating law school was serving as a professional staff counsel for the Committee. In that capacity, I had the opportunity to work for Senator Robert Taft, Jr., Senator Jack Javits, Senator Ted Kennedy, Senator Walter Mondale, and many other outstanding and influential members of the Senate.

This morning, I am appearing on behalf of the HR Policy Association where I serve as the Senior Labor and Employment Counsel. HR Policy is a public policy advocacy organization that represents the chief human resource officers of more than 350 of the largest corporations doing business in the United States and globally. Collectively, their companies employ more than 10 million employees in the United States—nearly 9 percent of the private sector workforce. Since its founding, one of HRPAs principal missions has been to ensure that laws and policies affecting human resources are sound, practical, and responsive to labor and employment issues arising in the workplace. My biographical information¹ is attached to my

¹ Mr. King is a graduate of Miami University (1968) and Cornell University Law School (1971). Mr. King is a member of the District of Columbia and Ohio State Bar Associations, and his professional experience includes serving as a legislative staff assistant to Senator Robert Taft Jr. and professional staff counsel to the United States Senate Labor Committee (1971-1974), associate and partner with Bricker & Eckler (1974-1990), partner and of counsel at Jones

written testimony. I respectfully request that my written testimony and the exhibits thereto be included as part of the record of the hearing.

Initially, I want to note that the Association is not opposed to 32-hour workweeks or other non-traditional workweek configurations that make operational and financial sense for employers and provide flexibility for employees. We are, however, opposed to amending the Fair Labor Standards Act (FLSA) to change the overtime requirements for nonexempt employees from 40 hours to 32 hours.² We agree with Senator Sanders' objective of holding this hearing to explore options for employees to share any "AI wealth dividend" that may occur as a result of AI-related productivity advances in the workplace. Where we part ways with the Chairman, however, is that we believe any such wealth distribution should not be mandated by government intervention, but rather traditional market forces should determine how any AI wealth dividends should be distributed. As illustrated in the following chart, productivity and employee compensation increases have generally closely tracked one another for many decades.³

Day (1990-2014), and Senior Labor & Employment Counsel at HR Policy Association (2014-Present). Mr. King acknowledges the assistance of Daniel Yager, his colleague at the HR Policy Association, in the preparation of his testimony.

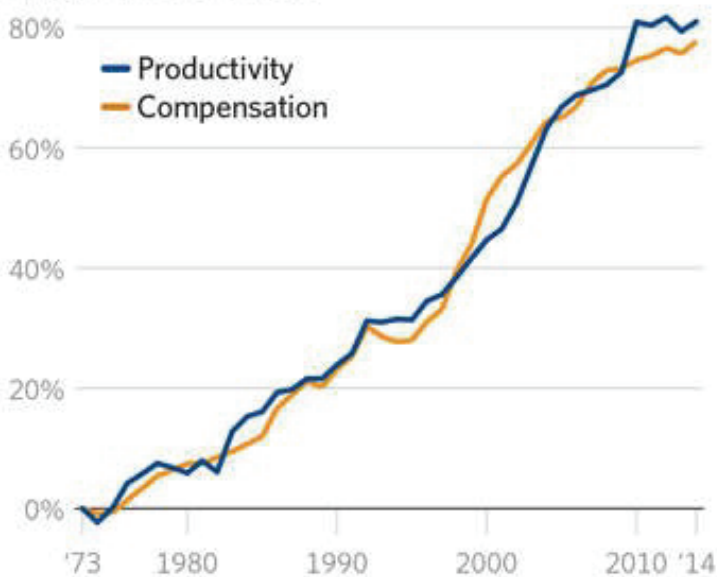
² The Association opposes HB 1332, which would phase-in changes to the FLSA 40-hour overtime workweek standard to a 32-hour standard.

³ *Deciphering the Fall and Rise in the Net Capital Share: Accumulation or Scarcity?*, Matthew Rognlie, Massachusetts Institute of Technology (Spring 2015). www.brookings.edu/wp-content/uploads/2016/07/2015a-rognlie.pdf. *The Link Between Wages and Productivity Is Strong*, Michael Strain, Economic Strategy Group (Feb. 4, 2019). <https://www.economicstrategygroup.org/publication/the-link-between-wages-and-productivity-is-strong>. *Does Productivity Growth Still Benefit Working Americans?*, Stephan Rose, Information Technology & Innovation Foundation (June 13, 2007). <https://itif.org/publications/2007/06/13/does-productivity-growth-still-benefit-working-americans/>. *Workers' Compensation: Growing Along with Productivity*, James Sherk, The Heritage Foundation (May 31, 2016). www.heritage.org/jobs-and-labor/report/workers-compensation-growing-along-productivity.

CHART 1

Productivity and Compensation Track Similarly

PERCENTAGE CHANGE



Note: Productivity and compensation are adjusted for inflation using the implicit price deflator for non-farm businesses.

Source: U.S. Department of Labor, Bureau of Labor Statistics, and Haver Analytics, "Labor Force Statistics from the Current Population Survey," Employment to Population Ratio (25-54 years old) and "Productivity and Costs," non-farm business sector.

Accordingly, there is no need for government intervention in this area.

Finally, we commend the Committee for initiating a discussion about potential amendments to the FLSA. Given the considerable change in the workplace since the FLSA was enacted in 1938, there certainly is a need for Congress to do a review of this statute. Such a review would be particularly helpful for all stakeholders, given the fact that the statute has been subject to conflicting interpretations by the Wage and Hour Division of the U.S. Department of Labor and the courts. In fact, this statute is one of the most frequently litigated statutes in the Federal courts. For example, in 2023, there were 5,532 court filings involving the FLSA, and according to a report by the Seyfarth Shaw law firm, many of these lawsuits involved complex and “novel and creative claims and Supreme Court/appellate level battles . . . over long-accepted standards.”⁴ Reduction in such costly litigation and often conflicting interpretations of the FLSA should be addressed by Congress.

Before we begin our discussion this morning, I believe it is important that we level set the parameters of our conversation. It is my understanding that the Chairman’s intent for holding this hearing today is to discuss scenarios where employees do not perform work for their employers for more than 4 days in a workweek, work no more than 32 hours in such workweek, and continue to receive the same amount of pay they would have received in a traditional 40-hour workweek setting.⁵ Senator Sanders has not to date provided specific details regarding his thoughts with respect to the 32-hour workweek and the corresponding requirement that employees suffer no decrease in wages. One could assume, however, that he is only considering non-exempt employees in his thinking—if he is also contemplating exempt employees in any proposal in this area, substantial amendments would have to be made to the FLSA.⁶ Finally, it is my understanding that the Chairman believes, consistent with the above objectives, that the FLSA should be amended to require employers to pay overtime to nonexempt employers after 32 hours of work in a workweek. As I understand it, the rationale for such initiatives is to assist nonexempt employees to receive part of any “AI wealth dividends” that certain employers may receive from utilizing AI-related workplace technology. My testimony is predicated on the above understandings.

The 40-Hour Workweek and the FLSA

A good beginning point for our discussion is a brief review of the origin of the 40-hour workweek and the enactment of the FLSA. The origin of the 40-hour workweek in the United States is generally attributed to Henry Ford, who, in the 1920’s, instituted a new work schedule for the auto workers in his plants. Mr. Ford changed his employees’ work schedules to provide for 2 days off each workweek yet maintained a schedule consisting of five 8-hour workdays—the 40-hour workweek. Thereafter, President Franklin Roosevelt, as part of his “New Deal” reform initiatives, made proposals to require overtime to be paid over a certain number of hours worked in a workweek. The overtime provisions that President Roosevelt was seeking were intended to reduce the number of hours worked by an employer’s current workforce and create jobs for the substantial number of unemployed workers in the country at that time.⁷ President Roosevelt’s initiatives ultimately resulted in the enactment of the Fair Labor Standards Act in 1938. The statute, initially in its overtime requirements, established a 44-hour standard, with phase-in provisions ultimately moving the overtime provision to a 40-hour standard in 1940. (See attachment 1).

⁴ 2023 FLSA Litigation Metrics and Trends, www.jdsupra.com/legalnews/2023-flsa-litigation-metrics-trends-4777793/.

⁵ The title of this hearing only states that employees would not suffer a reduction in pay they are currently receiving by working a 40-hour workweek and then moving to a 32-hour workweek. I am assuming, however, that Senator Sanders would also take the position that employees in a 32-hour workweek schedule situation would receive the same level of benefits. This is an important point as the U.S. Department of Labor, Bureau of Labor Statistics has concluded employee benefits account for approximately 29.4 percent of an employee’s total weekly payroll costs to private sector employees.

⁶ *U.S. workers deserve a break. It’s time for a 32-hour working week*, Bernie Sanders, The Guardian. www.theguardian.com/commentisfree/2023/may/04/us-workers-bernie-sanders-32-hours-working-week.

⁷ *The Fair Labor Standards Act (FLSA): An Overview*, congressional Research Service (updated March 8, 2023). www.crsreports.Congress.gov-r42713 and *The Cons of a 4-Day Workweek*, Nirvi B., People Hum (Feb. 13, 2024). www.peoplehum.com/blog/cons-of-a-4-day-workweek. See also *Fair Labor Standards Act of 1938: Maximum Struggle for a Minimum Wage*, Jonathan Grossman, U.S. Department of Labor. <https://www.dol.gov/general/aboutdol/history/flsa1938>.

The potential AI Wealth Dividend

Various studies and pilot projects have provided convincing evidence that the adoption of AI technology in the workplace can result in positive outcomes for all stakeholders.⁸ For example, in a recent study, Goldman Sachs concluded that AI could raise global GDP by 7 percent.⁹

Understanding of the impact of AI in the workplace, however, is in the embryonic stages of development, with widely varying analyses. Some predictions have concluded that there is a substantial potential for considerable job loss because of the implementation of such new technology—other studies, however, present glowing predictions of enhanced opportunities for employers and employees alike. Accordingly, given the numerous labor relations policy issues presented by AI, we agree with Chairman Sanders that this issue should be given significant attention, and we commend the Committee for initiating this discussion. As noted above, however, where we part ways with Senator Sanders is this proposal to have intervention by governmental entities to distribute any potential “AI wealth dividend.” Employers should be given considerable flexibility and latitude on how to run their businesses. Entrepreneurial innovation, including the implementation of reduced workweek schedules, should be encouraged and incentivized but not mandated by government intervention.

Workers Desire Flexibility

Workers today are asking that their employer provide as much flexibility as possible for when, where, and how work is to be performed.¹⁰ Many employees today want to work remotely or in hybrid situations and set their own hours of employment. They seek flexibility for more family time, increased opportunities to engage in social and academic activities, and to achieve a better work-life balance. Given these well-established findings that employees in the workplace today are requesting more flexibility, what is the rationale to mandate any rigid type of workweek? For this reasons and other concerns outlined below—and perhaps other policy, economic, and legal reasons—the Association submits that the Committee should consider the following issues in its deliberations regarding the merits, or lack thereof, for a 32-hour workweek and a corresponding requirement that employers not reduce employees’ wages and benefits in any potential change from a 40-hour workweek.

- **Worker shortage concerns**

“We have a lot of jobs, but not enough workers to fill them. If every unemployed person in the country found a job, we would still have nearly 3 million open jobs.”¹¹ Employers from construction, to healthcare, to the service industry currently cannot find enough employees. These shortages of employees are well-documented.¹² For

⁸ See *Generative AI Can Boost Productivity Without Replacing Workers*, Katia Savchuk, Stanford Business (Dec. 11, 2023). www.gsb.stanford.edu/insights/generative-ai-can-boost-productivity-without-replacing-workers.

⁹ *Machines of Mind: The Case for an AI-powered Productivity Boom*, Martin Neil Bailly, Erik Brynjolfsson, and Anton Korinek, Brookings Education (May 10, 2023). www.brookings.edu/articles/machines-of-mind-the-case-for-an-ai-powered-productivity-boom/.

¹⁰ *Survey: U.S. Employees Prioritize Workplace Flexibility as a Key Component of Compensation*, The Conference Board, PR Newswire (Nov. 13, 2023). www.prnewswire.com/news-releases/survey-us-employees-prioritize-workplace-flexibility-as-a-key-component-of-compensation-301986497.html. “According to a new survey from The Conference Board, a majority [of employees] now consider workplace flexibility a basic element of competitive compensation—one that can make or break a company’s ability to attract and retain talent.” See also *Mandating the 4-day Workweek Is a ‘one-size-fits-none’ Policy*, Brent Orrell, U.S. News and World Report (Oct. 19, 2021). <https://www.aei.org/op-eds/mandating-the-4-day-workweek-is-a-one-size-fits-none-policy/>. “Data from a recent American Enterprise Institute survey shows that workers value flexibility in employment above virtually any other consideration: Workers want a better balance between their work and family lives, and they are willing to sacrifice financially, as much as \$30,000 per year in salary, in order to get it.”

¹¹ *Understanding America’s Labor Shortage*, Stephanie Ferguson, U.S. Chamber of Commerce (Feb. 13, 2024). www.uschamber.com/workforce/understanding-americas-labor-shortage.

¹² *Why America Has a Long-Term Labor Crisis, in Six Charts*, Laura Weber and Alana Pipe, The Wall Street Journal (Sept. 25, 2023). www.wsj.com/economy/jobs/labor-supply-economy-jobs-charts-3285a5b7. *Report: As U.S. Economy Grapples with Nearly 11 Million Unfilled Jobs, Immigration Reform is Critical*, Committee for Economic Development of The Conference Board (CED), PR Newswire (Mar. 21, 2023). www.prnewswire.com/news-releases/report-as-us-economy-grapples-with-nearly-11-million-unfilled-jobs-immigration-reform-is-critical-30177423.html. *Immigration Reform: A Path Forward*, Stephen Yale-Loehr, Randel Keith Johnson, Theresa Cardinal Brown, and Charles Kamasaki, Cornell University Law School (Oct. 5, 2023). www.lawschool.cornell.edu/wp-content/uploads/2023/10/Cornell-immigration-white-paper-10-5-23.pdf.

example, one recent study concluded that an estimated 501,000 additional workers are needed in the construction industry on top of the normal job pace of hiring in 2024. The same study concluded, in 2025, that the construction industry will need to bring in nearly 454,000 new workers, on top of new hiring, to meet industry demand.¹³ Thousands of positions in hospitals, clinics, and long-term care facilities also cannot be filled, including projections by the Bureau of Labor Statistics that the country will face a shortage of 195,400 nurses by the year 2031 and that the number of job openings for home and personal health aids will increase 37 percent by 2028.¹⁴

The adoption of a 32-hour workweek would increase, in many instances, the number of positions an employer would need to fill to meet client and customer demands, with no corresponding strategy for how these shortages should be addressed. Consider, for example, a refinery that operates on a 24/7 basis and uses four crews. Such an employer hypothetically has four people for every position, and the employees take turns filling a job during a 40-hour workweek. If each crew were forced to change to a 32-hour workweek, the employer would have to hire an additional crew. This would be a 25 percent increase in staffing with corresponding payroll increments. The only other solution this employer would have would be to significantly increase overtime for the existing crews, assuming the workers in question were willing to work the additional hours and such overtime did not present safety issues.

- **Congress should not set private employers' wage structures**

The second part of Senator Sanders' change in the law (after the 32-hour overtime amendment to the FLSA) would require employers not to reduce the wages (and presumably benefits) for employees who are moved from a 40-hour workweek to a 32-hour workweek. The impact of this approach is to force employers to change their wage structure—they would be required to provide a certain level of pay for employees, who then would be working reduced hours. This approach would require congressional action. Even assuming Congress had the constitutional authority under the Commerce Clause or pursuant to some other constitutional theory to proceed in this manner, this is bad public policy. Governmental entities should not intervene in the employers' basic entrepreneurial rights to run their businesses, including the establishment of wage structures.

- **FLSA overtime provisions were not enacted to be wealth distribution mechanisms**

As stated above, the overtime provisions of the FLSA were enacted in 1938 to incentivize employers to create more jobs and to discourage employers from providing more hours of work to their existing workforce. Yet, the Chairman's proposal would attempt to utilize the Fair Labor Standards Act to distribute potential "AI wealth dividends" from employers to employees by government intervention. While we agree that employees should benefit from any AI wealth dividend, we do not agree that government intervention is the proper way to achieve this objective. Traditional market-related forces, with an underlying minimum wage safety net, should determine the rate of pay for private sector employees. When employers fail to reward their employees with increased wages for increased productivity gains, such employers will not be able to recruit or retain employees—they will lose their employees to competitors. Traditional market forces should determine how any AI wealth dividend is to be distributed. Indeed, various studies substantiate that historically productivity gains and increases in employee compensation are closely linked.¹⁵

- **Implementation of a 32-hour workweek with corresponding requirement that no employees suffer any loss of wages is a "backdoor" or "workaround" to the establishment of a new Federal minimum wage**

Consider this example. Hypothetical employer X presently pays its nonexempt employees \$20.00 an hour, and its employees work a traditional 40-hour workweek, re-

¹³ ABC: 2024 Construction Workforce Shortage Top Half a Million, (January 31, 2024). www.abc.org/NewsMedia/News-Releases/abc-2024-construction-workforce-shortage-tops-half-a-million.

¹⁴ U.S. is Suffering a Healthcare Worker Shortage. Experts Fear it Will Only Get Worse. Alexandra O'Connell-Domenech, The Hill (Sept. 28, 2023). www.thehill.com/changing-america/well-being/prevention-cures/4225960the-us-is-suffering-a-healthcare-worker-shortage-experts-fear-it-will-only-get-worse/.

¹⁵ *Id.*

ceiving a total gross weekly pay of \$800.00. Per the Chairman’s approach, if employer X moves from the traditional 40-hour workweek to a 32-hour workweek, it would be required to provide its employees the same total weekly compensation of \$800.00. Accordingly, such employees would then be making \$25.00 an hour, a \$5.00 an hour increase or a 25 percent increase over their previous hourly rate. Granted, this is not a direct establishment of a new Federal minimum wage, but it certainly is a workaround method of establishing minimum wages for employees in a potential transition from a 40-hour workweek to a 32-hour workweek. Minimum wage adjustments should be considered separately from Senator Sanders’ proposal.

- **Payroll cost impact on employers**

As illustrated above, the imposition of a 32-hour workweek can result in incremental payroll costs—when incremental benefit costs are added, the figure is even higher. The amount of work an employer needs to have completed in a workweek does not change in most instances if an employer converts to a 32-hour workweek, but under Senator Sanders’ proposal, an employer will need to hire more employees or pay significant overtime for existing employees to meet its work requirements. Indeed, the Association notes that a rule presently pending at the Department of Labor would increase the compensation threshold of when employees are to be paid overtime.¹⁶ When you combine an employer’s potential need to pay more overtime with the impact of such a proposed overtime rule requirement with the requirement by Senator Sanders that employees receive the same amount of pay and benefits for a reduced number of hours in a workweek, a potentially unsustainable increase in payroll expenses will be placed on many employers.

- **Inflationary impact**

Even if an employer could successfully navigate a way to reschedule its workforce and pay the added costs associated with a 32-hour workweek, such added costs would, in virtually every instance, have to be passed on to consumers. Inflation is already a major problem in this country and has taken a substantial toll, particularly on working class families.¹⁷ For this reason alone, the imposition of a 32-hour workweek is not a sound policy option.

- **Operational coverage**

The imposition of a 32-hour workweek will force many employers to make difficult operational decisions. If an employer wishes to minimize overtime expenditures and not incur the cost of hiring additional workers, it may have to limit the number of hours of its operations. This may be obtainable in certain manufacturing settings (provided the same production output can be accomplished in a 32-hour vs. a 40-hour schedule) but will not be obtainable by other employers. For employers that must operate on a 24/7 basis (e.g., hospitals), they cannot close and the imposition of a 32-hour workweek is not practical. In such settings, significant increases in payroll costs will occur. Other employers, especially those in retail and hospitality, could reduce their hours of operation, but in doing so, they could face substantial negative customer/client reactions. For example, what if a hotel decided to only be open for 4 days in a week? Exercising such option not only may be financially unsound, but also not operationally viable. The employer could hire more workers and/or pay its existing workers more overtime, but again, proceeding with either option would undoubtedly result in significant increases in the cost of doing business.

- **Scheduling disruption and interference with non-union and unionized employer operations**

Many employers in this country have long-established scheduling systems that are well-accepted in the workplace. This is particularly true for employers such as hospitals and other employers that must operate on a 24/7 basis. Imposing a 32-hour workweek would adversely impact such operations and present significant scheduling issues. In unionized settings, employers and unions would be forced to

¹⁶ *New Proposed Overtime Regulation Is Wrong Rulemaking at Wrong Time*, Marc Freedman, U.S. Chamber of Commerce (Sept. 14, 2023). www.uschamber.com/employment-law/new-proposed-overtime-regulation-is-wrong-rulemaking-at-wrong-time. “The new proposed regulation first published on September 7, 2023, will raise the salary threshold, below which an employee is non-exempt (or eligible to earn overtime) by more than 50 percent from the current \$35,568/year (\$684/week) to \$55,068/year (\$1,059/week). The proposed rule also includes an automatic escalator clause to reset it every 3 years.”

¹⁷ Pursuant to a report issued by the U.S. Bureau of Labor Statistic, inflation rose again for the 12 months ending in February to 3.2 percent. The same report indicates that core inflation—which excludes volatile food and energy prices—rose 3.8 percent for the 12 months ending in February. <https://www.bls.gov/news.release/cpi.nr0.htm>.

renegotiate collective bargaining agreements, many of which have embraced the 40-hour workweek for decades.

- **Employee loss of work**

Mandating a 32-hour workweek, with a requirement that employees maintain their current compensation, may cause employers to eliminate certain positions. Alternatively, employers may split numerous full-time positions into part-time positions to minimize overtime costs, thereby overall decreasing employee wages. Such an approach may directly conflict with concerns often voiced by employees in the workplace today that they cannot get enough hours of work from their employer and are, therefore, forced to work for more than one employer to meet basic costs of living expenses. Simply put, a 32-hour workweek may, in many situations, result in either job elimination or an increase in part-time work, thereby adversely impacting the overall compensation of employees.

- **Will there be a potential adverse impact on Social Security, Medicare, and state payroll tax-funded programs?**

What impact would a 32-hour workweek have on mandatory tax payments by employees and employers to the Social Security and Medicare trust funds? As noted above, some employers may be forced to eliminate positions or reduce payroll expenses by creating new part-time positions if a 32-hour workweek is mandated. Such deductions in overall payroll tax contributions certainly must be considered. Granted, some employers, however, may be forced to hire more workers or pay more overtime hours, thereby balancing out any eliminated positions or increased part-time positions, but AI may also result in a net reduction in total employee and employer payroll tax payments. Even minimal reductions in payroll tax contributions by employers to the Social Security and Medicare trust fund (and state unemployment-funded systems) could have significant adverse effects on such funds that are already on the brink of financial insolvency.

- **Increase in employer benefit costs or reduction in benefit coverage**

Employee benefit costs for private sector employees is 29.4 percent of an employer's total payroll cost.¹⁸ Pursuant to Senator Sanders' proposal, requiring employers to maintain the same level of pay and benefits for a reduced number of hours worked will, accordingly, increase the hourly benefit cost for each employee. Further, as noted above, certain employers may either eliminate positions or reduce the number of hours that employees work in a given workweek to accommodate the 32-hour a week schedule. Moving employees to part-time positions may result in such employees receiving a lesser amount of healthcare insurance benefit coverage or no benefit coverage altogether. If this occurs, there will be an adverse impact on our Nation's healthcare delivery system. This issue should be considered when analyzing the potential impact of a 32-hour workweek.

- **Increased employee stress, related workplace safety issues, and product/service quality**

While the proponents of a reduced workweek extoll the virtues of a 3-day weekend and increased time off, the reality in most workplaces is that the same amount of work would still need to be done over a shorter number of hours. This pressure to produce the same amount of product or provide the same level of services can, as noted by many studies,¹⁹ lead to more stress on workers that negates partially or completely the benefit of more time off. Employee workplace safety concerns may also increase if safeguards are not put in place for the increased productivity required in a reduced workweek. Finally, requiring the same level of production or services could also result in employees "rushing" to finish a job or project or otherwise not maintaining the same quality of work as previously provided in a 40-hour workweek.

- **"One size does not fit all"**

As noted by many commentators, a 32-hour workweek does not work for many types of employers. This is especially true for employers who must provide services to the public on a 24/7 basis or run a production operation, such as a refinery, with-

¹⁸ U.S. Bureau of Labor Statistics, Employer Costs for Employee Compensation Summary, (Dec. 15, 2023).

¹⁹ *Employers Beware—A 4-Day Workweek Creates A Multitude Of Problems (Here's a long list of them)*, Dr. John Sullivan (April 11, 2022). <https://drjohnsullivan.com/articles/employers-beware-4-day-workweek-creates-problems/>.

out interruption. The only way employers could adjust to a 32-hour workweek would be to pay significant overtime to existing employees or hire additional workers (if they can even be found) to cover the lost shift hours of their current workforce. Accordingly, in addition to the overwhelming desire by employees for more flexibility in the workplace, accommodations would need to be made for certain industries and employers if a 32-hour workweek were mandated.

- **Changes to paid time off and other benefits tied to hours worked**

If an employer calculates paid time off benefits based on hours worked, moving to a 32-hour work week would result in fewer paid time off hours being earned. Other benefits tied to hours worked would also be reduced. It is not clear how Senator Sanders' approach would accommodate such benefit plans. These are but a number of benefit issues that would have to be addressed if the Chairman's approach were to be enacted.²⁰

- **Is increased productivity possible?**

A shortened workweek may not permit a worker to increase their productivity. For example, on an assembly line, no matter how well the worker performs, the line speed could remain unchanged. This would mean working 20 percent fewer days/hours would translate to 20 percent less productivity per person.²¹

Also, consider in warehouse situations that there may be a physical limit on how many items employees can pick per hour or how many delivery locations a driver can serve in a given day. These are a few examples of where workers have little or no ability, as a practical matter, to increase their productivity.²²

- **Short-term success—Long-term failure**

Many articles and studies have concluded that the employee appreciation and support for a shortened workweek exists only for a short period of time. Such studies have concluded that the initial positive reaction by employees can fade very quickly, with corresponding morale, operational, and financial problems facing employers that move to a shortened work week.²³

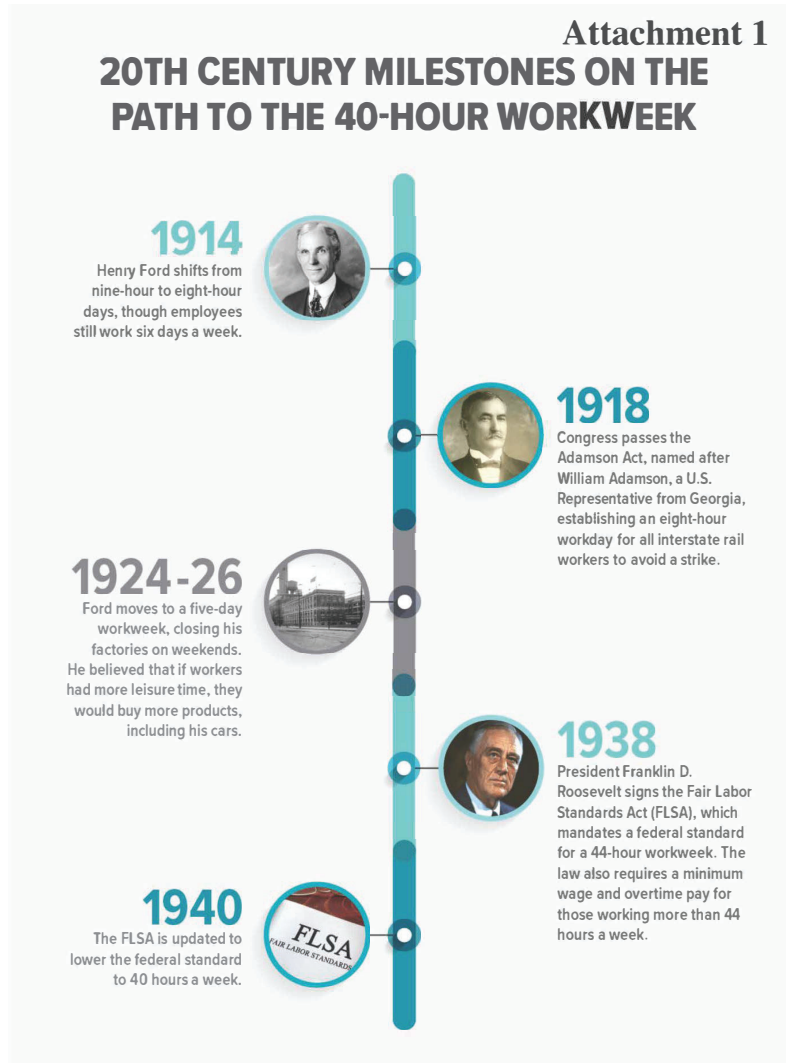
Mr. Chairman, Ranking Member Cassidy, and Members of the Committee, this concludes my testimony. I am happy to respond to any questions or comments you may have.

²⁰ *Shortening the Workweek: Pros and Cons*, Indeed for Employers. www.indeed.com/hire/c/info/shorter-work-week.

²¹ *The 32-Hour, 4-day Workweek: A Win-Win or a Risky Move?*, James Dillingham (Dec. 19, 2023). www.industryweek.com/talent/compensation-strategies/article/21279606/the-32-hour-4-day-workweek-a-win-win-or-a-risky-move.

²² *The Impact of Working a 4-Day Week*, Amy Fontinelle, Investopedia (Nov. 13, 2022). www.investopedia.com/the-impact-of-working-a-4-day-week-5203640.

²³ *The Cons of a 4-Day Workweek*, Nirvi B., People Hum, Feb. 13, 2024. www.peoplehum.com/blog/cons-of-a-4-day-workweek.



[SUMMARY STATEMENT OF ROGER KING]

I am appearing on behalf of the HR Policy Association where I serve as the Senior Labor and Employment Counsel. HR Policy is a public policy advocacy organization that represents the chief human resource officers of nearly 400 of the largest corporations doing business in the United States and globally. Collectively, their companies employ more than 10 million employees in the United States—nearly 9 percent of the private sector workforce.

I want to note that the Association is not opposed to 32-hour workweeks or other non-traditional workweek configurations that make operational and financial sense for employers. We are, however, opposed to amending the Fair Labor Standards Act (FLSA) to change the overtime requirements for nonexempt employees from 40

hours to 32 hours.¹ Accordingly, there is no need for government intervention in this area.

It is my understanding that the Chairman's intent for holding this hearing today is to discuss scenarios where employees do not perform work for their employers for more than 4 days in a workweek, work no more than 32 hours in such workweek, and continue to receive the same amount of pay they would have received in a traditional 40-hour workweek setting.² In my testimony I will cover the 40-hour workweek and FLSA origins, the potential for AI wealth dividends, and workers' desire for flexibility. Additionally, I will cover the unintended negative consequences of a federally mandated move to a 32-hour workweek, including increased part-time offers, reduced contributions to Social Security and Medicare, and reductions in benefit coverage.

Many articles and studies have concluded that the employee appreciation and support for a shortened workweek exists only for a short period of time. Such studies have concluded that the initial positive reaction by employees can fade very quickly, with corresponding morale, operational, and financial problems facing employers that move to a shortened work week.³

The CHAIR. Thank you very much to all of the panelists. Let me just briefly respond to Mr. King's statement about letting the market decide who benefits from a transition to more advanced technology.

For the last 50 years, the market has done just that, and the result has been that there has been a \$50 trillion transfer of wealth from the bottom 90 percent to the top 1 percent. So, after those 50 years, there are millions of workers today who are worse off, while we have more income and wealth inequality than we have ever had in the history of the country.

I am not quite in favor of letting the market decide. All right, let me begin the questioning. We are going to be a little bit, not to offend Senator Cassidy, a little bit liberal here, in terms of the time because we only have a few Members here and it is an important subject.

I wanted to start off with President Fain. And I don't want to talk about statistics. We have heard a lot of statistics. You have been with the union for over three decades. No doubt as president, you have met thousands of workers, you have met thousands of retirees. Tell the American people what it is like to work on a factory floor. In some cases—I mean, by the way, I learned this recently.

There are people today in America who are working 7 days a week, 12 hours a day. Unbelievable. But President Fain, talk about the impact on the life of a worker mentally, physically, who was doing work, hard work, day after day, year after year. What is—what happens to that person?

Mr. FAIN. Thank you. So, I find irony in some of the statements I just listened to, but I—so, the typical life of a factory worker, I mean, and this is union or not—and it is actually worse for non-

¹ The Association opposes HB 1332, which would phase-in changes to the FLSA 40-hour overtime workweek standard to a 32-hour standard.

² The title of this hearing states only that employees would not suffer a reduction in pay they are currently receiving by working a 40-hour workweek and then moving to a 32-hour workweek. I am assuming, however, that Senator Sanders would also take the position that employees working a 32-hour workweek schedule would receive the same level of benefits. This is an important point as the U.S. Department of Labor, Bureau of Labor Statistics has concluded employee benefits account for approximately 29.4 percent of an employee's total weekly payroll costs to private sector employees.

³ The Cons of a 4-Day Workweek, Nirvi B., People Hum, Feb. 13, 2024. www.peoplehum.com/blog/cons-of-a-4-day-workweek.

union workers because they have less rules that govern their workplace.

But when you are—typically many factory workers, many typical schedules in manufacturing are 12 hour schedules, and they are 7 days a week. These—a lot of these places run around the clock.

When you are standing on concrete floors 12 hours a day, 7 days a week, year after year after year, there is a lot of wear and tear on a person's body. As I say, people in the age, they end up—in their older working years, end up getting knee replacements, hip replacements, shoulder surgeries.

I just find an irony in some of this mentally. The stress of working 7 days a week, 12 hours a day, when you don't get to see your kids, you don't get to go home and have dinner with your kids, you don't get to make sure they are getting their homework done, you don't get to spend quality time with family.

Or just even if you don't have a family, if you have quality time for yourself. You know, something is sacrificed when you are working 12 hours a day, either sleep or time with family. Something is going on—something else is sacrificed. We only have so much time in a day.

But, I find that irony in some of the comments that were made by Mr. King. As far as a shortage of workers, I don't believe we have a shortage of workers in this country. I think COVID made people wake up and realize what is important in life, and it is not working for 12 hours—\$12 an hour and 12 hours a day, and multiple jobs struggling to get by.

This shortage of workers that we see, I don't believe it is a shortage. I believe it is a fact that people have woken up and they have decided I am not going to leave my home for \$12 an hour when I can't even afford to pay the bills.

Also, going back to that, letting the markets determine this and it is just an HR standard talking point about passing added cost onto the consumer. Well, I witnessed inflation in the last 4 years.

That wasn't caused by workers. It wasn't caused by—it was caused by two words, corporate greed. It is consumer price gouging. And so, that to me—we got to get focused on the reality here.

The CHAIR. Thank you. Dr. Schor, we are the wealthiest country in the history of the world and yet we have people who are stressed out. We have a crisis in mental health. A lot of factors for that.

Yet we are working longer hours, as I understand it, than people of any other wealthy nation. How does that happen?

Dr. SCHOR. Well, I think a lot of the reason for the long hours in this country have to do with the kinds of things that we have been talking here today and the fact that the American worker has not had enough power in the market to reduce hours. But there are other aspects as well.

One of the things we know from economic studies is that when inequality increases, so do working hours. And so, the rise in inequality in the United States, which you referred to earlier, is one of the primary causes of longer working hours in the United States.

The CHAIR. Okay. Mr. Leland, from your perspective, this discussion is not just theoretical. You have implemented it. Talk a little bit about the impact that has had, the transition to a 4-day work week in your company. The impact that it has had on the workers there.

Mr. LELAND. Yes. I mean, it has been transformative for our workers. I mean, I have been told that this is one of the most impactful things that they have experienced in their lives, because a lot of these workers are able to spend time with their kids.

They are learning new skills. I have someone who works for me, learned how to use AI on those days off, and has brought it back into the workplace, and is much more efficient. And as a result, they are learning new skills that are not related to work but are just participating in their communities, volunteering.

The CHAIR. We talked about increased productivity. Are workers more focused when they come back after 3 days?

Mr. LELAND. Yes. So, workers are much more focused. They are better rested. They are dedicated to the task at hand in a different way, and teams sit together longer. The cohesiveness of the organization is much more robust on a 4-day work week because you aren't burning people out, you aren't churning through them. You aren't having to deal with turnover costs.

The CHAIR. Well, talk about turnover. I mean, one of the great cost to businesses is a lot of turnover and having to train new workers. What do you think the impact of a 32-hour work week would be on that?

Mr. LELAND. It was shocking, honestly, how much it changed turnover and what impact that had on our productivity. I mean, honestly, we have we have rarely lost an employee in the last 2 years.

That means people have longer tenure. We don't have to deal with hiring, the cost of hiring, the time of hiring someone else. Our goal is don't get disrupted by the sudden departure of a key employee. I think a 32 hour workweek—people want to work.

The notion that, I don't know, Americans are lazy, that some people have is, I think, inaccurate. People want to work, but they want to work in a way that is balanced with the rest of their lives, and they will stay in those jobs longer if the job is balanced with the rest of their lives.

The CHAIR. Thanks very much.

Senator Cassidy.

Senator CASSIDY. I yield to Senator Braun.

Senator BRAUN. Thank you. So, before I got here, 37 years spent running an enterprise that would encompass that scrappy navigation of how hard it is when you are signing the front side of a paycheck to get a little business, to ever get beyond that. As we grew into a regional and national company, things change as you evolve. And we have had discussions before.

I am a proponent of high wages and good benefits. Been out there to where you ought to be able to negotiate and bargain, but there is such a big difference in terms of that dynamic and then

wrapping it with mandates that would never enable most of what comprises our economy, which would be small businesses, Main Street ones, to be in a position to where they would have to live with some type of homogenous approach to maybe even what we are talking about.

I think even for most business owners, if they can, they are going to weave that into what they are able to offer their employees. And Mr. Fain, we have had the conversation, big corporations that are in places where they have cornered the market, I think there is a legitimate discussion of how you spread that wealth within, between employees in public companies and a lot of times a professional management that would seem to, rake in levels of pay that I never thought were possible.

I want to get back to though how I do disagree with trying to do anything from this place that would impose upon the preponderance of businesses out there to where I just don't think they could survive. I think that it is a legitimate issue to talk about voluntarily.

If you are good at what you do and you are going to keep employees, you are going to want to weave it in. I think it is a legitimate issue to bargain for at that highest level of super large corporations and large workforces. I think that is about as far as you can go.

Most businesses would not be like yours, Mr. Leland. There is more—you wouldn't be in business if you weren't open 6 days a week for almost any retail business I am aware of, including my wife's business in our downtown that has been there for now nearly 45 years. It just would not work.

Keep that in mind. I want to start with this particular question for Dr. Vittert and Mr. King, and I want to focus on how this would work on Main Street and with small businesses. I am not worried about big corporations.

They generally are going to land on their feet anyway, and I believe they ought to be negotiated with for all the things you might do to improve the position of a worker there. But what about Main Street and small business. We will start with you—Dr. Vittert, you start, then Mr. King.

Dr. VITTERT. [Technical problems]—exactly what you are saying—pardon me, sorry. I should learn that mute in Zoom, I should have gotten there at this point.

I think it is really important to note that so many of these studies that have been done and these pilots that have shown incredible things, what is done at Kickstarter is amazing, is that it is self-selection.

These companies are choosing to be a part of this. And so, they are able to cut out extraneous meetings. They are able to shorten coffee breaks. They are able to go to remote meetings for some things you don't have to commit—whatever it is.

Senator BRAUN. I have never heard of anything that you have just mentioned in a small business.

Dr. VITTERT. Exactly.

Senator BRAUN. That just is not there. We try to do it. And so, we don't run out of time, because I do have a final question for Mr. Leland, Mr. King, would you weigh in on that too?

Mr. KING. Senator, it is good to see you again. This doesn't work for small business. It doesn't work for any type of business if you can't measure productivity correctly and then have that productivity gap satisfied.

The proposal the Chairman is putting in legislation today would require overtime over eight. It would require overtime over 32. It would require overtime, double time, in fact, over 12. So, a small business needs to have flexibility. Employees have family obligations.

They have other obligations in their community. The employer needs them sometimes more than eight, sometimes less. You know that from your business. The bill we are talking about here today interferes with that flexibility. It just is not sound policy.

Senator BRAUN. Thank you. Mr. Leland, would you agree that your business has certain characteristics that probably made it peculiar to you being able to do that? Or do you honestly believe that would be transferable into the multitude of businesses, especially out on Main Street?

Mr. LELAND. Yes, no, I mean, our business definitely has characteristics that are not unique but lend themselves toward an easier transition to a 4-day workweek. However, the pilots that Dr. Schor has worked on show that this is possible across multiple industries.

It looks different, that transformation looks different, but we have seen manufacturing, construction, healthcare, police departments all do this successfully.

Senator BRAUN. Thank you.

The CHAIR. Thank you.

Senator Murphy.

Senator MURPHY. Thank you very much, Mr. Chairman. Thanks for convening this hearing. I think this is a really important conversation to have regardless of where you stand on this issue.

I think, the fundamental question here that we are asking is where has all this wealth gone that has been gathered in this economy from these massive increases in productivity if it hasn't been going to workers, if the UAW and other unions have to fight tooth and nail just to be able to get living wage increases. I will tell you something we haven't talked about yet.

A lot of that money is going to trust funds. A lot of that money is going into inherited wealth. And at some point, we should have a conversation about that a little bit more openly as a Committee and as a Congress.

Here is a stunning piece of data. For the first time last year, the majority of wealth for new billionaires, these were people who became billionaires in 2023, came not from their work, but through inheritance.

It's the first time ever that has happened. A thousand billionaires are expected to pass down \$5.2 trillion worth of wealth to their heirs in the next 20 years, and so you hope that if the money

isn't going to the workers, it is at least being recycled back into the economy. It is just not true.

A lot of that money is being hoarded and then passed down to kids who in previous ages would not have been able to enjoy that level of benefit from their parents' success. Mr. Fain, I wanted to talk to you just a little bit about leisure time. You have talked about this already.

You are—I think you really importantly talk about the importance that your faith plays in the work that you do and in your life. But there is a pretty wild thing happening in America today. In 2000, 70 percent of Americans belonged to a religious institution, but today, that number is 50 percent.

This has been a pretty precipitous decline in the ability or willingness of Americans to go to church or to a religious institution on a regular basis. And I think that has lots of broad impacts in our society. But there are a lot of reasons for that. But one of them is that Americans just have less free time.

When you have to work 70 hours to get the same standard of living for your family that 40 hours would have gotten you a few decades ago you don't have time to go to Wednesday night Bible study. You might not have the ability to even attend church services on a Sunday.

You can talk about church if you want or if you don't want, but it is just true that some of the leisure time activities, some of the institutions that Americans found value and meaning in, are less accessible when you have to work these long hours. I would love to hear your thoughts on that.

Mr. FAIN. Yes. I mean, one of the biggest—it is one of the things we talked about with the 32 hour workweek, when we put that in our contract talks, was the fact that we wanted to create work life balance.

Because it is just, in this country we are the most productive. I mean, sadly, I say not proudly, sadly we are the most productive nation in the world, which means our people are working more and more hours with less and less people, and something has got to give. And so, this is—it is work life balance.

As I say, when you are working multiple jobs to live paycheck to paycheck or you are working 7 days a week, 12 hours a day, something else is sacrificed in that. And that is—it is what ends up happening.

You have to sacrifice, your ability to go to church. If it is something else to do on a Sunday, maybe you get a Sunday off and you haven't slept all week, and you spend the whole day sleeping. I mean, that is a reality a lot of workers face on some of the schedules they work.

The thing to me that I think, I hear all this—we have heard my whole life about good for business is good for people, trickle-down economics and all those type things. But to me, we have to focus—I do believe Congress has an obligation here in spending priorities and regulations.

That may be an ugly word to some people that represent business. But, the point of this is this should be done to create more

jobs, more jobs at a better rate of pay, so that people have more free time to live.

If Government is going to invest in business the trillions of dollars we invest in business, that our taxpayer dollars invest in business, that should—those benefits should be going to working class people, not just strictly business.

That is the problem. All this money goes to business, but it never seems to funnel its way down to benefit working class people.

Senator MURPHY. Well, listen, I agree with you. I think we should have an interest in leisure time, right. We should have an interest in making sure that people are able to find value outside of work.

A lot of people find value in work, and I am glad that they do. But a lot of people find more value by the institutions and the social clubs and the churches that they affiliate and spend time with outside of work, but that is just less accessible for people today, and that should be a public policy interest of the U.S. Congress.

I appreciate this hearing allowing us to talk about that. Thank you, Mr. Chairman.

The CHAIR. Thank you.

Senator Cassidy.

Senator CASSIDY. Yes, thank you all. We have a little extra time. I got a lot of questions, so I will ask you all to be tight with your responses.

First, Mr. Fain, I totally agree with you. My practice as a physician was in a hospital for the uninsured. Folks want jobs, and they want decent pay. I agree with that entirely. There is a little bit of kind of, though, confusion in what we are saying. I just want to put out some of that confusion.

When you say people are working longer to make more money, well, if you just cut them down to 32 hours a week, they are still making the same money. So, for them to grow their income, they would have to either work overtime and, or take a second job. And yes, there are companies that work 24/7, but the people don't work 24/7.

They work 40 hours a week, or apparently on average 41.3 hours per week. So, I think we have to be kind of clear on that. And last, of course, productivity is not more hours to make the same money. Productivity is more work per hour.

It is oftentimes aided by machines, in which case there is less wear and tear on the body. Not to say that there is not wear and tear on the body when we think of construction workers, but still, that is the whole point.

Dr. Schor, when you mentioned that decreasing hours work per week increases productivity, it makes total sense to me. When I go to Spain and go to McDonald's, they don't have somebody at the front desk to take my order for a hamburger.

They have got a machine that I push a button on, and it dispenses it. And our Department of Labor has said that if we raise minimum wage, there will be a net loss of jobs because people will automate in order to decrease their labor cost.

How would—if you are speaking of a service industry, why would raising their labor costs by having fewer hours work per week for the same salary be any different than raising the minimum wage in terms of an incentive for net loss of jobs by replacing workers with automation?

Dr. SCHOR. Yes. Thank you for that question. Let me just respond—

Senator CASSIDY. Real quick.

Dr. SCHOR. Yes. Two points. One is, we are seeing no increase in overtime and second job holding in our studies, by the way. But the impacts that we are seeing here are not labor displacing because people are able to make up that productivity in the 4-days that they had in the 5-days, yes.

Senator CASSIDY. That surprises me because I—just intuitively I am a doctor. So, intuitively when I read about the Temple nurses working shorter hours.

I will just say that according to the Pennsylvania Hospital Association, 30 percent of RN positions are unfilled, and apparently Temple University Hospital spent \$55 million for nurse overtime during—because of a nursing shortage.

I am not sure how to square that because they worked less hours, but they had to pay more for overtime and, or for others.

Dr. SCHOR. These are for their nurse managers. Because the other nurses are on these like 3 day schedules and so forth. So, and this was put into place 2 years after the pandemic started.

Senator CASSIDY. The nurse managers are working less, not the RNs themselves.

Dr. SCHOR. Correct.

Senator CASSIDY. Okay.

Dr. SCHOR. They haven't—because they are not on 5 day schedules, so they haven't, yes—

Senator CASSIDY. I am almost out of time. I am going to move. Mr. Leland, right now we are trying to get a health bill. The best I can tell my staff is working 80 hours a week, because anytime they call me on a Saturday or Sunday or Monday on a holiday, they are fully prepared and obviously there. When you all got a big crunch time, deadline has to hit, boom, you got to move, like people still only work 32 hours?

Mr. LELAND. No. It is a norm, right. This is not pencils down at 32 hours. It is the question of, well, what is your standard work-week that you are flexing around.

Senator CASSIDY. Yes. That is all I was going to check. Dr. Vittert, I look at France's unemployment rate among the youth. It is like 17 percent. It is pretty amazing. And then for the next group, it is like 7 or 8 percent, much higher than ours. And you had mentioned—and they have got other labor laws as well.

But you had mentioned that this kind of, sugar high, more satisfaction but then it fades and then it goes away. But also, that there is a loss of work as workers either go to temporary workers or offshore. Could you elaborate on that, please?

Dr. VITBERT. I think it is the same kind of idea as right when COVID hit, we are all baking bread or doing whatever we are doing. And then as COVID went on longer and you were at home more, you are sitting in your bed longer.

It shows in the long term studies that things just go back to normal. We just see that happen all over again with people. And I think we see it clearly in terms of unemployment rates in the same way.

Senator CASSIDY. If you will, the other things that occur, the disruption in the economy, etcetera, really do more to dictate your happiness than whether or not you work a little less. Indeed, there may be a loss of a job because of this impact upon you.

Dr. VITBERT. That is exactly what happened in France, is people lost their jobs.

Senator CASSIDY. Got you. And, Mr. King, just to make the point, there is nothing to prevent a business like Mr. Leland or Temple University Hospital for a select group of employees to have a policy which would be 32 hours a week. So, there is no reason for a mandate per se. Companies can do that. Just to make that point.

Mr. KING. Yes, absolutely, Senator. And that is the point, let's give flexibility to workers and to employers. Don't have Government come in and intervene. It is going directly in the opposite position of where we should be going.

Now, as far as the number of workers available in this country, I agree with Mr. Fain, we need to get more people back into the workforce for sure.

But study after study shows, even if we did that, and I am looking at a recent U.S. Chamber of Commerce study, we would still have 3 million jobs open in this country. This proposal is going in the wrong direction. Flexibility is what we need.

Senator CASSIDY. Dr. Vittert, I am going to—Dr. Schor, first I want to ask you this. Think about it, to Dr. Vittert. You had mentioned—I didn't quite get the association versus causation. You say that when there is more inequality that there are—that people work longer hours. I didn't quite understand that relationship. Is that an association or a causation?

Dr. SCHOR. It is—these are done with macroeconomic studies. So, we believe they are causation, but they are not controlled experiments. And that is—

Senator CASSIDY. Dr. Vittert, any comment?

Dr. VITBERT. If you don't have a controlled experiment you cannot find causation. It is just statistical—statistics.

Senator CASSIDY. Yes. I once gave a vaccine to a person who became pregnant. And it made me realize that, just because it happens at the same time, it is not a causation. It is an association.

Dr. SCHOR. Yes. But these are highly sophisticated studies. And I really would disagree with the idea that we can only know something if we have an experiment—

Senator CASSIDY. Yes, but I don't understand intuitively why it would happen. But I am out of time, yes—

Dr. SCHOR. Oh, because people need to work more hours to keep up because there is a comparative dimension to the way people's sense of what is——

Senator CASSIDY. Actually, the thing of milk costs more because somebody else is making more, but that is another story. Yes.

The CHAIR. Senator Hickenlooper.

Senator HICKENLOOPER. Thank you, Mr. Chair. And I have been looking forward all day to this just because it is such a great group of panel. I appreciate your—all your time and contribution.

To Mr. Fain, great to see you again. Appreciate all the work that you did to bring up a 4-day week in the negotiations, but I am going to hold off on yours just because I have to start with Dr. Schor who was an undergraduate student while I was a graduate student, and somehow she hasn't aged, whereas I have. And I think there is an injustice there that needed to be pointed out but appreciate all your work and research over all these years on the lives people lead in various types of jobs.

You talked a little bit about the different ways that people have a shorter workweek, just taking part off every day or a whole day, time each month off. What are some of the pros, and again, concisely, because I got several questions, but pros and cons on this.

Dr. SCHOR. Yes, the majority in our studies—and thank you, by the way. Really wonderful to see you. Are doing full days off. So over 90 percent of our studies are doing full days off. And that seems to be a much more popular way to do this than shorter, daily hours. Although there is a little bit of variation.

One thing we looked at in our studies was whether or not having three consecutive days had a bigger impact on well-being, and we were surprised that it doesn't. In some of them, people are taking those Wednesdays off to get a break in the middle of the week.

Senator HICKENLOOPER. Interesting. And better or worse for small businesses?

Dr. SCHOR. Yes. Great question. Thank you. Over 70 percent of the businesses in our U.S. and Canada sample have fewer than 25 employees. So, I think this is proving to be an especially appealing thing for small businesses. And it may have to do with higher levels of stress that they are seeing among their employees.

I mean, one of the things we are seeing is the small number of companies who are discontinuing. We are trying to figure out what is common among them. And so far, the only thing we can see is they are not achieving the same levels of well-being increase that the ones who don't stop are.

Senator HICKENLOOPER. Interesting, right. When I was Mayor—when I first became Mayor of Denver in 2003, we had the worst budget recession ever.

One of the stopgap measures we did was we compelled all city employees to take Friday afternoons off unpaid. Needless to say, that was not perfect. No one likes to, when you are on a tight budget, to have to make a budget balanced at the end of the month. But people really liked it.

To this day that is—to give people that Friday off every week. We saw an increase in sales at local restaurants, which was interesting. And other, retail sales went up. So, there is some accessory benefit.

Mr. Leland, I am going to skip past you, although I can't tell you how excited I had the chief vision officer for Kickstarter because I admire so much of what you all have done. I am going to—I want to go to Dr. Vittert, just because I found compelling that she was in 2018 the coolest person in Scotland.

That her television show, Liberty's Great American Cookbook, which is—is still showing in Scotland?

Dr. VITTERT. It is.

Senator HICKENLOOPER. It still showing in Scotland, was something—

Dr. VITTERT. I need all the viewers I can get.

[Laughter.]

Senator HICKENLOOPER. Well, we want to make sure we don't miss to promote that, because when I was the Mayor and working through that, and I looked this up last night when I saw because Vittert not a common name.

It is interesting that she seemed to the left of Mr. Leland, because her brother, Leland Vittert, was a journalist with international success, admired journalist with Fox back. He was based in Denver when I first became Mayor. And so, he schooled with—he re-educated me within the school of hard knocks on how to think about these things.

Anyway, Dr. Vittert, one argument in favor of implementing a 32 workweek is that, these tech advancements like AI are going to make such a dramatic increase. How realistic do you think that is? And when would those productivity increases begin to show or begin to have a benefit?

Dr. VITTERT. I think the issue that we see here is people use the word AI and don't necessarily know what that means. And as someone who works in this space, we don't know yet what abilities AI is going to give us or machine learning.

I mean, we are still trying to figure out what those words even really mean. So, to say that there is going to be this explosion of productivity and wealth, we just don't know yet. And no one is saying, or I am certainly not saying, it is above my pay grade, that people shouldn't share in that.

But mandating a reduction to a 32 hour workweek is not the way to do that.

Senator HICKENLOOPER. Got it. I hear that. And Mr. King, same question to you because I think you got a little more, going into AI, or on a deeper level. What is your feeling on that?

Mr. KING. Tremendous opportunity for everybody, absolutely. But the issue of distribution of wealth, the wealth dividend, Senator, from AI, I know that is what we are really talking about here.

I would point the Committee's attention to chart one in my testimony. Productivity and compensation have tracked similarly for decades. Economists agree on that. Now, there have been gaps in

different industries. There has been time lag, Senator, but the market will solve this issue.

Mr. Fain will negotiate hard for 32 hours. I am sure. Others will advocate for 32 hours. We have examples that we see work. But let the market decide this. Don't have Congress impose this on employers or employees.

Senator HICKENLOOPER. Got it. Great. And then, sorry—go over just for a minute. Mr. Fain, when you were negotiating and introduced this notion of a 32 hour workweek—I mean, you have talked firsthand with the large employers and large group of employees. It ultimately wasn't included in the final contract.

But what were some of the concerns—unique concerns we haven't heard before that were raised by the employers? And what do you think it would take to get those employers to move?

I think in terms of the 36 hour work week that we tried when I was Mayor of the city, it is really like a roughly a 10 percent pay raise. Just a way to think about doing something like that. The level of appreciation of people having that Friday afternoon off was palpable. You could feel it. Anyway, what is your sense on that?

Mr. FAIN. Well, I think it is just—obviously I think it is just a fear of change or something—doing something different. I mean, you look at, there are studies that have been done when workers, especially factory workers, manufacturing, when they work anything after 10 hours typically is—they are not as productive.

It's just the wear and tear that you go through throughout the day—there have been a lot of studies done on that. The productivity actually drops off. So, there are benefits to shorter working hours.

As a person who stood on a line, as an 18 year old, I can vividly remember putting a part on a transmission. I would sit there. It is monotonous work doing it over and over and over and, literally after 2 hours of that, you are just—your mind is wandering off and imagine doing that for 12 hours a day, 7 days a week.

There are a lot of benefits to having some semblance of work life balance. But unfortunately with the advances in technology, the companies choose to eliminate jobs and squeeze more and more people, the remaining people working more and more hours, and that just doesn't work.

Senator HICKENLOOPER. Right. I appreciate that. I have got many more questions, which I will throw in writing, but I yield back to the Chair. Thank you all again for being here.

The CHAIR. Thank you, Senator Hickenlooper.

Senator HICKENLOOPER. Tell him I said, hi.

The CHAIR. Senator Cassidy has asked unanimous consent to enter into the record a number of statements. Without objection.

[The following information can be found on page 52 in Additional Material:]

The CHAIR. Mr. King, you can inform your clients that my legislation probably will not be passing tomorrow.

Mr. KING. Okay. Thank you. They will be glad to hear that.

The CHAIR. I am sure they will. But the point of this hearing is to try to raise, at the congressional level, something that has not been discussed here for decades after decades. And I think, as all of us have understood, we are living in a difficult moment in American history.

We have more income and wealth inequality than we have ever had before. Senator Murphy made the interesting point that for the billionaire class, now a majority of that wealth is being not earned by any case, but being transferred to children—unearned income, if you like.

We are seeing CEOs making 350 times more than their workers, while 60 percent of the people in America are living paycheck to paycheck. We have the highest level of childhood poverty of almost any major country on earth. Many of our older people finding it hard to retire.

We have got to start asking some fundamental questions. This is an extraordinarily wealthy country, but three people on top as Mr. Fain mentioned, own more wealth than the bottom half of American society. According to the RAND Corporation, over the last 50 years—and RAND Corporation is not exactly a socialist organization.

Over the last 50 years, \$50 trillion has gone from the bottom 90 percent to the top 1 percent. So, in the wealthiest country in the history of the world, the vast majority of the people are struggling to put food on the table or living under incredible stress. Our life expectancy is significantly lower, as you know, than other countries.

For working class people, if you are working class in this country, you are going to live 10 years fewer than you will if you are upper class. These are issues that have got to be discussed. I am not suggesting that a 32-hour workweek is going to change all of that, but one of the issues that we have got to talk about is stress in this country.

The fact that so many people are going to work exhausted, physically and mentally. And the fact that we have not changed the Fair Labor Standards Act. This was in 1940, we came up with the 40 hour workweek—1940.

Who is going to deny that the economy has not fundamentally and radically changed over that period of time? So, to suggest that we have to maintain what we put in place 84 years ago does not make a lot of sense to me.

Let me just conclude by thanking all of our excellent panelists. It has been a good discussion. I hope the discussion continues and thank you all very much for being here today. For any Senators who wish to ask additional questions, questions for the record will be due in ten business days.

I ask unanimous consent to enter into the record two statements in support of shortend workweeks, including a statement from Congressman Takano and business owners across the country.

[The following information can be found on page 49 in Additional Material:]

The CHAIR. The Committee stands adjourned.

ADDITIONAL MATERIAL

THE HONORABLE MARK TAKANO (CA-39)

As the lead sponsor of the *Thirty-Two Hour Workweek Act* in the House and as a Senior Member of the House Committee on Education and the Workforce, one of my top priorities has long been to ensure the quality of life and pay for workers while broadly seeking to modernize the structure of our workforce.

For decades, workers have been working longer hours while productivity has skyrocketed and wages have remained stagnant. On average, workers in the United States work 200 more hours per year than comparable workers in other developed countries. The COVID-19 pandemic only further exacerbated the need to have conversations about the future of work, and more workers today are now reimagining their relationship to labor. As we emerge from the pandemic, workers are clear-eyed on the need for better work-life balance and fairer compensation. Workers want more time for leisure and with loved ones, and now seek to challenge the status quo of long hours with low pay that defined the pre-COVID era. We are currently in the midst of a rapidly evolving labor market and our laws need to be responsive to that change.

This is why during the 117th Congress, I first introduced the *Thirty-Two Hour Workweek Act* to amend the Fair Labor Standards Act (FLSA) to reduce the standard workweek from 40 hours to 32 hours for non-exempt employees. The bill's intent is to grow additional work sharing and labor market participation, thereby creating healthier competition in the workplace to empower workers to negotiate better wages and working conditions. Outside of the legislative space, the introduction of this legislation has catalyzed robust conversations about the modern workplace.

Pilot studies on both a domestic and international scale have yielded positive outcomes. Workers who have benefited from reduced workweek trials have cited increased happiness, strengthened productivity, and achieved a more tenable work-life balance. Congress must seize this historic opportunity to memorialize the gains that workers have achieved in this new environment. At a time when the nature of work is rapidly changing, it is incumbent upon us to ensuring our labor market prioritizes productivity, fair pay, and an improved quality of life for workers—not merely profits for the biggest corporations and wealthiest shareholders.

Furthermore, the proliferation of artificial intelligence (AI) will have far reaching ramifications across the economy. Even in the technology's infancy, we are witnessing transformative changes, and questions remain about its impacts and how we can use AI to restructure our workforce and redefine the typical workweek.

It is abundantly clear that the United States is at another inflection point. Will Congress respond to the demands and needs of the everyday worker? Or rigidly adhere to an outdated model that has unfairly tipped the scales of power in favor of capital holders and the rich? This legislation would achieve the former, and I call on Congress to take deliberate action to move this legislation and other bills that are responsive to the needs of workers.

Thank you to Chairman Sanders and Ranking Member Cassidy for the opportunity to submit this testimony. I look forward to building on the progress to help lift up all workers, regardless of their income or background.

LETTER TO POLICYMAKERS IN SUPPORT OF SHORTER WORKWEEKS

We are executives and organizations who have adopted a shorter workweek with no reduction in pay, and we represent a range of industries, from tech, healthcare, finance, nonprofit, government, manufacturing, and more. **We write to you today to urge policymakers to explore and enact legislation that supports the transition toward a shorter 32-hour workweek with no decreases in pay.** We have seen firsthand how transformative a shorter workweek can be for workers and employers and thus believe policymakers should advance legislation to pilot, facilitate, research, and ultimately adopt the widespread implementation of a shorter workweek.

The 40-hour workweek has been the assumed standard for close to 100 years.¹ We are long overdue for an update. Since the adoption of the 5-day workweek, our economy and culture have undergone transformational changes. Technology has increased productivity and connectivity at the workplace, women have entered the

¹ *Sopher, P. (April 2018). Where the 5-day workweek came from. The Atlantic.*

workforce in great numbers,² and an epidemic of burnout and stress has emerged.³ Yet, despite these radical shifts in how and where we work, the length of the workweek has not budged. It is time to rethink the workweek, especially as we prepare for the rapid emergence of artificial intelligence that offers the potential to drive transformative productivity gains and efficiencies for organizations. Embracing a shorter workweek can bring about numerous benefits for employers, workers, and society as a whole.

For Employers:

- **Increased Productivity:** Studies have shown that shorter workweeks can lead to higher levels of productivity per hour.⁴ By having more time for rest, family, and personal pursuits, employees return to work rejuvenated and more focused, resulting in greater efficiency during working hours.
- **Improved Recruitment and Retention:** In a competitive job market, companies that prioritize work-life balance and offer shorter workweeks stand out as desirable employers. Studies show that companies with a 4-day workweek attract more applicants and reduce turnover rates, saving on recruitment and training costs.⁵
- **Enhanced Employee Engagement:** Offering a shorter workweek demonstrates a commitment to employee well-being, fostering a positive work culture and improving morale. Engaged employees are more likely to be loyal, innovative, and dedicated to their work.⁶

For Workers:

- **Improved Work-Life Balance and Well-being:** A shorter workweek allows employees to better balance their professional responsibilities with personal and family commitments, as evidenced by employees at companies with 4-day workweeks reporting significantly lower levels of burnout (9 percent) when compared to employees at companies with typical 40-hour workweek schedules (42 percent).⁷ Shorter workweeks lead to reduced stress, better mental and physical health, and stronger relationships outside of work.
- **Increased Time to Care for Loved Ones:** A shorter workweek promotes equitable practices for groups such as caregivers.⁸ There are considerable childcare, healthcare, and other costs to families who have to spend time caregiving. A shorter workweek acknowledges the value of caregiving time and validates the experience of caregivers by providing more spaciousness and flexibility to tend to a variety of responsibilities.
- **Opportunities for Personal Development:** With more time outside of work, employees can pursue hobbies, further their education, or engage in community activities. This not only enriches their lives but also fosters personal growth and fulfillment.

For Society:

- **Economic Stimulus:** A shorter workweek can stimulate economic activity by spreading employment opportunities across more workers.⁹ This

² St. Louis Fed. (February 2024). *Labor force participation rate—women. Labor force participation for women rose from 1/3rd participation in 1948 to between 55–60 percent participation in the 21st century.*

³ Aflac WorkForces Report: *Workplace Benefits Trends. Employee Well-being and Mental Health 2022–2023.* Six out of ten labor force participants report presently experiencing moderate to high burnout.

⁴ Fan, W., Schor, J., Kelly, O., and Gu, G. (2023, December 23). *Does work time reduction improve workers' well-being? Evidence from global 4-day workweek trials; and 4 Day Week Global.* (July 2023). *The 4 Day Week: 12 Months on with new U.S. and Canadian research.*

⁵ Kiderlin, S. (October 2022). *4-day work week firms are seeing a surge in job applications.* CNBC.

⁶ Josh Bersin. (December 2023). *How to Actually Execute a 4-Day Workweek.* *Harvard Business Review.* “[Four-day workweek] companies also reported a 57 percent decline in the likelihood that an employee would quit, plus a 65 percent reduction in the number of days taken off as paid sick time.”

⁷ *Infinite Potential and Work Time Reduction Center of Excellence.* (February 2024). *The State Of Workplace Burnout.*

⁸ Liu, J. (February 2023). *Workers report a 4-day workweek improves health, finances and relationships: It ‘simply makes you happy.’* CNBC.

⁹ Sawhill, I. V. (May 2016). *Time for a shorter work week?* Brookings.

can help address unemployment and underemployment issues while boosting consumer spending.

- **Environmental Benefits:** Reducing working hours can lead to a decrease in commuting and energy consumption, contributing to environmental sustainability and mitigating climate change.¹⁰
- **Social Equity:** Shorter workweeks promote equality by ensuring that all members of our society can tap into the benefits of a shorter workweek rather than exacerbating existing disparities among groups such as hourly workers, unionized workers, or industries such as the care economy. This helps create a more inclusive and cohesive society.

Our economy and society have changed; so must our workweek. We urge policymakers to consider and support legislation that facilitates the transition to a 4-day workweek, paving the way for a more prosperous, healthy, and balanced future.

Thank you.

Sincerely,

Carrie Cadwell,
CEO, 4C Health.
Teylor Schiefelbein,
CEO, Alter Endeavors.
Liz Powers,
Co-founder and CEO, ArtLifting.
Sam Mazzeo,
Managing Attorney, Better APC.
Alan Palm,
Executive Director, Better Future Project.
Angela Lang,
Executive Director, Black Leaders Organizing for Communities (BLOC).
Aaron McCall,
Federal Advocacy Coordinator, California Environmental Voters.
Jennifer Njuguna,
Co-CEO, Common Future.
Elise Allyn,
Associate Consultant & Lead Analyst, Conscious Revolution.
Zen Trenholm,
Senior Director of Employee Ownership Cities and Policy,
Democracy at Work Institute.
Sammy Chavin-Grant,
Federal Strategy Director, Family Values @ Work.
Adrian Power, Founding Partner,
Good Stuff Partners.
Alison Gianotto, CEO,
Grokability, Inc.
Michael Arney,
CEO, Halftone Digital.
Jennifer Brandel,
CEO, Hearken.
Tarik Nally,
Founder & Creative Principal, Kale & Flax.
Maira Danyal,
Strategist, Kale & Flax.*
Jon Leland,
Chief Strategy Officer, Kickstarter.
Gabriel Stein,
Head of Operations and Product, Knowledge Futures.
Mary Alexander,
CEO, KnowledgeOwl.
Jake Lipsman,
Director of Impact Research and Analysis, LifeCity, L3C.*
Dimitrios Cavathas,
CEO, Lower Shore Clinic.
Howard Kaibel,
Brand Manager, M'tucci's Restaurants.

¹⁰ Fan, W., Schor, J., Kelly, O., and Gu, G. (2023, December 23). Does work time reduction improve workers' well-being? Evidence from global 4-day workweek trials; and 4 Day Week Global. (July 2023). *The 4 Day Week: 12 Months on with new U.S. and Canadian research.*

Lauren McGuire,
 President, Made Music Studio.
 Karim Bouris,
 Principal, Mixte Communications.
 Dom Kelly,
 Co-Founder, President and CEO, New Disabled South.*
 Amy Sample Ward,
 CEO, NTEN.
 Katie Carter,
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 CEO, Seed&Spark.
 Emily VanDerEems,
 Brand Manager, TGW Studio.
 Aimee Woodall,
 CEO, The Black Sheep Agency.
 Michael Abramson III,
 Director of Policy & Advocacy,
 Women's Foundation for the State of Arizona.

*Signing as individuals as opposed to on behalf of an organization

A 4-DAY WORKWEEK WOULD DESTROY EVERYTHING THAT MADE AMERICA GREAT

BY LIBERTY VITTERT, OPINION CONTRIBUTOR

For some people, the 4-day workweek is the new dream.

This measure, supposedly a panacea for employee satisfaction, even found its way into the *United Auto Workers'* demands in their contract talks. Liberal bastions such as Massachusetts and California have pushed bills upon businesses to adopt a 4-day work week.

We may not see it yet, but this measure threatens to undo everything that made our Nation's current prosperity possible.

America was built on a 6-day workweek. The 5-day week originated nearly a century ago with Henry Ford, who used it to remove incentives for his employees at Ford to unionize.

The argument for the 4-day workweek is much more tendentious, making broad claims based on weak and flawed data sets.

Story after story in the media expounds upon how much "less stressed" employees are with a 4-day workweek. At the risk of sounding pedantic, well, duh! Of course less work means less stress. Work is stressful, as any working person can tell you. But stress is part of life. You will never be stress-free until you're dead. Has any society or economy grown or possessed any dynamism while everyone was lying in hammocks?

Given that so many news stories are making such expansive claims about how beneficial this is, why aren't more companies doing it? Why is it that the number of 4-day-a-week jobs has not changed in the last 3 years?

The short answer is that it just doesn't work. A more complex answer is that it isn't good for those employees' companies. And if you want to see those same employees really stressed out, just see what happens when their employers lay them off or shut their doors due to falling productivity or lost profits.

Most of the studies behind this fad, extolling the benefits of shorter hours, are self-reported. In other words, employees are the ones saying they are less stressed and more productive. These data are not based on company revenue or any other objective metric.

It's also worth mentioning that Japan already tried this. From 1988 to 1996, Japan *shortened the workweek* from 46 to 30 hours. The result was not ambiguous: Economic output fell by 20 percent.

But let's take a closer look at the studies cited to support the shorter 4-day week. Iceland did something similar when it shortened health care workers' hours on a trial basis starting in 2015. The results were blasted all over the headlines (espe-

cially during and after COVID). Some are now calling it an “*overwhelming success*” for the 4-day workweek.

Two think tanks that heavily shill for the 4-day week base their case on this study. But the first thing to note is that this study didn’t actually test a 4-day week at all. Rather, it shortened their overall hours in a 5-day week. The trial included only about 1 percent of that tiny nation’s workforce, and (no shocker here) it showed that employee well-being did increase with a reduction in working hours. But it *was a complete mess* for the employers. The Icelandic government had to shell out almost \$30 million extra each year to hire more health care workers because of the experiment.

Microsoft also tested a 4-day workweek by shutting down its Japan office every Friday during the month of August. The claim is that this resulted in a 40 percent increase in productivity. But if that’s true, then why aren’t they doing this everywhere Microsoft operates? Again, the answer is simple: Productivity increased over a very short period of time during a low-productivity summer month, when overall productivity *was already* at a *75-year low*.

In all fairness, who doesn’t want to work 80 percent of the hours for 100 percent of the salary and benefits? But the problem is that the 4-day week doesn’t work for the bottom line, no matter how much the media or employees would like it to.

For any customer-facing business, a 4-day week would be a nightmare. If your company is open only 4 days a week, or if it has significantly reduced operations 1 day each week, then how do people reach your staff? The result is that companies have to hire more staff, which in turn *raises costs*.

We built this Nation and *got ahead* working six or six-and-a-half days a week. The countries that are now competing against us have essentially *7-day work weeks*, and they are rapidly catching up to us.

If American companies bow to pressure and embrace this new think-tank-driven fad, we are going to have a real challenge on our hands when it comes to competing with our adversaries.

Liberty Vittert is a professor of data science at Washington University in St. Louis and the resident on-air statistician for NewsNation, a sister company of The Hill.

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March 14, 2024

Hon. BERNIE SANDERS, Chair,
Hon. BILL CASSIDY, Ranking Member,
U.S. Senate Committee on Health, Education, Labor, and Pensions,
Washington, DC.

DEAR CHAIR SANDERS AND RANKING MEMBER CASSIDY:

The undersigned organizations write to express our concerns with the “Thirty-Two Hour Workweek Act.” The bill’s provisions would exacerbate the current worker shortage and dramatically increase inflationary pressures. The result would be a deterioration in spending power for American families, a decline in the availability of goods and services—including critical services—and diminished competitiveness internationally.

Reducing the standard workweek from 40 to 32 hours would result in a decline in productivity. Companies would have to adjust by finding additional workers, increasing prices to account for increased labor costs, and producing fewer goods and services. Consumers would feel the impact as costs increase and services are reduced across industries, including construction, retail, and hospitality and critical services, such as childcare, education, healthcare, government, and security. Many of these industries require worker coverage 24 hours a day and 7 days a week and already struggle to meet demands. To cover the lost work hours, industries would need to hire more labor, which is already a challenge due to the existing significant labor shortage. There are currently 1.4 job openings for every unemployed worker in the U.S.¹ In January 2024, the Health Care and Social Assistance and Leisure

¹Bureau of Labor Statistics, “The Employment Situation—February 2024,” March 8, 2024, available at <https://www.bls.gov/news.release/pdf/empst.pdf>.

and Hospitality industries alone had 1.9 and 1.1 million open jobs, respectively.² The inevitable result of this bill would be fewer services and increased prices for consumers at a time when inflation is already high.³

Given these concerns, we strongly urge the Committee to reconsider this legislation and focus instead on measures that will alleviate, rather than exacerbate, inflationary pressures and the current workforce shortage.

Sincerely,

AMERICAN HOTEL & LODGING ASSOCIATION
 ASSOCIATED BUILDERS AND CONTRACTORS
 ASSOCIATED GENERAL CONTRACTORS OF AMERICA
 INTERNATIONAL FOODSERVICE DISTRIBUTORS ASSOCIATION
 INTERNATIONAL FRANCHISE ASSOCIATION
 NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS
 NATIONAL FEDERATION OF INDEPENDENT BUSINESS
 NATIONAL RESTAURANT ASSOCIATION
 NATIONAL RETAIL FEDERATION

QUESTIONS AND ANSWERS

RESPONSE BY JULIET SCHOR TO QUESTIONS OF SENATOR CASSIDY

SENATOR CASSIDY

Question 1. The companies that voluntarily participated in your study are traditionally white-collar industries rather than occupations requiring more physical work. Productivity gains achieved through advancing technology allowed the reduction in hours worked. How does that apply to professions that require manual labor?

Answer 1. Although most of the companies in our studies are in white-collar industries, not all are. Eight percent are in construction and manufacturing. We also have restaurants (1 percent) and health care companies (6 percent). The largest organization in our study, a 1000 person health care company, had such a successful experience they told us they are expanding the 4-day week to all 5000 of their employees. The productivity improvements that companies reported are due to multiple factors, not just advanced technologies. Many find that changes to their meetings practices, fewer interruptions, and more advance planning free up time. Some report that when their employees are better rested and less stressed they are more productive. Employees self-report higher productivity.

Question 2. Your testimony noted several companies around the world that have transitioned to a 4-day, 32-hour workweek. Were any of these transitions as a result of a government mandate, or did employers voluntarily adopt a shorter workweek?

Answer 2. All of the organizations in our early waves did this without a government mandate. However, there are now governments that are sponsoring trials, and we are involved with the Portuguese and Scottish national trials. In those trials, companies join voluntarily.

Question 3. Chairman Sanders argues that the United Kingdom's 4-day workweek pilot program of 3000 workers at more than 60 companies was a "huge success."¹

Question 3(a). Did the 4-day workweek pilot program consist of 8-hour days or 10-hour days?

Answer 3(a). There are no 10 hour day companies in our studies. The vast majority are on 8 hour schedules, however, there are a few who offer some employees five shorter days or flexible reduced-hour schedules. All companies in the trials must offer reduced hours of work with no reduction in pay.

Question 3(b). If the 4-day workweek was so successful, why did 9 percent of businesses not continue the shorter workweek?

²Bureau of Labor Statistics, "Job Openings and Labor Turnover Summary," March 6, 2024, available at <https://www.bls.gov/news.release/jolts.nr0.htm>.

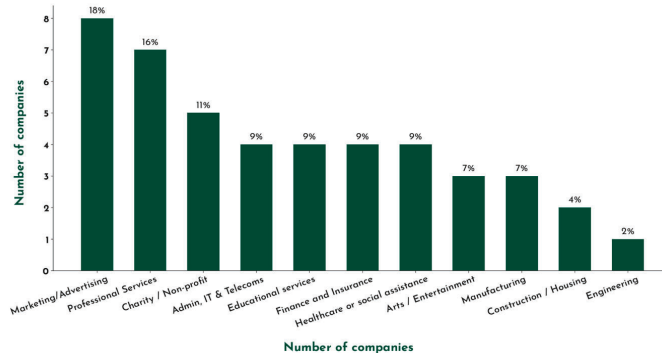
³The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.4 percent in February 2024, the largest increase since September, to 3.2 percent. The Federal Reserve aims for an inflation rate of 2 percent, which the United States has not experienced since before the COVID-19 pandemic in 2020. See Bureau of Labor Statistics, "Consumer Price Index Summary," March 12, 2024, available at <https://www.bls.gov/news.release/cpi.nr0.htm>.

¹ Production line workers are estimated at 145,823 in 2021. <https://www.zippia.com/production-line-jobs/demographics/>. Total employment in the U.S. was 161 million in February 2024.

Answer 3(b). There are a variety of reasons that a small number of companies did not continue. There is no common reason. One company was taken over by a private equity firm that canceled it without explanation. For a few their inability to identify metrics for success led to a pause or an end to the 4-day week. A few were very small entities (4–10 employees) for whom limited staff capacity led to their ending the new schedule. One ended the 4-day week when half their team went on maternity leave. The other (a retail shop) decided they wanted to stay open 5 days. There were a few for whom downturns in business were the reason. In one or two other cases, it seems they lacked capacity to meet orders. Quite a few of the companies in our trials are growing rapidly and keeping up with demand can be challenging.

Question 3(c). What types of companies participated in the UK pilot program? Were there any manufacturing companies that use assembly lines?

Answer 3(c). The UK program had companies from a wide variety of industries (see Figure 1 below). Marketing and advertising (18 percent) was the largest group, followed by professional services (16 percent). Finance and insurance was 9 percent and healthcare and social insurance was also 9 percent. Manufacturing companies were 7 percent of the total, and construction and housing were 4 percent. To my knowledge there were no companies with assembly lines. In the U.S., only .09 percent of workers currently work on assembly lines.



RESPONSE BY SHAWN FAIN TO QUESTIONS OF SENATOR CASSIDY

SENATOR CASSIDY

Question 1. Is it true that some of your members work 10-, 12-, and 15-hour shifts for as many as 90 days in a row? If so, and Congress moved to a 32-hour workweek, wouldn't it make sense for your members to continue to work the same number of days to collect additional overtime?

Answer 1. UAW members at Ford, General Motors, and Stellantis work varying work schedules, including long shifts. Working people don't need more overtime, we need more time for ourselves and with our families. When our members look back on their lives, they never say "I wish I had worked more." They never say, "I wish I'd made more money." They say, "I wish I had more time."

Question 2. The premise of this hearing is that employees do not see the benefits of technology in the workplace. Since 2006, the Mine Act requires mine operators to track miners working underground so that in an emergency their last known location is recorded. Do you agree that this type of technology benefits miners?

Question 2(a). Can you identify other advanced technologies that benefit employees?

Answer 2(a). The UAW does not currently represent workers subject to the Mine Act. We defer you to our brothers and sisters at the UMWA for their opinion on what would benefit miners. Any technology that increases productivity—whether automation, artificial intelligence, or regular improvements in the production line—must be deployed to the benefit of the workers who build the products and contribute their labor.

Question 2(b). How would a Federal 32-hour workweek mandate impact your current contracts?

Question 2(c). Would you need to renegotiate the current contract with the Big Three?

Answer 2(b). Federal legislation moving the workweek from 40 to 32-hours with no reduction in pay would raise standards at work for all working people.

Answer 2(c). Our contracts with Ford, General Motors, and Stellantis will remain in effect until May 1, 2028, regardless of changes in Federal employment law.

RESPONSE BY JON LELAND TO QUESTIONS OF SENATOR CASSIDY

SENATOR CASSIDY

Question 1. When does your company start to pay your employees overtime?

Answer 1. We do not currently employ any hourly wage workers, so we do not pay overtime. However, we do offer comp time to our salaried employees when they work over 32-hours in a workweek.

Question 2. Can you describe what steps Kickstarter had to take to transition to a 32-hour workweek?

Answer 2. We instituted organization-wide policies to eliminate or reduce meetings and provided clear performance expectations for each team that they had to maintain with a 32-hour workweek. At the team level, we worked with managers to identify and eliminate low impact work or opportunities to gain efficiencies in their processes. This looked different for every function as teams like engineering, sales, and customer support very different types of labor that required different adaptations. For functions like engineering, we improved our processes around project requirements and scoping to reduce ambiguity and alignment challenges that tended to slow down work. For customer support, we developed a richer set of pre-written and implemented artificial intelligence assistance to speed up our ability to respond to customer requests while maintaining the same level of user satisfaction. We reduced our vacation days proportionately (from 20 days to 16) and we determined that we needed to maintain the 4-day workweek even when there was a holiday, so while we typically work Monday to Thursday, we switch to a Tuesday to Friday schedule when Monday is a holiday.

Question 2(a). Would you agree that there are business models incapable of cutting meetings or using artificial intelligence to adjust for a 32-hour workweek?

Answer 2(a). While there are business models incapable of primarily relying on cutting meetings or using artificial intelligence to adjust to a 32-hour workweek, there are typically other adjustments those employers can and have made to successfully make the transition.

Question 2(b). How would you propose that those types of businesses manage the transition?

Answer 2(b). No matter the industry, overall organizational productivity is not simply a factor of the number of hours worked. Efficiency, focus, employee quality, and retention are equally or more critical factors. It is simply a fact that a lot of time at work is not used effectively. I can't articulate all the ways that companies across different sectors manage the transition to a 4-day workweek, but there are success stories from a number of industries where cutting meetings or using artificial intelligence are not impactful, including *manufacturing, healthcare, restaurants, and pest control*. While exact implementations vary, the common thread is that maintaining a well-rested and focused workforce working a 32-hour workweek is more effective than trying to maintain a burned out and high turnover workforce on a 40-hour workweek.

RESPONSE BY ROGER KING TO QUESTIONS OF SENATOR CASSIDY

SENATOR CASSIDY

Question 1. Requiring employers to pay employees for 40 hours when they work only 32 would put Congress in the position of having to legislate the wage for each position in the workforce, or mandate that no business could ever reduce any worker's salary. Does Congress have that power?

Answer 1. It is questionable whether Congress has the authority to legislate wage structures for private sector employers covered by the NLRA. While there is statutory and constitutional authority for Congress to enact minimum wage statutes and

also statutory protections for minors in the workplace, I am not aware of any statutory or constitutional authority for Congress to indirectly or directly establish wage schedules for all of an employer's employees. Stated alternatively, Senator Sanders' proposal would require an employer to establish a new wage structure for all employees and positions that were initially impacted by a conversion from a 40-hour to a 32-hour work week. This approach would establish "minimum wages" for all impacted positions and employees and have a corresponding impact on the entirety of an employers' wage structure. Further, this approach would prohibit an employer from ever decreasing the rate of pay and benefits for such impacted positions. Again, I am not aware of any authority that Congress may have to require an employer to adopt such a wage schedule.

Question 1(a). Would Senator Sanders' legislative proposal protect workers hired after implementation from earning less than their peers?

Answer 1(a). It is unclear as to the "longevity" of Senator Sanders' proposal regarding impacted positions and employees converting from a 40-hour to a 32-hour work week. How long would such a requirement remain in place? It is also not clear whether employees not initially covered by such a conversion but who were later placed in the initially converted positions would be covered by Senator Sanders' "hold harmless" wage and benefit requirement. Further, it is not clear whether Senator Sanders' proposal would also require an amendment to the Employee Retirement Income Security Act (ERISA) as his proposal also requires a hold harmless approach to benefits. In summary, there are more questions than answers with respect to Senator Sanders' hold harmless approach.

Question 2. If Congress mandates a 32-hour workweek, what would be the impact on employer-sponsored health insurance? Would employers be incentivized to reduce workweeks to 20 or 30 hours so they don't have to provide health insurance?

Answer 2. As stated in my testimony, it is quite probable that Senator Sanders' approach to require a maintenance of benefits for employees converting from a 40-hour to a 32-hour work week could have a number of adverse consequences to an employer's health benefit plans. Specifically, healthcare benefit contributions by employers are often tied to the number of hours worked by an employee in a work week. Employees who would have their work week hours reduced would potentially either suffer a reduction in healthcare coverage or have such coverage eliminated altogether. Even assuming that Senator Sanders could lawfully mandate no such negative impact upon employees as their work week hours are reduced, there would be benefit contribution issues. For example, an employer would be forced to increase the amount of its hourly contribution rate for the benefit plans in question or make other adjustments given the fact that employees would be working fewer hours in a work week. Even if Congress has this authority, how long would such a mandate be effective, particularly for new employees coming into positions that were initially covered by the reduced work week and salary and benefit hold harmless provisions? Would it only be effective for those employees and positions that were initially impacted by the reduction in the number of hours worked in a work week? The financial and operational impact of such "hold harmless" benefit coverage should be closely scrutinized with appropriate in-depth studies.

Question 3. The Biden administration is proposing to increase the overtime threshold to \$55,068, a 55 percent increase from the level set in 2020. Can you describe how this change, in addition to an adjustment to the standard 40-hour workweek and an increase in the minimum wage, would impact businesses of all sizes?

Answer 3. Pursuant to Senator Sanders' approach employers will be adversely impacted in three ways. First, Senator Sanders' proposal would require the establishment of a new increased base rate that would be utilized for overtime pay calculations. This new rate would have to be applied to determine the amount of overtime rate of pay. In every instance, the amount of overtime pay would increase considerably. Second, there would be a considerable increase in the number of non-exempt employees eligible for overtime, pursuant to the Biden administration's proposal to increase the hourly salary/wage threshold. Accordingly, there would be more employees receiving overtime pay at a higher overtime rate. Third, employers, in many instances, will have to increase the amount of overtime in a work week to compensate for the loss of work week hours thereby increasing their overall payroll cost. When you combine all three of these adverse impacts on employers, it may be financially difficult for a business to continue to operate or, in the alternative, it would operate with a substantial reduction in its work force and/or a conversion of full-time jobs to part-time jobs. Finally, to the extent an employer could navigate such considerable wage increases in its payroll cost, in most instances it would have to

pass on this added cost of doing business to consumers, thereby further increasing inflationary pressures on our economy.

Question 4. Senator Sanders recently introduced his “Thirty-Two Hour Workweek Act.” It appears that it would have the potential to decrease by as much as 20 percent the amount companies would pay into a defined benefit plan until the next collective bargaining agreement (CBA) is consummated. Is this correct? What would be the financial impact of this on these plans?

The impact of Senator Sanders’ proposal on defined benefit for both union and nonunion employers could be considerable. For example, an employer’s benefit contribution obligation, in many instances, is to provide contributions on an hours-worked basis. Assuming employees reduced their hours worked in a work week, the employer’s corresponding benefit contribution obligation—absent a renegotiation of the applicable plan requirements—could be considerably impacted. This issue of employer benefit contribution is another aspect of the 32-hour work week that will have to be carefully analyzed. Further, have the ERISA implications from a statutory amendment perspective been fully considered? Finally, if employer benefit contributions are significantly decreased, benefit plans would also be adversely impacted. Indeed, perhaps a number of benefit plans would have to greatly curtail their healthcare benefits coverage or cease to exist altogether. Any such negative consequences for employer healthcare plans could have a corresponding adverse impact on the nation’s healthcare network and correspondingly increase the need for more governmental Medicare and Medicaid assistance.

RESPONSE BY LIBERTY VITTEB TO QUESTIONS OF SENATOR CASSIDY

SENATOR CASSIDY

Question 1. You have examined various 32-hour workweek studies. What are your conclusions about the impact of a shortened workweek on businesses and workers?

Answer 1. There are significant statistical flaws in all of the studies I have examined and are regularly touted as proof of concept for the shortened work week. There are also many overlooked studies that show the true detriment to both the workers and the economy of the country.

First, productivity does not necessarily increase with a shortened work week in the longterm. Besides the issue of defining exactly what productivity or success means in different companies or countries, we have seen in multiple studies that long-term there is a significant decrease in productivity as measured by the country’s GDP (a study in Japan run from 1988 to 1996) where economic output fell by 20 percent after a significant reduction in working hours.

Second, there is a large self-selection issue of companies participating in these studies such as with the 4 Day Week Global study. The companies are choosing to participate, potentially meaning that they are small and trying to grow (enticing new workers) or are capable of reducing hours by removing extraneous meetings, coffee breaks etc., a point made by the study conductors themselves. Given that 75 percent of the workforce in the United States works with their hands, there are no extraneous meetings to cut out.

Third, a study in Iceland that is widely cited as a measure of the success of the shortened work week, fails to mention that the Icelandic government had to expend almost \$30 million extra to hire more healthcare workers because of the experiment. This is also the case with a study in Spain where companies that participate in the pilot were also eligible for a multi-million dollar government fund to help subsidize.

Fourth, the concept that this reduction in hours will automatically increase happiness and decrease stress long-term is statistically flawed. For example, in France, the government mandated the reduction of the standard work week from 39 hours to 35 hours. There was no evidence that this increased workers’ happiness and in fact, decreased it, due to the need of companies to hire part-time, cheaper, workers. Should workers not have jobs, or have to work two jobs since with this plan companies are incentivized to hire part-time workers instead, stress and unhappiness will surely increase.

Question 2. If all it takes to transition to a 32-hour workweek is reducing meetings and streamlining processes as mentioned in Mr. Leland’s testimony, why haven’t all companies or all economies moved to a shortened workweek?

It is specifically only companies that are able to adapt to a shorter workweek that tend to participate by cutting out, as they say, extraneous meetings, coffee breaks, or having more independent work. However, over 75 percent of the U.S. job economy is people working with their hands, they don’t have extraneous meetings or too

many coffee breaks to cut out. Statistically, you cannot apply this type of cutting across all types of companies, which is necessary for any kind of successful reduction in work hours.

Also, given the types of companies that are potentially capable of cutting their work week, we could see a divide of the rich getting richer (or working less time) and the poor needing to take on part time jobs. We also disadvantage older workers who cannot necessarily physically do the same amount of work in a shorter time, which happened to great detriment to that population during the Great Depression.

Question 2(a). Is this sustainable in 24-hour industries?

No, it is not. It will be devastating to companies economically and even if they can do it, it will encourage them to hire part-time workers instead of full time workers leading to stereotypically lower pay and less benefits.

Question 3. In an op/ed piece for *The Washington Post*, Chairman Sanders touted Belgium, France, Norway, and Denmark as positive evidence for mandating a 32-hour workweek in the United States.¹

Question 3(a). What was the impact on economic output in each of these countries?

Answer 3(a). They did not mandate necessarily a 32 hour work week, some did 36 hours or some did a shortened work week but the same amount of hours so using these as evidence is not an apples to apples comparison. There were also huge issues for employees in some of these countries with layoffs due to this implementation. Also, for a lot of these studies there were enormous government subsidies to allow this to happen.

Question 3(b). Long term, do workers sustain the same level of satisfaction popular studies have noted?

Answer 3(b). Many of the news headlines touting these studies discuss the stress or happiness levels of workers who work less time. Inevitably, over the short term, in these short pilot projects, it is not inconceivable to imagine that happiness levels increase—the question is where does the pendulum end—at no work? Statistical studies show that it doesn't actually matter if we decrease the work time in the long run—workers' happiness fails to improve over the long-term studies we have that are often ignored by proponents. For example, the study in *France*, after mandatory government reduction of hours saw a return to the same level of happiness after 7 years.

If you want to see those same employees really stressed out, just see what happens when their employers lay them off for part-time workers that generally take lower pay and less benefits or even shut their doors due to falling productivity or lost profits.

Question 4 Chairman Sanders also noted that in 2019, Microsoft tested a 4-day workweek in Japan and reported a 40 percent increase in productivity.²

Question 4(a). Was the 4-day workweek at Microsoft in Japan successful?

Answer 4(a). It was not successful in any statistically meaningful manner. Microsoft tested a four-day work week by shutting down its Japan office every Friday during the month of August. The claim is that this resulted in a 40 percent increase in productivity. This is a statistical fallacy that correlation does not necessarily mean causation. Productivity increased over a very, very short period of time during a low-productivity summer month, when overall productivity was *already* at a 75-year low.

There is no statistical evidence to merit a nationwide mandate of a 32 hour work week and, in fact, clear evidence against it. If it works for some companies in some sectors, then great, but it will be highly detrimental to the majority.

Question 4(b). Why hasn't Microsoft implemented the 4-day workweek worldwide?

Answer 4(b). Because it was clearly not successful in any statistically meaningful way.

[Whereupon, at 11:29 a.m., the hearing was adjourned.]

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¹ <https://www.washingtonpost.com/opinions/2024/03/19/32-hour-work-week-sanders-fain/>.

² *Ibid.*