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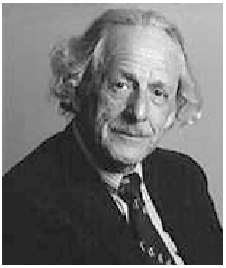

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EUGENE GARFIELD
INSTITUTE FOR SCIENTIFIC INFORMATION®
3501 MARKET ST., PHILADELPHIA, PA 19104

The Dependent Care Dilemma: Part 2. Corporate Practices, Legislative Solutions

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Part 1 of this essay on dependent care in the 1990s defined the scope of the problem and the need for families, businesses, and government to work together to reach solutions for what is fast becoming one of the critical social problems in America today.

In Part 2, the author, Cynthia Miller, a science writer, the mother of two, and a former ISI® employee, outlines some possible solutions to the dependent care dilemma that has sprung from new life-styles, the entry of more women into the work force, and the aging of large numbers of Americans.

Miller gives the reader insight into some of the more innovative practices of corporate America, as well as legislative solutions proposed in Congress. As the author points out, more and more people in America are faced with caring for children or elders or both. It is a problem that will only continue to grow in social and political importance.

Before I sat down to write this, I glanced at the *Wall Street Journal*. Two stories jumped off the page at me. One was a report stating that parental-leave policies, flextime arrangements, and on-site child care were reducing costs and raising profits at Du Pont, General Mills, Merck, and other companies.[1] The other was an editorial page article about a program for the elderly that would allow them to use their home equity during their lifetimes without having to sell and move out.[2] Clearly, the essay that follows is timely and on the mark.

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Dependent Care in the 1990s: Business and Government Share the Working Family's Burden. Part 2. Seeking a Solution

By Cynthia Miller

Americans have experienced profound changes in life-style during this century. As discussed in the first part of this essay, the entry of more women into the work force, the decline of the traditional family, and aging in America have altered the traditional home and work environments.[1] Indeed, experts from a variety of fields believe that the pervasive conflict between workplace obligations and caregiving responsibilities has a negative effect on family stability, employee performance, employer profitability, and US competition in the world market. Helping to satisfy the needs of working caregivers is the first step toward addressing these profound problems. But what are the special needs of working caregivers?

Workplace benefits should take into account the conflicting demands placed on caregivers by their employers and their dependents. Employed caregivers want help in finding and financing good care as well as the flexibility to provide the care themselves if that becomes necessary. According to dependent care consultants Fran Sussner Rodgers and Charles Rodgers of Work/Family Directions, Inc., in Waterford, Massachusetts, employed caregivers need help finding quality care for infants, children, adolescents, and the elderly. They also require greater flexibility in the organization, schedule, and location of work.[2] In a survey of 26,000 employees, John P. Fernandez, president of Advanced Research Management Consultants in Philadelphia, found that employees caring for dependents wanted flexible options, day-care centers, and financial assistance.[3] (p. 146) Dual-earner families and single parents, in particular, "have needs for child-care assistance, elder-care support, and greater flexibility in their work schedules in order to be productive on the job and at home,"[4] according to Dana E. Friedman, a specialist in corporate child care and copresident of the Families and Work Institute.

Nearly everyone agrees that it will take a joint effort by business and government to meet the needs of employed caregivers.[3] (p. 208) But, despite this general consensus, there is little agreement on the role each should play in the process.

Public Policy Plays a Part

According to authors Sheila B. Kamerman and Alfred J. Kahn, the foundation for an effective family care policy should be provided by the government, with employers elaborating and enhancing employee benefits as needed.[5] (p. 297) Government must mandate minimum standards for companies to follow when preparing family care agendas, much like it did with minimum wage and workplace safety. Although many employers now approach family care problems on an "ad hoc" basis after considering the needs of their particular company and individual employees,[6] the lack of legislated policies at the state and federal level guarantees that employee benefits will continue to vary considerably in the workplace.[7] As T. Berry Brazelton, a leading pediatrician, says, "We need action at a Congressional level to mandate and to subsidize the changes needed to protect the future of our children and our families."[8] (p. 66)

Studying trends in corporate response, Susan S. Stautberg, a communications professional specializing in family issues, concluded that "any major transformation of corporate society will probably be instituted by the courts or Congress, [and] implemented by companies only after a new idea becomes federal or state law.... Progress will come first through the legal system rather than the companies themselves."[9] The reality, however, is that the US is characterized by a virtual absence of national policy on dependent care. According to the National Research Council, the current child care system in this country "is a fragmented array of consumer, provider, and infrastructure policies and programs that have developed over the last forty years."[10] (p. 195)

Furthermore, the US is the only major industrialized nation besides South Africa that not only provides no help to parents when a child is born or becomes ill, but often penalizes them with the loss of a job, money, or benefits.[11] Indeed, 67 countries, including all industrialized nations except the US, offer income assistance to those raising children. European family policies typically provide for a job-protected leave, part of which is paid and part of which is either partially paid or unpaid.

US Behind Other Nations

The US is 5 to 10 years behind Japan and Western Europe in facing the elder care crisis, according to Fernandez.[3] (p. 206) Most Western industrialized nations provide an allowance to families to help pay for a caregiver to come to the home. The Swedish government, for example, provides many services—such as transportation, cooking, meal delivery, and night and weekend care—with the intention of keeping the elderly at home as long as possible.[3] (p. 206) The US, on the other hand, "has made virtually no response to the needs of families who provide parent care."[12]

Our government has made attempts to address the child/elder care problem, but no comprehensive policy has emerged. Head Start, a child development program founded under President Lyndon B. Johnson and operated in public schools for families whose incomes fall below poverty level, just celebrated its twenty-fifth anniversary.[10] (p. 216, 218) Although the program "is regarded as one of the federal government's most successful social development programs,"[13] it is aimed only at the needs of disadvantaged families.

The 1970 White House Conference on Children voted child care as the "number one problem facing American families and children."[14] A year later, Congress passed the Comprehensive Child Care Act. But President Richard M. Nixon vetoed the bill because of opposition by the Moral Majority, saying it threatened the sanctity of the American family.[10] (p. 7)

According to Kamerman and Kahn, federal policy actually encouraged flexibility and responsiveness in the 1980s.[5] The Economic Recovery Act of 1981 established the Dependent Care Assistance Program, providing for the reimbursement of dependent care expenses through salary deduction, cafeteria plans, and Flexible Spending Accounts (FSAs).[15] (p. 61) With an FSA, an employee can set aside up to $5,000 a year for certain day-care costs for a child under 13 or a dependent adult residing in the same household.[16] The contribution is exempt from federal income and Social Security taxes and most state and local taxes. The drawback is that any balance that remains at the end of a 12-month period is forfeited by the employee.

Additional savings can be obtained through the Dependent Care Tax Credit, which allows caregivers with children under 12 years, or elders in the same household, to deduct part of care expenses—up to $2,400 for one dependent, $4,800 for two—from federal income taxes. Nearly half of all families with working mothers use this credit.[10] (p. 202) Although these programs help families with caregiving expenses, they are not a complete solution to the problem.

The Reagan administration, generally speaking, de-emphasized government funding and suggested private funding by corporations.[17] (p. 20) This policy was perpetuated last summer when President George Bush vetoed the Family and Medical Leave Act, saying he supported business voluntarily providing leaves.[18] The bill, sponsored by Rep. Pat Schroeder (Democrat, Colorado),[19] would have mandated employers with 50 or more workers to provide up to three months of unpaid leave after the birth or adoption of a child, or when a member of their immediate family becomes ill. A three-year study of thousands of employers in Minnesota, Wisconsin, Rhode Island, and Oregon, recently completed by the Families and Work Institute in New York, found that employers did not have a problem complying with family leave laws in these states. Enactment of federal legislation is still a possibility and the bill is before Congress again this year.[20]

Fortunately for American families today, "the debate over child care is no longer about whether the government should support child care programs," Sen. Alan Cranston (Democrat, California) says,[11] "but rather about the mechanics of how such assistance should be provided."[21] In fact, after years of debate, Congress finally passed a child care bill in the 101st session last year. Many of the important features of child care bills debated in past years are retained in the new Child Care and Development Block Grant. The bill authorizes $2.5 billion for the states to help improve the quality, affordability, and accessibility of child care. According to Marion Wright Edelman, president of the Children's Defense Fund in Washington, DC, "The needs of hard-working, struggling families and their children finally are moving upwards on the political agenda."[22]

The Issues of Elder Care

Many of the issues we have discussed with regard to child care also apply to elder care. Just like children of working parents, elders dependent on working caregivers require high-quality care that is accessible and affordable, such as day care. As Maurice Thompson, president of Senior Service Corporation, says, "What worked well for a three-year-old in many cases will work for an eighty-year-old."[23] Run by churches, senior centers, hospitals, and nursing homes, the number of day-care centers has grown from a handful in the early 1970s to about 2,100 today.[24] Often the use of these day-care centers averts the institutionalization of an elderly person, but better funding is needed if day care is to continue to "delay, prevent, or substitute for more expensive and restrictive alternatives."[25]

Coverage under Medicare and Medicaid, the major governmental programs that provide medical services to the elderly, is mostly limited to institutional care.[26] The Catastrophic Coverage Act of 1988 improved the situation by covering up to 150 days a year in a skilled nursing facility without prior hospitalization as well as respite care—a relief in caregiving ranging from an afternoon at-home visit to a week-long stay at a nursing home—for up to 80 hours a year.[27] But the care provided at home is available only to those considered immobilized; when the patient becomes mobile, the services are terminated.

Many of the services covered by Medicaid—adult day care, respite care, home care, and intermediate care—could help employed caregivers better manage their responsibilities, but they are generally only available to those on a limited income. Neither Medicare nor Medicaid provide the services—home repair, at-home visits or telephone calls, provision of meals and nutritional information, help with household chores—that would enable an elderly person to remain at home. Many employed caregivers are forced to put their elderly relatives in nursing homes because only 100,000 of the nearly one million families needing help get it.[27]

Many nonmedical services are provided by the Older Americans Act and the Social Services Block Grant under Title XX of the Social Security Act.[26] The Older Americans Act, which authorizes area agencies on aging to provide local services, often excludes elders whose families can help. And like Medicaid recipients, those receiving funds from the Social Services Block Grant must have restricted incomes.

There are several bills currently in the House and Senate to support long-term care. According to Stephen McConnell of the Long-Term Care Campaign, these bills "range from the very narrow (incentives to purchase private insurance), through a middle range (the late Sen. Claude Pepper's proposal to extend Medicare coverage to home care), to comprehensive measures (plans to cover both home care and nursing homes through Medicare)."[27]

The Corporate Role

As Helen Norton of the Women's Legal Defense Fund in Washington, DC, says, "American businesses need to recognize that workers have both work responsibilities and family responsibilities, and they need some accommodation of these competing needs."[28]

Today only about 11 percent of the nation's companies with 10 or more employees provide specific services or benefits to workers for child care,[10] (p. 200) with about 3 percent providing some form of financial assistance.[10] (p. 204) About 4,600 companies in the country now provide child care benefits,[29] while some 200 support elder care.[4] Although this means that only about 3 percent of American companies assist employees who care for elderly dependents, F.S. Rodgers says that "elder care will be nearly as urgent a concern of the workers of the 1990s as child care."[30]

Reviewing the types of benefits now offered by some companies indicates that there has been a thoughtful corporate response. Examples of newly emerging benefits in the business arena are parental leave, child care (facilities or finances), and flexible work schedules. The Bureau of Labor Statistics conducted a 1989 Employee Benefits Survey of private sector employers of 100 or more employees. It found that companies were providing the following benefits: unpaid maternity leave (40 percent of companies), unpaid paternity leave (20 percent), reimbursement accounts (25 percent), and flexible work arrangements (10 percent).[31] A survey of 259 major employers by Hewitt Associates, a benefits consulting firm, showed 55 percent offer some form of child care aid, 31 percent provide elder care aid, 56 percent have flexible scheduling, 42 percent offer unpaid leave, and 14 percent offer adoption benefits.[32] Information sources, employee assistance programs, flextime, and leaves of absence are the most frequently provided benefits.[7]

There are many ways a company can assist its caregiving employees. However, dependent care benefits fall into three basic categories: (1) affordability of care; (2) accessibility to care; and (3) flexibility in location and schedule of work. One popular benefit now offered to employees to help defray the cost of dependent care is the FSA. As discussed earlier, an employee can set aside up to $5,000 a year in a pretax FSA for day care costs for children under 13 or a dependent adult living in the same household. Although any money remaining in the account after 12 months is forfeited to the employer, few employees end up losing money.[16]

The National Research Council reports that FSAs are now one of the most popular types of benefits, perhaps because the employer saves money on unemployment and Social Security taxes.[10] (p. 203) Employees can receive cash or spend credits for dependent care, an Individual Retirement Account, medical or dental care, or life insurance.[27] Some of these costs also can be offset by using cafeteria-style benefits, pioneered in 1980 by Hewitt Associates in Illinois and now offered by such companies as Time, Inc., PepsiCo, Merck & Co., CBS, Levi Strauss, and Honeywell.[33]

Some employers provide vouchers and/or subsidies to either on- or near-site day-care facilities to help caregivers afford day care for their dependents. Some offer, and many are considering, the extension of health care benefits to include long-term health care and additional family members.[7] By providing an opportunity for an employee to participate in a group plan, the employer could reduce the employee's cost for long-term health care insurance by about 30 percent.

To help satisfy the employed caregiver's need for information, about 500 companies now provide resource and referral services to their employees.[34] While one study reported that only 5 percent of American companies offer resource and referral services, another indicated that more than 40 percent are currently considering this benefit.[10] (p. 222) These services are inexpensive for the employer yet very helpful to the employee.

IBM, for example, recently created a nationwide network of referral services. At least 35 other national corporations now offer these services.[4] Interestingly, IBM's Elder Care Referral Service was used at twice the rate of their child care service.[35] With regard to elder care, the bulk of corporate activity has been in the areas of education, counseling, and computerized data banks.[36] Another source of information for the employed caregiver could be a manager of dependent care services, who according to Friedman, would "coordinate the various work/family responses and provide a centralized place for information about related policies."[29] This individual—like a resource and referral service—would help employees locate appropriate dependent care services. Some companies have gone a step further, actually providing the care themselves in the form of an on- or near-site center.

Companies mentioned again and again as being "family-friendly" are the same companies that support flexibility at the workplace. Examples include AT&T, where the mother and father of a newborn can take up to a year's leave between them with a job guarantee for up to six months, and Time, Inc., where an employee can take up to a year off after the birth or adoption of a child.[9]

About 90 percent of large employers now provide flexible scheduling.[37] Flextime, where employees can choose the time they arrive and the time they leave, is by far the most common. Some companies—including AT&T, Fidelity Bank, Digital Equipment Corporation, Levi Strauss, and

Honeywell—now offer flexible workplaces where employees are able to work at a location other than the office, usually their home.[33] Another form of flexible scheduling is job-sharing, where two employees perform the duties of one job.

Part-time work and sick leave for family illness are among other options now being offered or considered by some companies concerned with the effects of dependent care problems on employee performance. One study reports that such schedule control has positive implications for family life.[38]

Often, simply having a supportive boss who displays flexibility in response to work/family conflicts can make a huge difference. Some companies—IBM, Johnson and Johnson, Merck, and Warner-Lambert—train supervisors to be sensitive to work/family issues.[2] After all, "the acid test of a good employer is the presence of compassion in regular, day-to-day activities."[39]

Creative Company Solutions

Many companies have come up with creative solutions to support caregivers in the workplace. The *St. Louis Post-Dispatch* showed flexibility when it allowed two of its employees, a husband and wife, to share the position of assistant chief of the Washington bureau.[40] The couple, parents of four children, ages 5 through 13, are able to effectively manage their family life and successfully progress in their careers at the same time. The newspaper, meanwhile, has retained valued employees.

B.E. & K., Inc., an industrial construction company based in Birmingham, Alabama, came up with an innovative idea concerning flexibility in location. The company created a movable day-care center, called BEK, comprising five trailers. It now reports less absenteeism and a possible edge on the competition.[41]

A discussion of innovation in the area of dependent care benefits would not be complete without a mention of Stride-Rite Corporation, a leading footwear manufacturer located in Cambridge, Massachusetts. In 1971, chairman Arnold Hiatt opened the first on-site child care center in the country. Last year, he opened the first on-site dependent care center—the Intergenerational Day Care Center—where employees bring their preschoolers and their aging relatives. Karen Leibold, director of work and family programs for the company, says, "It is more than likely that one of Stride-Rite's 500 employees one day will enroll both a child and a parent at the center."[42]

The Conflict Continues

The debate in Washington and the response in the workplace indicate there is some change taking place. However, as Fernandez puts it, "There's more intellectualization than action, but at least we're talking about it."[43] Employers and legislators alike need to develop attitudes and benefits that support caregiving in the workplace. Family-friendly policies are critical if we are to maintain a stable home life and a productive workplace.

Addressing the work/family conflict with an effective national family care program is crucial if the US is to continue to successfully compete in the world market. As Jay Belsky, professor of human development at Pennsylvania State University, put it, "America stands poised to welcome a new age of realism with regard to the rearing of its children and the functioning of its families.... To turn away from the challenge...is to concur with recent historians who seem to suggest that America's time is passing."[44]

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