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President's Summary

This issue of *The Balancing Act* examines the workplace flexibility needs of caregivers. With more Americans living into their late seventies and beyond, the need for eldercare is rising. Coupled with an increase of dual-earner and single-parent households, the needs of workplace caregivers have never been greater. EPF examined policies that can help those with eldercare or childcare responsibiliities meet those responsibilities while reamining an active and productive member of the workforce.

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Promoting sound employment policy

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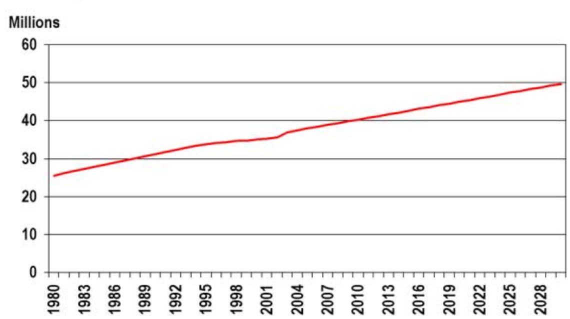
Working Caregivers Show Need for Workplace Flexibility

America's workforce is currently facing increased responsibilities in their efforts to balance their work and family commitments. Demographic shifts have left the heart of America's workforce–the "Baby Boom" generation–caring for their aging parents and their children at the same time. As Americans live longer, the need for eldercare will continue to grow. Similarly, as the baby boom generation moves toward retirement, a large number of their children are encountering household infrastructure problems–making child care problems commonplace among American workers. The ability of American employers to help their employees meet their family commitments is essential to their long-term well-being.

Demographic Trends

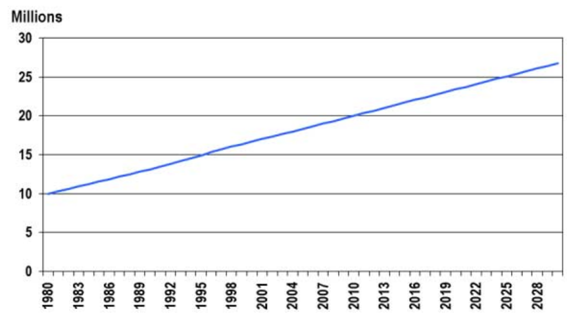
America's population is aging. In 1980, 11.4 percent–25.5 million–of Americans were over the age of 65.[1] By 1990 that number had grown to 31.2 million–12.6 percent of the total population. The trend has continued–35.6 million Americans were 65 or older in 2002–a 12.7 percent increase over 1990. Employment Policy Foundation (EPF) research projects that by 2030, 47.5 million Americans will be age 65 or older. (See Figure 1.)

Figure 1
Over 65 Population of the United States
1980-2002, Forecasted 2003-2030



Source: EPF tabulation of Census Bureau data.

Figure 2
Over 75 Population of the United States
1980-2002, Forecasted 2003-2030



Source: EPF tabulation of Census Bureau data.

Critically important is the significant increase in individuals over age 75. In 1980, only 4.4 percent Americans were age 75 or older. By 1990 that number had grown to 13.1 million–5.3 percent of the total population. The rising trend has continued–17.3 million or 6 percent of Americans were 75 or older in 2002. Figure 2 shows that by 2030 that number will have increased to 27.3 million–7.2 percent of the population. As a group, individuals 75 and over are significantly more likely to need eldercare.

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America's workers are primarily the ones providing the care. Family and friends informally provide approximately 80 percent of the care needed by elders. The 1997 National Study of the Changing Workforce found that 42 percent of workers expected to provide eldercare by 2002. A 1997 study by the American Association of Retired Persons found that over 23 percent of households had at least one individual who was caring for or had cared for in the past year a relative or friend over age 50. Of those caregivers, 64 percent of them were employed either full- or part-time.[2]

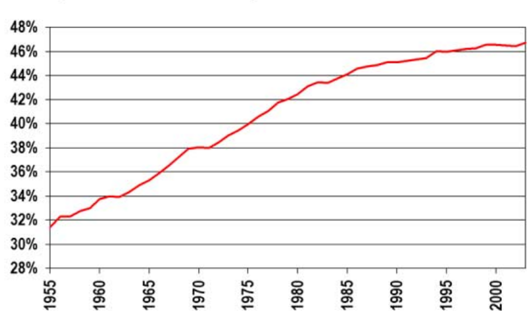
A 1997 study by the American Association of Retired Persons found that over 23 percent of households had at least one individual who was caring for or had cared for in the past year a relative or friend over age 50. Of those caregivers, 64 percent of them were employed either full or part-time.

Figure 3 shows that more women have entered the civilian labor force than ever before. In 2002, women comprised 46.5 percent of the civilian labor force, compared to 42.5 percent in 1980.[3] By 2010, EPF projects women will make up 47.8 percent of the labor force. The increase of women in the workforce has resulted in an increased number of dual-earner households. In 2002, 40.9 percent of households were dual-earner households. Of households with children under 18, 51.3 percent were dual-earner households with an additional 27.8 percent of households with children being made up of single-parent workers and their children. (See Figure 4.)

Figure 3

Women in the Labor Force

Percentage of the Labor Force Made Up of Women

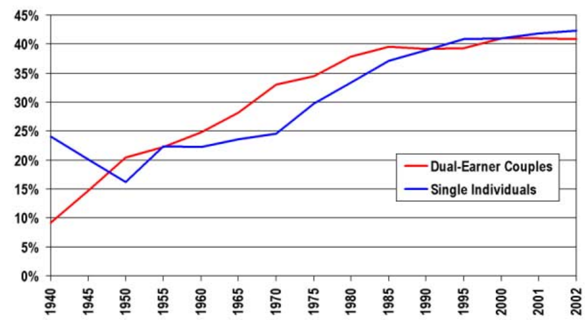


Source: Bureau of Labor Statistics.

Of households with children under 18, 51.3 percent were dual-earner households with an additional 27.8 percent of households with children being made up of single-parent workers and their children.

Figure 4

Changing Realities of Working Households



Source: Employment Policy Foundation tabulation of BLS/Census Current Population Survey data.

The Sandwich Generation–Eldercare and Child Care

A three-year longitudinal study by Drs. Margaret Neal and Leslie Hammer of Portland State University examined workers in the "Sandwich Generation." The Sandwich Generation couples in the study were middle- and upper-income couples that cared for both an elderly family member and children. Of households with one or more person aged 30 to 60, the study found that between 9 and 13 percent were dual-earner sandwich-generation couples. These couples face additional challenges in balancing their caregiving and work responsibilities due to the dual nature of their familial needs.

The study found that wives were more involved in caregiving roles than were their husbands, but that both individuals made significant contributions. Husbands reported an average of 7.5 hours per week of caregiving for elderly parents, while wives reported 9.7 weekly hours. On average, both husbands and wives reported that the wives were slightly more likely to have primary responsibility for child care. Wives reported feeling slightly more flexibility in their work schedule with an average score of 3.13 on a scale of 1 (none) to 4 (a lot). Men reported slightly less perceived flexibility with an average of 2.98. Both men and women reported a desire to work fewer hours, though husbands averaged 11.4 more hours per week than their wives.[4]

Additionally, both husbands and wives have compromised their career goals to achieve better work-family balance. Thirty-one (31) percent of wives and 17 percent of husbands had reduced the number of hours they had worked. Sandwich generation couples also reported refusing or limiting business travel–27 percent of wives and 23 percent of husbands. A sizeable percentage of wives had also chosen jobs that provided more flexibility to meet family needs (24 percent) or decided against working toward promotion (21 percent).[5]

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Work-related Implications

The need to balance caregiving and professional responsibilities has significant impact on employees' work habits. A study of employed Canadian caregivers found that work-family conflict is common.[6] Researchers have found that caregiving "duties can be associated with decreased productivity, increased absenteeism, increased desire to quit, decreased job satisfaction, increased mental and physical health problems, increased substance abuse and increased stress and strain."[7]

In a 1997 study, the National Center on Women and Aging found that 67 percent of employees with eldercare responsibilities had taken time off during the day due to those responsibilities.[8] Additionally, 69 percent of workers reported arriving to work late or leaving early to care for an elderly family member. A sizeable number of employees, 29 percent, quit work or retired early to perform eldercare duties draining valuable skills and workplace experience from the labor force.

The MetLife Study of Employer Costs for Working Caregivers in 1997 found that U.S. businesses lost between $11.4 billion and $29 billion annually due to lost productivity relating to employee involvement in eldercare.[9] Replacement costs for employees who quit their jobs due to their caregiving responsibilities accounted for $4.9 billion in costs and $6.5 billion was due to decreased productivity and increased absenteeism.[10]

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Employees' child care responsibilities also significantly affect businesses. In a study of its own employees, AT&T found that 57 percent of their female and 33 percent of their male employees, with children under age 6, had lost time from work in the preceding month due to child care problems.[11] Ernst&Young reported a significant decrease in turnover rates after adopting family-friendly policies and benefits and estimated savings in turnover costs for 1997-1998 at $17 million. After implementing a part-time return-to-work program after family leave, Aetna Insurance cut attrition by 50 percent–saving more than $14 million annually. NationsBank, before merging with Bank of America, reported a 66 percent decrease in turnover among lower income employees who received child care subsidies and a 35 percent reduction in turnover among professional employees after adopting family programs.[12]

A study performed by the Families and Work Institute found that regular child care plans fail for working parents an average of 3.6 times per year, resulting in missed work.[13] Although dual-earner couples often split this time away from work, a growing number of single-parent households–15.5 percent of all households–do not have this option.

Employer Strategies for Employees

Employers can benefit from providing programs that help employees to balance their work and family commitments. Family-friendly programs can be effective recruiting tools, increase employee loyalty and retention and help employees be more productive and effective in the workplace.

Forty-one (41) percent of respondents to a 1994 survey of 71 Fortune 500 vice presidents and directors indicated that assisting employees with work-family balance improved recruitment and retention. Twenty-one (21) percent and 15 percent of those responding to the same survey mentioned improved morale and reduced stress, resulting in increased productivity and service quality as benefits associated with work-family balance programs. Additionally, a survey of corporations found that 86 percent of participants thought they could not remain competitive without addressing work-life balance and diversity issues.[14]

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Recognizing the need for work-family balance programs, many employers have begun to adopt some of the strategies outlined below. A 2000 survey of 1,000 medium to large companies by Hewitt Associates analyzed the prevelance of work-family balance policies in the American workplace. The survey found that 90 percent of companies offered some type of child care benefits while 47 percent provided some form of eldercare assistance. Specific programs were less prevalent, but included sick or emergency child care facilities (13 percent); on or off-site child care centers (10 percent) and dependent care spending accounts (32 percent).[15]

Increased Schedule Flexibility

Employees can benefit from programs designed to allow them additional flexibility in their work schedule. Programs that increase schedule flexibility help employees to schedule time during the week to meet their familial responibilities. Two common programs for that provide scheduling flexibility include compressed workweeks and flextime.

Compressed workweek schedules allow employees to work a full-time schedule of forty-hours, but more flexibly than five eight-hour days. Some companies (and some public agencies) allow their employees to work four ten-hour days or even three twelve-hour days. This allows employees to use one or two weekdays for scheduling appointments and running errands that may be essential to their familial responsibilities.

Flextime programs offer employees the ability to shift their start and quitting times during the day. For example, employees may be required to work eight hours within a set time frame, allowing them the flexibility to use morning, evening or extended lunch hours to tend to their family commitments. Some flextime programs afford additional flexibility including the banking of hours, which allows employees to save up hours worked beyond the traditional eight-hour workday for use on other days.

Flextime and compressed workweek schedules offer employers several benefits, including: decreased absenteeism, tardiness and turnover; improved employee recruitment and retention and relatively low implementation cost. However, some problems may arise from the implementation of such programs.

The Fair Labor Standards Act (FLSA) restricts the ability of private-sector non-exempt hourly employees to bank time worked for time-off in later weeks. Recent efforts to amend the FLSA to provide private-sector employees more flexibility in flextime offerings have been met with fierce opposition from labor unions. This limits those employees to flexible scheduling within the workweek. Additionally, compressed workweeks and flextime both increase the complexity of scheduling and are not practical for all occupations and industries.

Reducing the Number of Hours Worked

Programs such as job sharing, voluntary reduced time and phased retirement can help employees to balance their work and family commitments by allowing them to work a schedule that is less than full-time.

Job sharing allows two people to share one full-time position. Employees in job-sharing arrangements typically work on separate, but related, or unrelated assignments. Job benefits employers by increasing continuity in the position if one person goes on vacation or quits. Additionally, the second person in the shared position can cover for vacations and other leave, eliminating the need for potentially costly temporary workers who are not familiar with the position. Employees in a job-sharing arrangement are able to work the part-time schedule that their caregiving may require, while the employer continues to have the position filled on a full-time basis. One consequence of job sharing programs may be increased employee benefit costs associated with employing two individuals for one position.

A voluntary reduced time agreement between an employer and an employee reduces the number of hours worked by some weeks more hours are worked than others are. These programs typically allow employees to reduce their hours of work by 5 to 50 percent for some period.[16] Under these arrangements, employees forgo a proportional part of their pay. Allowing employees to work on a reduced-time basis enables employers to retain workers who might otherwise need to quit. With turnover costs averaging $12,506 per full-time vacancy according to EPF research, the ability to retain employees in a part-time position can represent a significant cost savings for employers with obvious financial benefits for employees as well.[17]

Phased retirement programs allow older employees the option of gradually reducing their work schedule as they move toward full retirement. EPF examined the benefits for both employers and employees in the April 2003 issue of *The Balancing Act*. The study found that phased retirement programs benefited employers by utilizing skilled labor that is knowledgable of the company's practices, products and culture. Employees benefited by having more time for activities outside of work while continuing to earn income. Formal phased retirement programs face legal and regulatory impediments, including certain provisions in the Internal Revenue Code and the Employee Retirement Income Security Act (ERISA) related to pensions.

Options for Leave

Policies that allow flexibility in scheduling time off from work contibute to work and family balance. Many employers offer employees sick leave, personal leave and vacation time. The Family and Medical Leave Act of 1993 (FMLA) applies to organizations with 50 or more employees and permits up to 12 weeks of unpaid job-protected leave during a 12-month period in particular circumstances, including care for an immediate family member who has a serious health condition. A Department of Labor study, "Balancing the Needs of Family and Employees: Family and Medical Leave Surveys," published in 2000 suggests that 43 percent of FMLA leave is used to care for a dependant child or elderly family member.

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A 1997 study by the National Center on Women and Aging found that 64 percent of caregivers have used sick time to meet their caregiving responsibilities.[18] Many time-off policies distinguish between sick and personal leave time. Combining those into solely personal leave time allows employees increased flexibility in meeting their caregiving responsibilities. Currently, unscheduled absences may occur when caregiver employees use sick days to attend children's school functions, doctor's appointments or other activies. By combining sick and personal days, employees have more freedom to schedule personal days, providing employers with advance notice of their absence. Employers benefit by being able to adjust schedules and work requirements in advance to accommodate the employee's absence.

Telecommuting Options

With the rapid growth in computer, intranet use and other technologies, more employees are working from home. In 1995, there were only 22 million Internet users in the United States. Today, that number may be as high as 135 million.[19] Furthermore, EPF research has found that the majority of jobs today do not require specialized machinery or equipment and that 65 percent of jobs are amenable to telecommuting arrangements.[20]

Both employers and employees can benefit from telecommuting. Employers benefit from increased recruitment and retention of workers who are unwilling or unable to commute. Additionally, workers who telecommute on a full-time basis reduce the need for office space and associated costs. Telecommuting also allows employees' families more access to employees and increases employees' ability to care for elderly family members and sick children. Employees also benefit from reduced commuting costs when working from home.

Telecommuting is not without its potential disadvantages. Employees who fail to set specific start and stop times for their work may have increased incidents of burnout, while the shared work-home location can increase work-family conflict if boundaries are not determined. Additionally, in industries with occupations that are not amenable to telecommuting, employees who cannot telecommute may experience resentment toward those afforded that option.

Child and Adult Care Options

Another option for employers is providing direct services to the recipients of employee caregiving. This can take the form of subsidies, vouchers or discounts for particular services. Companies may also choose to provide on-site or off-site care facilities for employees' children and/or elderly family members.

Employers may choose to establish both adult and child day-care facilities at or near the workplace. Currently, more employers offer child care facilities than eldercare facilities. However, the demographic trends discussed above may increase the need for adult care facilities. EPF research has shown that 6 percent of the population is over age 75 today and that number will grow to 7.2 percent by 2030.

The employer, generally, pays all or part of the cost of child and adult care and some groups of smaller employers have formed associations to reduce the cost-level on each individual employer. Some employers provide these options on an emergency basis–when the employee's regular provider is unavailable. Other employers have chosen to offer comprehensive services for regular care. These facilities can serve as a recruiting incentive for workers with child and eldercare responsibilities. Employers benefit from improved employee morale and improved community relations. Employees benefit from easier access to children and elderly family members during the workday and lower levels of stress related to care quality and affordability.

However, the cost of starting and running child and eldercare facilities can be high. Predicting demand for such services and ensuring access to the services for all employees can be difficult. Additionally, laws and regulations that govern these facilities at both the state and federal levels present an array of compliance issues for companies. Moreover, providing care services may expose companies to liabilities they may prefer to avoid. Solutions do exist for these companies in the forms of discounts, voichers and subsidies.

Employers can arrange discounts for employees with adult and child care facilities near the work site. Employers can offer these discounts at relatively little cost to themselves, while limiting potential liability and performing minimal administration. For employees, discounts can help make quality care more affordable, reducing stress levels and resulting in higher productivity and increased job satisfaction. Discounts do require the use of specific vendors and may limit the number of employees who can use the discount depending upon the agreement between the employer and the care provider.

Subsidies and vouchers allow the employer to bear a portion of the cost for child or eldercare. The employer contribution may make quality care more affordable for lower-income employees and allows employees to select their own care arrangements based upon their needs. Employers benefit from an increased level of employee dedication to the company, improved employee morale and increased employee satisfaction. Subsidy and voucher programs may expose employers to unexpected cost levels if the benefit is available to all employees. Conversely, limiting the program to lower-income employees raises issues of equity and fairness among employees not included in the program. Finally, subsidies and vouchers, like discounts, are unable to address employee concerns in areas without access to high-quality care facilities.

Meeting Work and Family Balance Needs is Critical

As a larger portion of the workforce is faced with the challenges of balancing both their familial obligations and professional responsibilities, the need for employer programs to address work and family balance will grow. Higher levels of women entering the workforce combined with higher incidences of single-parent homes, more and more families have developed household infrastructure problems. These households are subject to particular strains as parents work to meet their responsibilities. As Americans continue to live longer, the number of workers who care for elderly family members has also increased. These two trends make the adoption of programs designed to help employees balance their home and work schedules becomes more critical.

With a projected labor and skill shortage of up 35 million workers by 2030, employers will need to adopt innovative solutions to enable these caregivers to continue to work while caring for those in their family.[21] In addition to increasing the supply of labor, programs that enable employees to find balance in their lives help American companies stay competitive domestically and abroad. Retaining highly skilled employees is essential to competitive success. By helping employees balance their work and personal lives, employers and employees can journey together on the road to economic prosperity.

Notes

[1] EPF tabulations of National Population estimates from the U.S. Census Bureau.

[2] Neal, Margaret and Leslie Hammer. *A Work-Family Sourcebook for Employers*. Portland State University. June 2001, p. 3.

[3] Bureau of Labor Statistics, www.bls.gov.

[4] Neal, Margaret and Leslie Hammer. *Work and Family Characteristics and Outcomes of Dual-Earner Couples in the Sandwiched Generation*, 1999.

[5] Ibid.

[6] Rosenthal, Carolyn J. and Anne Martin-Matthews. *Families and Care-Providers vs. Care-Mangers? Gender and Type of Care in a Sample of Employed Canadians.* McMaster University. April 1999, p. 8.

[7] Neal, Margaret and Leslie Hammer. *A Work-Family Sourcebook for Employers*. Portland State University. June 2001, p. 3.

[8] *Balancing Family and Work Life: Dependent Care Responsibiliities and Implications in the Workplace*, Charlotte-Mecklenburg Workforce Development Board, 2001, p.4.

[9] *The MetLife Study of Employer Costs for Working Caregivers*, Metropolitan Life, 1997, p.8.

[10] Id. at p. 7.

[11] Charlotte-Mecklenburg Workforce Development Board. *Balancing Family and Work Life: Dependent Care Responsibiliities and Implications in the Workplace*, 2001, p.2.

[12] Id. at p.10.

[13] Id. at p.3.

[14] Id. at p. 4.

[15] Id. at p. 6

[16] Id. at p. 10.

[17] Employment Policy Foundation. *Employee Turnover: A Critical Human Resources Benchmark,* December 3, 2002.

[18] Charlotte-Mecklenburg Workforce Development Board. *Balancing Family and Work Life: Dependent Care Responsibiliities and Implications in the Workplace*, 2001, p.4.

[19] Potter, Edward. "Telecommuting: The Future of Work, Corporate Culture, and American Society." *Journal of Labor Research*. Winter 2003, p. 74.

[20] Id. at p. 73.

[21] Employment Policy Foundation. *The American Workplace Report 2002: Challenges Facing the American Workplace*, 2002, p.31.