

## DEPENDENT CARE OPTIONS FOR EMPLOYERS

### Job Scheduling Options

#### Flextime

Flextime refers to a work schedule that permits flexible work times but requires a standard number of hours to be worked.

#### Advantages

- Easily tailored to the needs of individual employees
- Beneficial to employees with or without dependent care needs
- Low cost to company
- Feasible for small and medium size firms

#### Disadvantages

- May disrupt work flow or create inefficiencies if not carefully planned
- May require extra attention and training on the part of managers

#### Job Sharing

Job sharing is a flexible benefit in which two or more people voluntarily share the responsibilities of one full-time position and prorate the salary and benefits.

#### Advantages

- Full-time position is filled yet employees are able to reduce total number of work hours
- Enhances opportunities for valuable employees to retain their jobs

#### Disadvantages

- Difficult to locate employees with complementary scheduling needs and similar job skills

#### Compressed Work Week

Compressed work week refers to a forty-hour week that is completed in fewer than five days.

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- Feasible for small and medium size firms

### **Telecommuting**

Telecommuting refers to employees' conducting work from home or off-site, often linked to the company through computer.

#### Advantages

- Saves employees commuting time
- Reduces office space expense for employer
- Useful for all employees, with or without dependent care needs

#### Disadvantages

- Off-site work may not be possible for all industries
- Increased logistical requirements for employer

### **Family and Medical Leave Act**

FMLA requires businesses with fifty or more employees to provide at least twelve weeks per year of unpaid leave for birth, adoption, and personal or family illness; and to restore employees to their jobs, or equivalent positions, upon their return

#### Advantages

- Offers benefit with relatively short-term implications
- Can have significant long-term impact on development of employees' careers
- Use among workers fluctuates over time
- Assists in retention of valuable employees

#### Disadvantages

- Qualified temporary personnel must be available
- Forecasting utilization of emergency leave is difficult

### **Part-time Schedule**

Part-time schedules mandate less than a forty-hour work week.

#### Advantages

- Permits the retention of valuable employees
- Certain tasks may not require a forty-hour week

#### Disadvantages

- Requires increased attention to scheduling
- May require employing more people

## **Financial Assistance for Dependent Care**

### **Vendor Plans**

Vendor plans are those in which employers purchase slots in identified community care centers, then make them available to employees at prices set by their employer.

#### **Advantages**

- Reduces time employees spend locating services
- Requires little administrative responsibility
- Employers can reserve slots in multiple centers for employees' easier access
- Supports and strengthens community services

#### **Disadvantages**

- Requires that employees use specific vendor(s)
- Many not address wide range of employee needs

### **Voucher Plans**

Voucher plans enable employees to choose community dependent care services. Employers then either pay subsidy to the provider directly or reimburse the employee.

#### **Advantages**

- Employees can choose dependent care providers
- Appropriate for small and medium size firms
- Limits administrative responsibility if the subsidy is administered through a contractor

#### **Disadvantages**

- Depends on availability of community services
- Employer's contribution is taxable for the employee

### **Dependent Care Assistance Program**

DCAP is a tax-advantaged benefit program assisting employees with dependent care expenses under Internal Revenue Code

#### **Advantages**

- Savings to the employee because tax is not paid on the amount withheld for dependent care

#### **Disadvantages**

- Employee must accurately estimate dependent care costs or risk losing money

(IRC) Section 129. Employees may exclude DCAP benefits from gross income up to \$5,000 annually, and use those funds to pay for dependent care services.

- Savings to the employer because funds withheld for dependent care purposes are excluded from social security (FICA) tax
- Flexibility to adapt to fluctuating employee needs

- Program is complex and requires effective communication about benefits to employees
- Marginal or no tax savings for families in lower income groups

### **Earned-Income Tax Credits**

EITC provides expanded earned-income tax credits to eligible families under the Omnibus Budget Reconciliation Act of 1990.

#### Advantages

- Provides benefit to low-income employees
- Families do not have to incur care expenses to claim the benefit
- Benefit can be drawn as a tax refund or in advance as part of employees' wages

#### Disadvantages

- Complex eligibility requirements and formulas

### **Long Term Care Insurance**

LTC is an insurance plan to protect individuals from the catastrophic expense of long term nursing home or home health care.

#### Advantages

- Easily integrated into cafeteria style benefits package
- Retention tool for long-term, valued employees

#### Disadvantages

- May not be valued if employee base is very young
- Increases proportion of health care benefit expense

### **Adoption Assistance**

Adoption assistance includes reimbursement for legal fees, medical expenses, agency or placement fees, temporary foster care, and/or travel.

#### Advantages

- Easily integrated into cafeteria style benefits package
- Potentially good recruitment tool

#### Disadvantages

- Requires knowledge of the program to administer
- Used relatively infrequently so utilization is difficult to forecast

## **Dependent Care Informational Assistance**

### **Resource and Referral**

Resource and referral services assist employees in locating qualified care in the community to meet their dependent care needs, including for special situations.

#### Advantages

- Relatively low cost benefit
- Assists employees with a range of different dependent care needs
- Helps solve long-distance problems with elder care
- Often improves quality of care available by supporting training and technical assistance
- Reduces employee's time spent searching for services during work hours
- Appropriate for any size firm

#### Disadvantages

- Depends on ample dependent care services in the community
- Offers no assistance in paying for dependent care

### **Information Dissemination, Fairs and Seminars**

Information on dependent care issues can be disseminated to employees through bulletin boards, newsletters, seminars, speakers, information fairs, or a company library.

#### Advantages

- Low cost to implement
- Saves time for employees
- Makes use of community resources
- Appropriate for any size company

#### Disadvantages

- Requires a designated person to collect information and a system for dissemination

## Direct Dependent Care Assistance

### On- or Near-Site Center

The company provides dependent care at a center it owns and/or operates on or near the company premises. This can include services for special needs such as infant care, dependents with disabilities, emergency or sick child care, evening and overnight care.

#### Advantages

- Offers high community visibility
- Can be an effective recruitment tool
- Enables employees to be closer to their dependents
- Can adapt hours and programs to employees' needs
- Increases employees' scheduling flexibility

#### Disadvantages

- Requires substantial investment by the company
- Demand may fluctuate or be difficult to predict
- May not be suitable for employees who commute long distances or use public transportation
- Difficult for smaller firms to implement

### Consortium Center

In this arrangement, several concerned employers cooperate to provide dependent care for their employees.

#### Advantages

- Shares resources and distributes costs among several employers
- Enables smaller firms to provide near-site care
- Allows for fluctuation in demand

#### Disadvantages

- May involve complicated negotiations among participating companies

### Family-Day Home System

Employers contract with community groups to increase the supply of locally available child care or elder care providers. These systems provide employees an option to have their dependents cared for in a home-like setting.

#### Advantages

- Offers relatively low start-up and maintenance costs
- Flexibility suits parents who work odd hour shifts
- Enables a greater number of employees to be served because

#### Disadvantages

- Provider turnover is often high
- Monitoring homes to ensure quality and safety may be costly

providers may be located close to home, near work, or along the commuting path