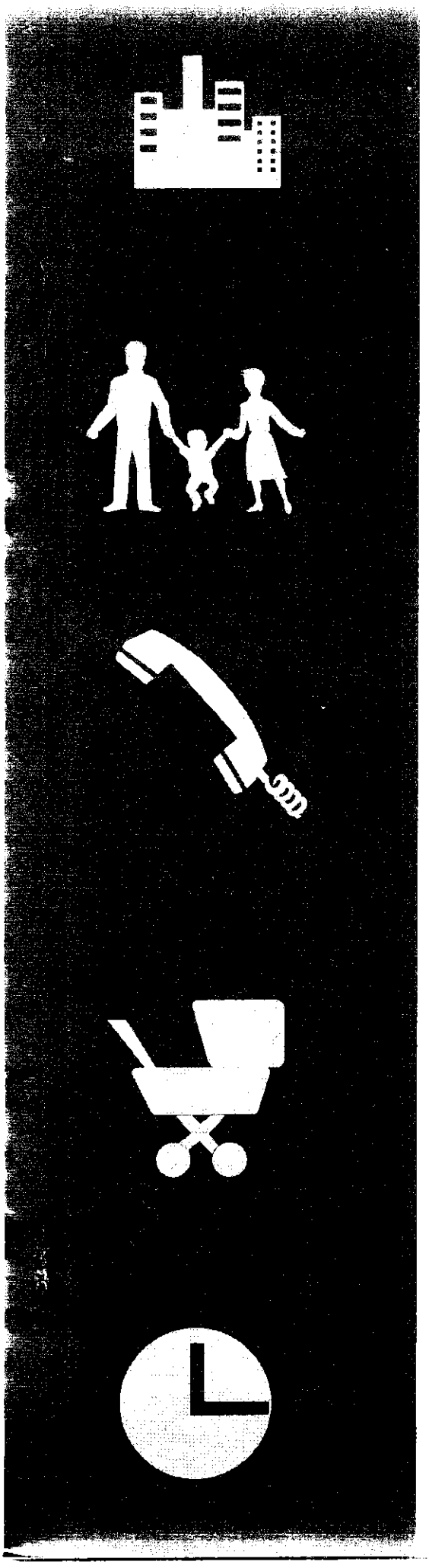

A Report Concerning Significant Actions of the
U.S. Office of Personnel Management

# *Balancing Work Responsibilities and Family Needs:*

A Report to the President and the
Congress of the United States by the
U.S. Merit Systems Protection Board

THE CHAIRMAN

U.S. MERIT SYSTEMS PROTECTION BOARD
1120 Vermont Avenue, N.W.
Washington, D.C. 20419

November 1991

Sirs:

In accordance with the requirements of the Civil Service Reform Act of 1978, it is my honor to submit this U.S. Merit Systems Protection Board report titled "Balancing Work Responsibilities and Family Needs: The Federal Civil Service Response."

The report examines the significant actions taken by the U.S. Office of Personnel Management in providing leadership to some of the Government's human resource management programs. Specifically, it reviews selected employee benefits which can help civilian Federal workers balance their work responsibilities and personal needs.

Our analysis also addresses the role and responsibilities of Federal agencies in implementing these programs. Finally, the report examines how the Federal Government can improve its status as a "model employer" in the work and family benefits area.

I hope you will find this report useful as you develop plans for the future of the civil service.

Respectfully,

Daniel R. Levinson

Daniel R. Levinson

The President
President of the Senate
Speaker of the House of Representatives

Washington, DC

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A Report Concerning Significant Actions
of the U.S. Office of Personnel Management

# BALANCING WORK RESPONSIBILITIES AND FAMILY NEEDS:
## The Federal Civil Service Response

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**A Report to the President
and the Congress of the United States
by the U.S. Merit Systems Protection Board**

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# OVERVIEW

*In order for the Federal Government to efficiently and effectively fulfill its many responsibilities on behalf of the Nation, it is imperative that it attract, motivate, and retain a highly qualified workforce. Toward this latter goal, it is becoming increasingly clear that many of yesterday's human resource management policies and programs are inadequate for the workforce and work environment of tomorrow. One particular area receiving increased attention is the change in workers' needs and expectations regarding the balancing of their work and personal lives. If the Federal Government fails to adequately respond to these changes, it will be at a competitive disadvantage compared to other major employers.*

*The U.S. Office of Personnel Management (OPM) plays a key role in managing the Government's response to these needs. This report describes some of the major programs available and examines OPM's activities in what is commonly called the "work and family" benefits area. It discusses some praiseworthy OPM initiatives but also finds that there remain a number of unmet challenges, unanswered opportunities, and unresolved policy issues that need to be dealt with at several levels in Government. The report concludes with several recommendations for improving the Government's attractiveness as an employer in a reasonable and fiscally responsible manner.*

In today's work environment, the Federal Government and other major employers have found that it is increasingly in their own best interests to offer some combination of benefit programs that can assist employees in meeting their personal needs and obligations while still becoming or remaining a productive member of the workforce. Taken collectively, these programs are often referred to as "work and family" benefits, although they potentially impact all employees—married or single, and with or without children. Changing demographic patterns, especially the critical role women have assumed in the American workforce, are helping to drive this quiet revolution.

# OVERVIEW

The challenge for the Federal Government is to respond to these changes in a way that enhances its ability to recruit, motivate, and retain a well qualified workforce while remaining fiscally responsible. In this regard, OPM, as the Government's central personnel management agency, is assigned some major responsibilities. Working within the laws provided by Congress, OPM establishes Governmentwide human resource management policy, guidance, and oversight for a workforce of over 2 million Federal civilian employees.

The U.S. Merit Systems Protection Board (MSPB or Board), an independent Federal agency, has a statutory responsibility to provide the President and Congress with an annual oversight review and report on OPM's "significant actions." Within that framework, the Board examined various OPM activities in the work and family benefits area. This report contains the findings of that review. While it addresses a variety of programs, the report does not cover every benefit which could come under the work and family label (e.g., programs not covered include health insurance, life insurance, and retirement programs).

The report acknowledges that in competing for the quality employees it needs, the Federal Government is not always competitive with other employers. Recent pay reform legislation promises to phase in some significant and beneficial changes in Federal white-collar compensation practices over the next several years, which should help with this problem. However, the availability and judicious use of work and family benefit programs can also substantially enhance the Government's attractiveness as an employer.

Since the possibilities and limitations inherent in work and family programs vary depending on the program, much of this report is devoted to an examination of several major benefit programs. The major findings, by program area, are as follows:

## Child Care:

This is one of the largest and most visible issues in the work and family arena today. While there are a wide range of benefits that could be offered to Federal employees—ranging from resource and referral services, to Government sponsored after-school and summer programs for school-age children—the one with the highest profile is onsite child care centers.

Currently, only about 65 onsite child care centers in GSA-controlled space are serving civilian Federal employees, thus accommodating only a small fraction of potential employee needs. Furthermore, while the Government does provide a small subsidy to its onsite child care centers, most of the cost is borne by the users of these centers. This raises the question of affordability for lower graded employees who may well be in greatest need of this service but who can least afford it. The report notes that the military services find it enhances their mission accomplishment to subsidize child care centers serving the children of military personnel, and recommends that all Government agencies actively consider whether such an approach would increase their efficiency and effectiveness.

## Elder Care:

Elder care is emerging as a major employee benefit need as the population ages and medical advances prolong the lives of people with chronic disabling conditions. As a result, increasing numbers of employees are faced with the need to provide care for aging parents or other dependents. Often this requires time away from the job. In keeping with the spirit of recent legislation which permits employees to use sick leave for adoption-related purposes, the report recommends that OPM consider changing its sick leave regulations to permit employees to use some of their sick leave to care for sick or elderly dependents.

## Alternative Work Schedules:

The term "alternative work schedules" (or AWS) encompasses two different work schedule variations—flexitime, and compressed work hours. Each of these represents a different kind of adjustment to the traditional fixed schedule of 8 working hours per day, 5 days per week, which begin and end at the same times each day.

The Federal Government is a leader in the use of AWS, with a substantially higher percentage of its employees on these schedules than found in the private sector. While AWS has had a positive influence on employee morale and productivity, agencies have not effectively used the availability of AWS programs as a recruitment or retention tool.

## Part-Time Employment and Job-Sharing:

On a percentage of the workforce basis, the Federal Government employs substantially fewer part-time employees than does the private sector. This is true despite a 1978 law (the Federal Employees Part-Time Career Employment Act of 1978) which was specifically designed to increase the number of Federal part-time jobs, but which has had little net effect on numbers of part-timers employed. While there is no magic number of part-time employees that the Government should employ, there is also no persuasive reason why, overall, the Government could not create additional part-time jobs.

To the extent that there are indications of interest and need among current and potential employees, increasing the number of part-time civil service positions would appear to be a desirable goal. While such an expansion of part-time opportunities could be helped somewhat by OPM's new job-sharing program, the inherent limitations of job-sharing arrangements (e.g., the need to have two or more employees who are sufficiently compatible to share one job) make it unlikely that this program will have a substantial impact on part-time employment.

## Flexiplace:

The Government recently embarked on a pilot project, under the leadership of OPM and the General Services Administration, to test flexiplace—a program which allows some employees to work at home or satellite office sites. To date, the number of employees who are participating in this pilot is minuscule (less than 400 Governmentwide) but the long term prospects appear promising. The program has been endorsed by the President and other top Federal officials.

## Leave-Sharing Programs:

In an attempt to provide a form of short-term disability coverage to its employees, the Government is currently experimenting with two leave-sharing programs...leave banks and leave-transfer programs. While both programs appear to be popular and useful to employees, the report raises some concerns about the conceptual underpinning of leave-transfer.

Specifically, under leave-transfer, the Government relies on the generosity of some employees to fill the emergency leave needs of other employees. While the Government is not unique in this approach, there will be times or events which are beyond the ability of this program to provide relief. The question then becomes whether, and to what extent, the Government should provide some other type of short-term disability coverage. The report goes on to raise the possibility of Government action to provide a short-term disability insurance benefit under which employees could secure the benefits of group insurance rates, but fully pay the cost of the insurance themselves.

## "Cafeteria" Benefits:

The Government does not offer a "cafeteria" benefits plan to its employees. However, there are studies currently underway concerning the possibility of having such a plan for the Federal workforce. Under cafeteria plans, employees have a set dollar amount provided by their employer with which they can choose to "purchase" different fringe benefits. Thus, employees can tailor their benefits packages to their individual needs.

One of the issues which makes a Government cafeteria benefits plan controversial is whether a Federal plan should include a "flexible spending account" provision. Flexible spending accounts allow employees to convert certain kinds of personal expenses (e.g., child care) into pretax fringe benefits, as opposed to having to pay for them from their regular wages (which are subject to taxation). While flexible spending accounts are becoming increasingly common in nonfederal jobs, nonfederal employers do not concern themselves with the fact that flexible spending accounts reduce Federal tax revenues. For the Government, however, this fact needs to be considered and properly weighted in its decision making process.

While flexible spending accounts for Federal employees are one of the policy issues which will ultimately need to be addressed, the report notes that the Government can implement a cafeteria benefits plan without a flexible spending account option. Based on the analysis presented in this report, while a flexible spending account certainly increases the attractiveness to employees of a cafeteria benefits plan, a cafeteria benefits approach would appear to be desirable for the Government even without a flexible spending account option.

## Conclusions:

As an employer, the Federal Government has a long tradition of offering some types of work and family benefits (e.g., leave for maternity purposes), and may have been a leader at one point in time. Currently, however, the Government has been slow to respond to changing conditions. It now finds itself lagging behind both what many other major employers provide, and what many employees need. Further, the Government has not capitalized fully on some of the benefits it does offer (e.g., alternative work schedules), as it has failed to use the availability of such programs as an inducement in its recruitment efforts.

This review of work and family benefit programs has led us to a number of conclusions. The major findings are as follows:

- The Government is comprised of many different organizations in many locations with very different missions and major differences in workforce composition. Clearly, as OPM succinctly put it, "One size does not fit all—not all agencies, or even all installations, much less all employees." Thus, flexibility in the availability and use of work and family benefit programs is crucial.

- By logical extension from the preceding finding, each individual agency (and major component within that agency) must be actively involved in identifying the unique needs of its immediate workforce. In this regard, it was disappointing to note that many agencies lacked the data and were therefore unable to respond to our requests for information on the need for specific work and family programs, or the effect these programs have had in meeting current needs. Clearly further work needs to be done by most agencies in the way of needs and benefits assessments.

- While individual Federal agencies are crucial components of the total picture, the Office of Personnel Management retains a key role in the overall leadership of Federal human resources management, in light of the need for it to issue enabling regulations and policy guidance. It is noteworthy, therefore, that in the opinion of the directors of personnel from the 22 largest Federal departments and agencies, OPM has been largely successful in being attuned to customer needs, in the development of effective solutions to identified problems, and in the comprehensiveness of its approach. The only significant reservations expressed by the personnel directors concerned the questions of whether OPM was a forceful enough advocate for successful work and family programs, and the timeliness of OPM's actions in this area.

- On a program by program basis, OPM has clearly been a leader in some areas (e.g., flexitime and flexiplace), but has not yet exerted the same influence in other areas (e.g., child care, elder care, part-time employment, and cafeteria benefits).

- To achieve the fullest beneficial use of the work and family programs that are available in the Government will require a greater degree of managerial and supervisory acceptance and involvement than is currently evidenced. This shift in the current management value system will not be easy for many managers, since it is foreign to their prior experiences.

- Part of the debate over work and family benefit programs links back to a larger policy question. That is, should the Federal Government seek to be a "model employer" in its work and family benefit programs which other employers might wish to emulate? Or alternatively, should Government follow the lead set by major private sector employers? The answer to this question affects the type and timing of work and family programs and initiatives appropriate for the Government to pursue.

## Recommendations:

1. *OPM needs to build on its successes in the area of work and family benefits and exert renewed leadership on those work and family issues on which the Government appears to be at a competitive disadvantage in the marketplace. Particular areas of emphasis could include:*

   a. initiatives to better address employee elder care and child care needs (e.g., permitting some use of sick leave to care for sick or elderly dependents, and facilitating actions to permit agencies to subsidize child care centers), part-time employment needs, and accommodations for short-term disabilities not covered through leave banks or leave-transfer programs (e.g., providing short-term disability insurance obtained by the Government at favorable "group rates," but with the costs borne by employees desiring such insurance); and

   b. continued guidance and leadership vis a vis other executive branch agencies to encourage the greatest beneficial use of the work and family benefit programs currently available—including the possible use of internal marketing plans or other program management tools, to assure the programs are considered on their merits.

2. *Strong consideration should be given to the adoption of a "cafeteria" benefits approach within the Government. Although a flexible spending account option would be preferable in a Federal cafeteria benefits approach, it need not be seen as a necessary condition to implementation of that cafeteria approach.*

3. *Individual Federal departments and agencies need to engage in more active needs assessments among their respective employees in order to make informed decisions about the work and family benefits that can and should be offered.*

4. *As OPM and individual Federal agencies engage in training and development activities for Federal managers, efforts should be made to specifically expand the managers' knowledge and understanding of the alternatives available in the way of work and family programs. Emphasis should be placed on the utility of these programs as a potential method of increasing workforce efficiency and effectiveness.*

5. *In framing the debate over the future of work and family benefits, strong consideration should be given to the adoption of a "Federal Government as a Model Employer" orientation. This would be in keeping with the goals and objectives of a merit-based personnel system and consistent with the statutory merit system principles.*

# INTRODUCTION

*People are initially attracted to their jobs for a variety of reasons. The same or different factors may influence how long people stay in those jobs, or how productive they are during their work hours. Given the costs of excessive turnover and low productivity, employers (including the Federal Government) are increasingly concerned with how they can get, keep, and motivate, the high-quality, productive employees they want. One area where employers can distinguish themselves from the competition is how they address the problems which their employees have in balancing their work responsibilities and personal lives. This study examines a range of "work and family" programs which are or could be used in the Federal civil service, and looks at the role the U.S. Office of Personnel Management (OPM) has played in managing these programs.*

The U. S. Merit Systems Protection Board (MSPB or Board) is required by 5 U.S.C. 1206 to report annually to the President and Congress on the significant actions of OPM. As a part of this report, the Board is also directed to include "an analysis of whether the actions of the Office of Personnel Management are in accord with the merit system principles and free from prohibited personnel practices."

This study constitutes one part of MSPB's ongoing review of OPM significant actions. It reviews many of the more significant employee benefit programs through which Federal employees can help balance their work and personal lives. In the interest of keeping the report to a manageable size, however, it does not attempt to cover every benefit which could come under this rubric (e.g., programs not covered include health insurance, life insurance, and retirement programs).

# INTRODUCTION

Benefit programs which are covered include child care, elder care, alternative work schedules (flexitime and compressed work schedules), part-time employment, flexiplace (work at home), and leave-sharing programs (leave banks and leave-transfer). In addition, the report also considers "cafeteria" benefit plans and other emerging benefit areas.

These programs, which the media often label "work and family" programs, have a potential impact on virtually all employees—married or single, with or without children—as they are tools through which employees can manage their work responsibilities and personal lives more flexibly. Moreover, to the extent these programs succeed, they can improve the quality of worklife for employees and therefore potentially enhance the recruitment, productivity, and retention of a high-quality workforce.

In our analysis, we set out to explore work and family benefit programs from three different perspectives: first, what is the nature of each program and how does the program typically operate; second, how do these programs fit into the Government's personnel systems, and, where appropriate, how might their effectiveness be improved; and finally, to what extent has OPM had a leadership role in installing or operating these programs. When the programs were viewed from all three perspectives, a broader question emerged. That was, should the Federal Government seek to be a role model for other employers in designing and executing its work and family policies?

While this last question is not one that lends itself to a simple "yes" or "no" answer, the Board believes it is worthy of consideration by policymakers. Accordingly, this report surfaces some of the issues that are relevant to addressing the topic. Through this approach, we hope to both stimulate some debate on the topic and clarify any that might occur.

# METHODOLOGY AND OPM REVIEW

## Methodology:

In preparing this report, MSPB relied on responses to questions that we sent to the directors of personnel of the 22 largest Federal departments and independent agencies and to the Director of Policy for OPM.[1] The Board received responses during June through October 1990. We also invited comments from a number of Federal employee unions and employee organizations, but received few replies.

In addition, we interviewed selected officials at OPM, the Department of Labor (Women's Bureau and Bureau of Labor Statistics), the General Services Administration (Office of Child Care and Development Programs), the Environmental Protection Agency (Research Triangle Park, NC, office), and the U.S. Chamber of Commerce. Rounding out our fact finding were information and insights gleaned from several conferences which addressed work and family issues, and from an extensive review of the relevant literature.

Throughout this report, we attribute a number of quotations to Federal departments, agencies, and OPM. Unless otherwise noted, these quotations are drawn from the above-mentioned responses. Other quotations included in the body of the report are footnoted to show their origins. (Since the footnotes are largely limited to source citations rather than substantive information, they are grouped at the end of the report, in a chapter titled "Endnotes.")

## OPM Review:

The director of OPM was given an opportunity to review this report before it was published. Following her review, OPM provided written comments to MSPB on the draft report. We considered those comments in preparing the final report. A copy of OPM's comments is shown in appendix 1.

# BACKGROUND

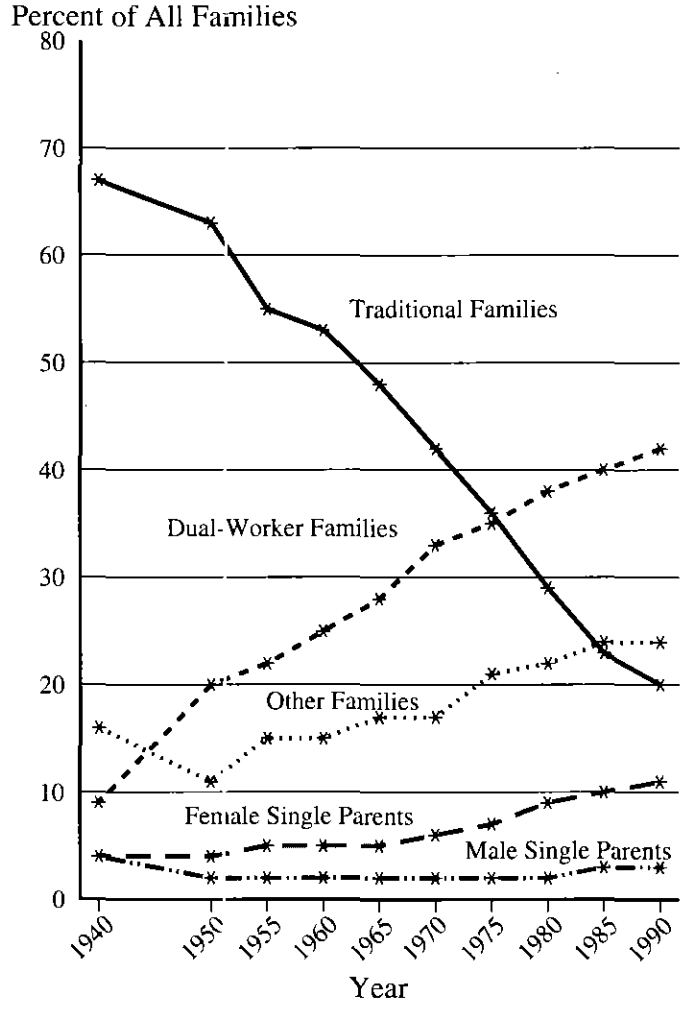
*To effectively evaluate what is currently happening in Federal work and family benefit programs, it is helpful to understand some of the factors which led up to the current situation. More specifically, why have issues related to balancing work and family life become important to the Government (in its role as an employer), and to what extent should there be a sense of urgency in addressing these issues? In effect, one might want to ask, "What has changed?"*

## Demographic and Sociological Changes:

A key area of change concerns demographic trends, with one of the most important elements in this being the increasing role of women in the workforce. Because women continue to bear the major responsibility in American society for caring for dependent children and elderly relatives (as well as for other family duties), their increasing participation in work outside the home leads inexorably to increasing difficulties in balancing work and family responsibilities.

Figure 1 graphically illustrates one part of this trend, as it shows a precipitous decline in the percent of traditional families (working husband, homemaker wife, dependent children) since 1940, coupled with a corresponding increase in the number of dual-worker families:

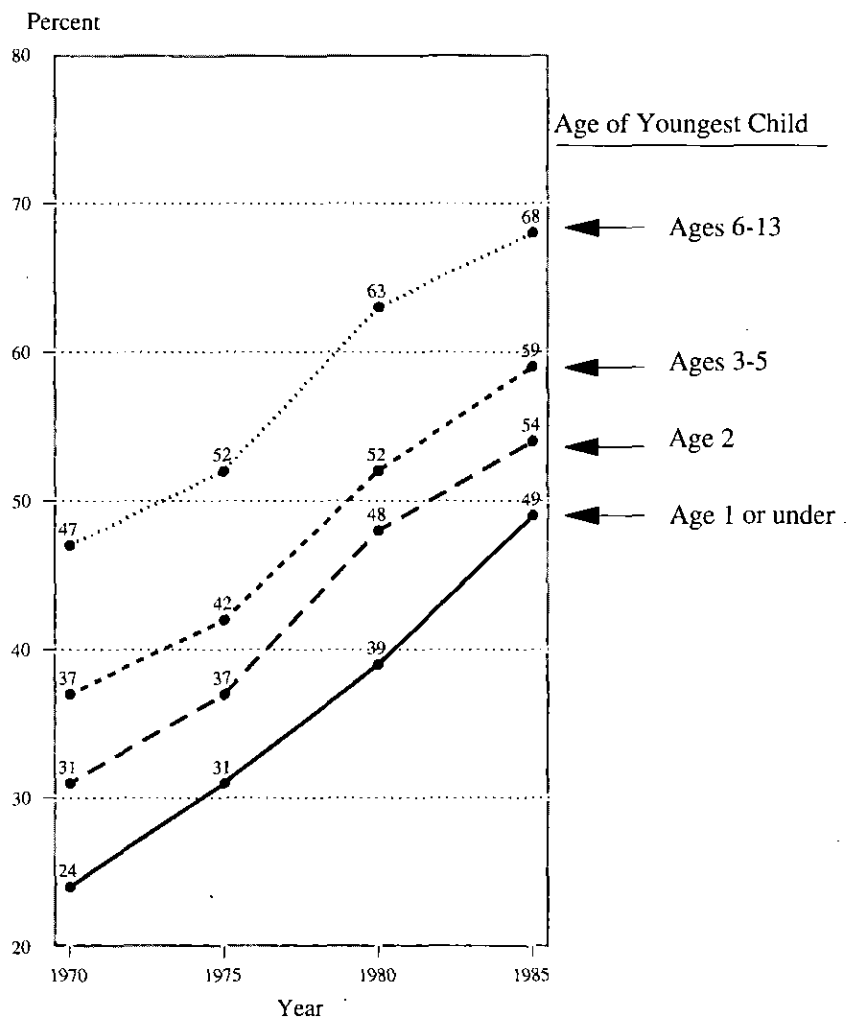
**Figure 1.**
**The Changing Labor Force Patterns of Families, 1940-90**




Source: Howard V. Hayghe, "Family Members in the Work Force," Monthly Labor Review, Bureau of Labor Statistics, U.S. Department of Labor, vol. 113, No. 3, March 1990, p. 16, for data through 1985. Additional data to update figures through 1990 supplied by Mr. Hayghe from unpublished tables produced by BLS.

Not only are more women working, but those with children are entering (or returning to) the workforce sooner in the childrearing process than ever before. In fact, as figure 2 shows, by 1985 about half of married women living with their husbands and children were in the workforce by the time their youngest child was age 1, compared with only one-quarter having been so employed only 15 years earlier:

**Figure 2.**
**Percent of Married Women with Children (and Husbands Present) Who Participate in the Labor Force, By Age of Youngest Child, 1970-85**




Source: Howard V. Hayghe, "Rise in Mothers' Labor Force Activity Includes Those With Infants," Monthly Labor Review, Bureau of Labor Statistics, U.S. Department of Labor, vol. 109, No. 2, February 1986, p. 45.

Business leaders are certainly taking note of the impact of these demographic trends, as the following quote illustrates:

> *"Except in television reruns, Ozzie and Harriet don't live here anymore. Today, only 7% of American households—about the same number of homes without telephones—fit the 1950s image of breadwinner husband, homemaker wife, and two children. In today's family, most children live with parents who both work; one out of two children lives at some point in a one-parent household; most parents juggle up to four different kinds of child care during a routine week, and only 8% are satisfied with the care their children receive. * * * In business we've traditionally considered family issues personal, something to be left at the company's entrance. But today most parents work and most workers are parents, and eventually these roles collide."*[2]
>
> Robert E. Allen,
> Chairman of the Board, AT&T

As mentioned above, being in the workforce and having dependent children creates problems for working parents. These can range from logistical concerns associated with providing proper child care, for example, to emotional challenges tied to not "being there" as one's children are growing up. If the stress associated with these problems becomes debilitating to employees, both they and their employers suffer. More particularly, if their family responsibilities are not dealt with properly, employees either can't go to work or, if there physically, may be distracted and unproductive.

One aspect of how these problems manifest themselves was illustrated in a recent study. When women were asked two related questions about how long mothers should stay home from work after the birth of their children, the answers given were very revealing about work and family problems. Specifically, the study found that 32 percent of women responding to the question thought it would be *ideal* for a mother to stay home with her child until the child enters school, but only 5 percent of women think this is a *practical* alternative.[3]

The degree of urgency with which employers address work and family problems naturally relates to the impact these problems have on their operations. While there are no definitive data available for the Federal workforce, it is interesting to note that one survey of private sector workers found that 75 percent of the women employed full or part time who were asked, "How often do you feel torn between the demands of your job and the desire to spend more time with your family," responded "Sometimes" or "Very Often."[4]

Until this point, our background discussion has concentrated on women's roles and attitudes. This emphasis is not accidental, as the burden of work and family conflicts is usually felt most intensely by women. However, while women are bearing the brunt of these challenges, it would be misleading to think that men have no interest in this subject. Just as women's roles have been changing (witness the increased number of working mothers), men's roles have also been evolving, as the following quote from an article titled "Fathers and the Corporation" illustrates:

> Ten years ago—even five—[a particular advertisement] would have been inconceivable. If any corporation had dared to pitch high tech to improve family life, it would have been to help secretaries—female secretaries—get their work done on time. The idea that dad might need to hurry home, or might feel a conflict between his commitments to work and to family, would not have been aired. Felt privately, perhaps, but not expressed openly by, or to, a man on the fast track. But this is 1986: Real men *do* eat quiche, and corporate America is finally beginning to discover the New Fatherhood.[5]

In a similar vein, the importance of work and family programs is not limited simply to those employees (of either gender) who are married or have children or elderly (or other) persons dependent on them. Changing societal values and priorities create the potential need for work and family programs among many segments of the population.

For example, economic, demographic, and sociological trends have encouraged students, persons with disabilities, and the elderly to look for work opportunities with the Government. Work and family programs can be critical to the ability of these individuals to take productive jobs. In addition, many American workers look for increased opportunities to be in control of their work lives, or for more leisure time. Again, work and family programs facilitate these workers being able to achieve their goals.

## The Evolving Nature of Benefits:

It stands to reason that employers who understand the conflicting demands described above and who respond with appropriate benefit programs may have a better chance of recruiting and retaining the workers they want and need than those employers who don't offer such programs. The Bureau of Labor Statistics (BLS) has extensively studied demographic and employment trends in the labor force. In one of its monographs on the subject, BLS noted:

> The [last] 75 years * * * have seen the American family shift from a large, extended group to a smaller, individualized network of families with widely varying characteristics. During this same period, employers have progressed from providing no benefits, to providing a standard package of benefits designed for a male-supported family, to providing innovative and flexible benefits to meet differing family needs. While the future cannot be predicted, it is safe to assume that benefit plans will remain a major element of compensation and will continue to evolve to meet the needs of a changing labor force.[6]

BLS' statements about continuing growth in both the amount and cost of benefits, as well as their evolving nature, are born out by other published research. For example, according to historical data from the U.S. Chamber of Commerce (shown in table 1), employee benefits as a percent of total payroll have grown substantially, rising from 3 percent of total payroll in 1929 to 38 percent in 1989. In dollar terms, this 38 percent of payroll translates into an average mean benefit payment of $5.56 per payroll hour, or $11,527 per year per employee. (Note: employee benefits includes both direct fringe benefits such as health insurance, annual and sick leave, holidays, and retirement plans, and indirect ones such as the employer's share of social security taxes).[7]

**Table 1.**
**Growth of employee benefits since 1929.**

| Year | 1929 | 1955 | 1965 | 1975 | 1986 | 1988 | 1989 |
|---|---|---|---|---|---|---|---|
| Percent of benefits as a part of total payroll | 3 | 17 | 22 | 30 | 36 | 37 | 38 |

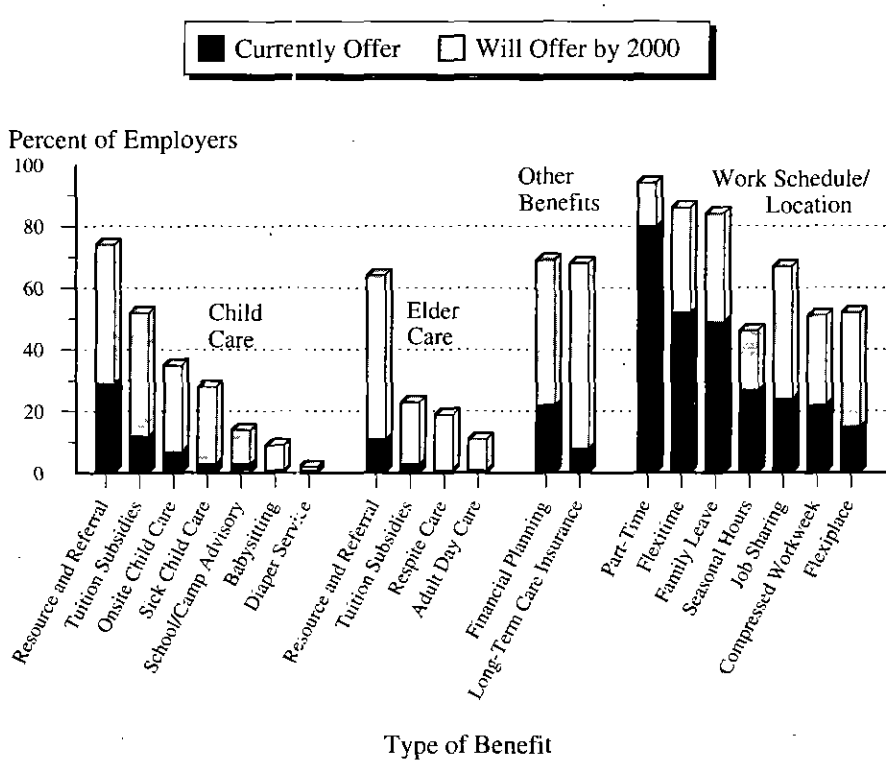
Source: U.S. Chamber Research Center, "Employee Benefits—Survey Data from Benefit Year 1989," U.S. Chamber of Commerce, Washington, DC, December 1990, p. 30.

As to the evolving nature of benefits being provided, figure 3 below illustrates the results of one survey which examined the expected growth in "nontraditional" benefits between what corporations offer now and what they expect to offer their employees by the year 2000. As the figure shows, companies responding to this survey indicated that they expect almost every work and family benefit being offered today to be more commonly offered in the future, in many cases more than doubling by the year 2000.

For example, child care resource and referral services are projected to grow from 29 percent of employers now to 74 percent by 2000. Employer subsidies for child care expenses are projected to grow from 12 percent currently to 52 percent in 2000.

In addition to illustrating the expansion of benefits which is occurring, figure 3 also demonstrates how fringe benefits change as the needs of the marketplace change. Given demographic projections such as those contained in the Hudson Institute's "Workforce 2000" study, we can anticipate continued change in the marketplace and thus in the benefits area. How fast that change will happen, however, may be more surprising than the fact that it will occur.

**Figure 3.**
**Growth in Nontraditional Benefits by the Year 2000**




Source: Results of a survey by the International Foundation of Employee Benefit Plans, Brookfield, WI, distributed to 1,865 of its U.S. corporate members, of which 463 responded. The findings were published in a special research report entitled "Nontraditional Benefits for the Workforce of 2000," issued in August 1990.

Looking backwards, for example, it is interesting to note that a scholarly OPM research report that investigated the state of the art of "quality of working life" initiatives in the private sector in September 1980 had absolutely no mention of some of today's "hot" topics (e.g., day care, elder care, and work at home), and only passing references to flexitime, compressed work schedules, and part-time and job-sharing arrangements. Instead, it focused on topics such as industrial democracy, participative management, organizational development, and work redesign.[8] Thus, only 11 years ago, there simply was not a consciousness about work and family topics being a critical part of the quality of working life.

Another indicator of the rate of change in human resource issues comes from a recent survey which measured how corporations are responding to "Workforce 2000." It found that:

> * * * the workplace of the future is, to a great extent, already here. Indeed, just 3 years after publication of the Hudson Institute's study—and popularization of the phrase "Workforce 2000"—it may be more apt to talk of Workforce 1990. For many of the employers in our survey group are already struggling with the implications of recruiting and managing a workforce composed less and less of white American males.[9]

## Status of the Federal Government as an Employer:

In this dynamic environment, it is certainly pertinent to wonder where the Nation's largest employer—that is, the Federal Government—will fit into the picture. In a recent "Report to the President" on dependent care policy in the Federal Government, OPM rhetorically posed the question, "How does the federal government stack up?," and then provided the following answer:

> Traditionally, the federal government has been an employer whose basic personnel framework could accommodate employees with family responsibilities. In fact, its long-standing personnel policies in the areas of leave, health benefits, job security, and workforce re-entry have given the federal government a competitive advantage in the dependent care area.[10]

Even though this "competitive advantage" may have existed in the past, whether the Federal Government can maintain it in the future is certainly problematic, given the nature and rapidity of change being experienced in the job marketplace. As an employer, the Government has not been known for its agility in responding to changing employment conditions—since it can literally take an act of Congress to change some benefit programs, benefit changes are few and far between. Thus, the Government faces a particular challenge in adapting to job market forces which put a premium on flexibility rather than predictability.

In the balance of this report, we review a number of work and family programs, looking at them, both individually and collectively, from various perspectives. We also explore the roles and responsibilities of Federal agencies, OPM, and the Government as a whole. Through these discussions, we hope to shed some light on where the Federal civil service has been and where it appears to be going in this important area. With this information, policymakers, managers, unions, employees, and the public should all be better equipped to respond to the human resource management challenges which lie ahead for the Federal Government.

# CHILD CARE

## Why Child Care Is a Concern:

> *"Some of you may remember my daughter attending staff meetings, crawling around the office [of the Secretary of Defense]. * * * I know what can happen when child care arrangements go awry."*[11]
>
> Frank C. Carlucci,
> Former Secretary of Defense

With the above comment at a ground-breaking ceremony for the Pentagon's child care center, then Defense Secretary Carlucci acknowledged a fact of life for all working parents. Whatever their role in the world, people with children (or dependents of any age), have a responsibility which must be addressed on an ongoing basis.

When problems in providing care arise, they can't be ignored or postponed until a more convenient time. Thus, with predictable unpredictability, dependent care responsibilities occasionally intrude on the world of work. When they do, both employees and employers must be prepared to respond. This reality was succinctly described in the Harvard Business Review, which noted that:

> Dependent care is a business issue for the obvious reason that employees cannot come to work unless their dependents are cared for. Study after study shows that most working parents have trouble arranging child care, and that those with the most difficulty also experience the most frequent work disruptions and the greatest absenteeism.[12]

Given this impact on their employees' ability to do their jobs, increasing numbers of employers are recognizing the importance of appropriate child care benefit programs. One business leader spoke about his firm's need "* * * to anticipate the needs of tenants and their changing workforce. Historically there was a time when air conditioning and elevators were considered luxuries for buildings. Child care is now at that critical point in time, moving from luxury to economic necessity."[13]

In this regard, it is worth noting that OPM specifically alerted agencies to the need for child and dependent care programs about 3 years ago. This was accomplished through a memorandum which the director of OPM sent to the heads of departments and agencies in June 1988. It began with the following statement:

Our nation is undergoing significant demographic, social and economic changes that will have profound effects on the Federal workforce in the years ahead. Among these trends are the increasing numbers of working women and two earner family members as well as the growing percentage of the population that is elderly. These developments are increasing the number of Federal workers who have dependent care responsibilities for children and older family members. The pressures of these responsibilities can adversely affect job performance and employee well-being.[14]

## Range and Cost Effectiveness of Possible Solutions:

In formulating its response, the Government must be prepared to provide a variety of solutions, since the child care needs of its employees are so varied. Simply providing onsite child care centers, for example, does not make child care problems disappear for all employees. This was noted by a representative from the General Services Administration (GSA) (which helps provide child care centers in Federal buildings), who was quoted in a recent article as saying, "'Many parents don't want or need onsite child care,' because they would have a tough time steering a 2-year-old and a bulging diaper bag through Metro at rush hour * * *."[15]

More generally, day care for preschoolers (whether onsite at the workplace or located nearer to employees' homes) is only one part of the child care puzzle. One recent study spoke of another piece of this puzzle, the "3 o'clock syndrome." This syndrome was defined as "* * * what happens in the workplace at 3 p.m., when latchkey children begin arriving home from school and workers begin worrying more about their kids and less about their work. The 3 o'clock syndrome is blamed for everything from lost productivity by office workers to errors on the assembly line by factory workers."[16]

In fact, as one tries to define the outer limits of what a comprehensive child care benefits package could encompass, the options easily become overwhelming. Some problems, like the 3 o'clock syndrome, probably don't lend themselves to any specific solution. Others may have solutions which work but are too expensive or perhaps unsuitable for the particular employer.

Researchers have found that "[t]he options available to employers interested in addressing the child care concerns of their employees fall into four general categories (from Corporate Child Care Options, by Catalyst): (1) informational assistance; (2) financial assistance; (3) direct care services; and (4) time (flexible personnel policies)."[17]

From these general categories, employers must choose which specific benefits to offer, considering such things as how many employees would need or use the benefit, what the benefit would cost, how well it fits into the organization's culture, and whether the benefit would actually solve a management problem (e.g., excessive turnover of clerical employees).

Listed below is a sampling of *direct* child care benefits that are currently in vogue (many other benefits *indirectly* affect child care needs, like flexiplace and job sharing). Few employers, if any, currently offer all these benefits, but as figure 3 showed earlier, a majority of employers may be offering at least one of these benefits by the year 2000:

- Informational assistance:
  —Child care resource and referral services.

- Financial assistance:
  —Vouchers/subsidies for day care; and
  —Flexible spending accounts/dependent care assistance programs.

- Direct care services:
  —Onsite, or near-site, day care;
  —Preferential admission at local day care centers;
  —Drop-in day care for use as a backup, when usual child care falls through;
  —Day care for mildly sick children; and
  —After-school and summer programs for school-age children.

- Time (flexible personnel policies):
  —Ability to use sick leave to care for sick children.

If looked at from a narrow perspective, any of the above-mentioned child care programs are not free—it costs employers something to provide these benefits. On the other hand, since few employers act only out of altruism, it seems likely that they must perceive some benefits accruing to their interests, or the various employers (including the Government) would not be providing the benefits in question.

One researcher who has studied the question of how cost effective child care initiatives are was quoted as noting the following:

> * * * 75 percent of the companies in her study believed that the benefits of the child care initiatives far outweighed the cost. They believed that such efforts led to a lower rate of absenteeism, greater stability and loyalty, improved employee morale, enhancement of the company's image, improved recruitment and retention of quality employees, less employee stress and distraction, and the earlier return of employees from maternity leave back to the work force.[18]

## Agencies' Views on Child Care Benefits and Problems:

In order to gauge how Government agencies view the cost effectiveness of child care initiatives, we asked the directors of personnel of the 22 largest Federal agencies about the impact of child care benefits on their ability to recruit and retain employees, and the impact of child care problems on productivity. Their responses are shown in tables 2 and 3 below.

**Table 2.**
**Number of agencies choosing the indicated response to: "Of what significance to your agency's ability to successfully recruit new employees and retain existing employees are the child care options the agency currently provides?"**

| Recruit new employees | Retain existing employees | |
|---|---|---|
| 3 | 2 | Great significance |
| 3 | 4 | Moderate significance |
| 3 | 2 | Minor significance |
| 1 | 2 | No significance |
| 8 | 10 | Don't know/Can't judge |
| 2 | | Not applicable (Don't provide child care options) |

**Table 3.**
**Number of agencies choosing the indicated response to: "To what extent are child care problems having a negative impact on the productivity of employees who have minor children (e.g., increased absenteeism and sick leave, unscheduled days off, late arrivals and early departures, greater than average personal telephone usage, employee stress)?"**

| | | | |
|---|---|---|---|
| 1 | To a great extent | 0 | To no extent |
| 7 | To a moderate extent | 10 | Don't know/Can't judge |
| 4 | To a minor extent | | |

The above responses show that, of the agency personnel directors who felt able to answer our questions, most believe that child care benefits have some influence on the recruitment, productivity, and retention of Federal workers. As mentioned earlier, it appears that increasing numbers of private sector firms have reached the same conclusions relative to their workers. It thus seems reasonable to conclude that providing some kind(s) of child care benefits to its employees can be in the best interest of the Government. Which benefits those should be, and at what out-of-pocket cost to the Government they should be provided, of course, become the next pertinent questions which must be addressed.

In our questionnaire to agencies, we also sought to gain an understanding of what child care benefits agencies thought would be most cost effective in helping them recruit and retain employees. Table 4 below lists the choices we gave the agencies and the number of agencies that listed the particular benefit as being either their first, second, or third priority choice.

**Table 4.**
**Child care benefits agencies were asked to consider for cost effectiveness, ranked by the number of agencies who listed the indicated benefit as one of their top three priorities.**

| | | | |
|---|---|---|---|
| 13 | Onsite child care centers (with or without employer subsidies) | 6 | Ability to use sick leave to care for a sick child |
| 11 | Flexible spending accounts[19] | 4 | After-school and summer programs for school-age children |
| 8 | Reduced rates for lower income employees at onsite centers | 3 | Vouchers usable at offsite centers |
| 7 | Resource and referral services to private sector child care providers | 3 | Other (specify:_____) |
| 6 | Day care for mildly sick children | 1 | Preferential admission or slots reserved for employee's children at local offsite centers |

If Government policymakers consider additional or expanded child care benefits in the future, the priorities reflected above should provide a helpful roadmap of what benefits might be most useful to the Federal community. In this regard, it is particularly interesting to note the number of agencies showing "flexible spending accounts" (FSA's) as one of their top three choices. While FSA's are increasingly common in both public and private sector benefit packages, they are not currently available to Federal employees. (For a more detailed discussion of FSA's, see the later chapter addressing cafeteria benefit plans.)

## Availability of Onsite Child Care in Federal Offices:

If child care has, in fact, become an economic necessity, and benefits such as those mentioned above are being achieved by some employers, where does the Federal Government stand in this process? In order to find out, we asked agencies and OPM whether they had determined what child care needs existed and how they were being met.

In response, 19 of the 22 largest Federal agencies reported having conducted some child care needs surveys. Typical of their findings are the following responses:

> *"* * * [I]t is concluded that there is strong civilian employee interest in having affordable child care services."*
>
> Department of the Air Force
>
> *"Local surveys * * * indicate a need for additional care for civilian employees' children."*
>
> Department of the Army
>
> *"* * * 1,100 employees responded to a survey and indicated a strong interest in onsite child care services."*
>
> Department of Health and Human Services

There is, of course, a difference between conducting surveys and actually providing services. OPM did a study of Federal dependent care programs in April 1990, which produced the following findings:

- While more than a third of the 175 Federal installations visited had established onsite child care facilities, the majority of these (69 percent) are at Department of Defense (DOD) installations. DOD centers typically allow civilian employee usage only on a space-available basis, and many of these facilities have little or no space available;

- Seventy-eight percent of the installations reviewed had an agency policy and/or installation-level program on at least one aspect of dependent care. However, OPM found that installations from the same agency disagreed "to a considerable extent" as to whether there was an agencywide policy on dependent care and what it was; and

- Just over half of the installations with dependent care programs include training or other information to employees and supervisors on dependent care, to increase understanding and use of existing programs.[20]

Based on OPM's findings, it appears that while some progress has been made in opening child care centers in Government space for children of civilian employees, there is still much to be done. The following item from the Employee Benefits Review newsletter both succinctly describes this situation and puts the potential supply and demand factors into perspective:

> As of March, 1990, there are 65 child care centers operating in Federal space controlled by the government's landlord, the General Services Administration (GSA). Another 45 are expected to open in GSA-space by Fiscal Year 1993, and another dozen or so Federal centers, such as those in the U.S. Senate, the House of Representatives and the Central Intelligence Agency, operate in non-GSA space.
>
> Altogether, these federal child care centers serve more than 2,000 off-spring of federal civilian employees, according to testimony provided at a House of Representatives hearing held on the issue in March, 1989. *There are, however, according to hearing testimony, about 200,000 federal civilian employees with children who require child care.* (Emphasis added.)[21]

In order to understand the significance of the above data regarding numbers of child care centers and children being served, it is helpful to have some background on when and how the Government's program to provide onsite child care began. Before 1985, onsite child care centers were largely unavailable to employees of Federal civilian agencies. A major breakthrough occurred in 1985, when Congress specifically provided for the expenditure of public funds to provide space and services for child care facilities serving Federal employees, through passage of what has come to be known as the "Trible amendment." While this amendment was initially a temporary provision, it was made permanent in 1988, when it was codified as part of the United States Code.[22]

The language now found in 40 U.S.C. ("Public Buildings, Property, And Works") specifically provides in section 490b that, "during fiscal year 1988 or any fiscal year thereafter," an agency may use space in Federal buildings for child care services if:

- Space is available;
- The agency determines that the space will be used to provide child care services to a group of individuals of whom at least 50 percent are Federal employees; and
- The agency determines that the group will give priority to Federal employees.

Section 490b goes on to state that the space being allocated under the above provisions may be provided "without charge for rent or services." While this form of subsidy does make Federal facilities less expensive than private sector centers, they are still not cheap.

According to the Employee Benefits Review newsletter, "As of March, 1989, the cost to parents for the onsite care averaged about $85 a week, which is between 5 and 20 percent less than what non-federal centers charge for equivalent care * * *."[23] Notwithstanding the space subsidies, the newsletter went on to note Federal child care charges for infant care ranging from $65 per week in Ogden, Utah, to $160 per week in Boston, Massachusetts. These cost differentials were attributed to differences in real estate costs.

## Affordability of Child Care:

Child care expenses can be a major part of the family budget. According to one recent study:

> It can cost a family anywhere from $1,500 to $15,000 a year to provide care for children; most spend around $3,000. This cost is usually a family's fourth largest expense after housing, food, and taxes. A parent working full time at minimum wage would have to spend approximately 40 percent of his or her paycheck to care for one child—a major impediment that keeps many capable workers out of the labor market.[24]

As mentioned above, the Trible amendment allows Federal child care centers to charge Government employees 5 to 20 percent less than competing private child care centers. While this makes onsite child care more affordable than it would be without such subsidy, the resultant cost is still beyond the means of many Federal employees.

Since Federal agencies experience some of their highest turnover in lower graded occupations, and, in some urban areas, have the most difficulty recruiting qualified applicants in these occupations, the question of affordability of child care has very practical significance for the Government's ability to recruit and retain a qualified workforce. However, the factors which influence how much a child care center must charge for its services are the same as for any business operation.

For example, a center could increase revenues by charging some customers more (i.e., by using a sliding-fee scale), or if organized as a nonprofit corporation, by securing donations from charitably minded people. On the cost side, theoretically a child care center could look for ways to hold down its expenses, through such means as raising the staff-child ratio, offering a less enriched child development program, or similar steps.

From a practical standpoint, however, few of these cost-saving options are likely to be implemented. For example, on the staffing ratio question, as one article described it, "* * * an infant-care staff member has more to do all day—and more responsibility—than a new parent caring for triplets."[25] As a result, there would appear to be limited opportunity to cut the payroll of child care centers. Similarly, while a center could limit its services to babysitting type activities (without the educational aspects of a child development program), this would not meet the quality expectations of many parents or the accreditation standards established by the National Academy of Early Childhood Programs.

As a result, it would appear that the affordability of child care is most likely to be affected by what happens on the revenue side of the equation—sliding scale tuitions, scholarships funded by charitable donations, or employer subsidy. In our questionnaire, we asked agencies how, if at all, they made the cost of their onsite child care centers more affordable for lower salaried employees. The most common answer was "Scholarships," which 13 agencies said they used. On the other hand, five agencies indicated that "Fees are not made more affordable."

## Government Subsidies for Onsite Child Care Centers:

In contrast to Federal civilian employees, Federal military personnel have more generous child care benefits offered to them, in terms of both availability and cost. The above-mentioned benefits newsletter, for example, noted that:

> * * * there are more than 600 child care centers at more than 400 [military] installations at home and abroad serving more than 95,000 children. In addition, military personnel average only $50 per week for the use of these centers because, in addition to providing space, the military subsidizes 30 percent of its centers' operating costs.[26]

Since the Government is already subsidizing the operating costs of child care centers serving the armed forces, we sought to understand whether the military's policy might have any precedent value for the Federal civilian workforce. According to a General Accounting Office (GAO) report on military child care:

> *"DOD provides child care to service members because it believes that this maintains their readiness, increases productivity, and improves morale. DOD also believes that military families often face special problems. For example, because military families are required to move periodically, they usually (1) cannot rely on extended family help in caring for their children and (2) do not have the support of an established neighborhood. In addition, DOD has stated that private sector child care often is unavailable, too expensive, and not of the type needed by service members because of their unusual working hours, which can include night and weekend duty. * * **
>
> *"The military supports child care by (1) paying for child development center construction and renovation, (2) subsidizing about one-third of the total operating costs for the centers, and (3) providing for the oversight of family day care homes."*[27]
>
> General Accounting Office

While some of the child care problems affecting the military are unique, much of DOD's rationale also seems applicable to the Federal civilian workforce. Moreover, on the civilian side, agencies compete for good employees with private sector firms who are increasingly offering child care benefits. In light of this, it would appear that the military example could have some precedent value for the Government's civilian workforce.

To the extent that civilian managers are reluctant to embrace the business necessity of subsidizing child care, part of their hesitation may be traceable to the lack of an explicit Congressional endorsement of such action. While understandable, this cautious approach may be more restrictive than necessary, given that Congress has never said "Don't subsidize child care." To the contrary, where Congress' will has been explicitly stated, it was to *endorse* subsidized space for child care centers (i.e., the Trible amendment).

On the other hand, Federal managers do not have unlimited budgets; any decision to provide a service, especially one which could be as costly as subsidizing more of the operating expenses of child care centers, must be made in the light of management priorities and available resources. The point here is not to mandate subsidized child care centers for all civilian employees, but rather to encourage agencies to look at their recruiting and retention needs. Having done so, agencies should be able to make informed decisions about what will help them best accomplish their missions in an efficient and effective manner.

If agencies find merit in pursuing further subsidies for child care centers beyond those specifically authorized in the Trible amendment, they may find an unpublished decision by GAO dating back to 1976 to be of interest.[28] It discussed the propriety of providing subsidies for space design, renovation, supplies, and equipment for a child care center at GAO, and held that GAO could lawfully provide rent-free space to an onsite day care center despite the fact that no legislation specifically authorized such a subsidy (this was prior to the Trible amendment).

More specifically, the decision stated that GAO, and by extension any agency, had the authority to provide the abovementioned subsidies to onsite day care centers as long as the agency head factually determined that the operation of such centers was necessary to recruit or retain staff, or to maintain morale and productivity. In reaching its conclusion, the GAO general counsel recognized the sensitivity of the matter at issue. Accordingly, he suggested that Congress ought to be informed of an agency's intentions to use funds in this way, even though there was no legal requirement for such notice.

Since the above GAO decision was unpublished, it is not directly citable as a precedent. Moreover, the specific expenses talked about in the GAO decision have since been officially sanctioned for payment by agencies under the Trible amendment. However, its more generic reasoning appears consistent with current fiscal operating procedures for Government agencies (i.e., in general, agencies spend appropriated funds for expenses which are necessary or incident to carrying out the stated purpose of their appropriations, unless the expenditure is specifically prohibited by other laws, rules, regulations, or requirements).

It should also be noted that, in a later treatment of child care issues, GAO issued a report in February 1986 entitled "Child Care—Employer Assistance for Private Sector and Federal Employees." This report referenced the 1976 GAO decision discussed above and reaffirmed its conclusions. It also raised (but did not conclusively settle) the question of whether agencies could subsidize other ongoing expenses of operating a child care center beyond those discussed in the 1976 decision.

Specifically, the report said:

> * * * the Comptroller General has not ruled on whether appropriated funds are available to pay other operating expenses of day care centers in the absence of specific statutory authorization. Also section 5536, Title 5, United States Code, prohibits a federal employee from receiving compensation or perquisites beyond those fixed by statute or regulation, unless specifically authorized by law and specifically appropriated for that purpose. Thus, depending upon how the day care assistance is provided, a question could arise concerning whether such assistance would constitute additional pay or allowance for the employee/parent under 5 U.S.C. §5536.[29]

As may be evident from the above carefully-worded quotation, this is a sensitive question without solidly established precedents for civilian agencies to rely on. It would appear that if an agency finds that the operation of a child care center is necessary to recruit or retain staff, or to maintain morale and hence productivity, a basis may exist under which the center's expenses could be subsidized. However, at this time, such an action would clearly be a judgment call by agency management.

Given that the armed services have determined that such subsidies further their military mission accomplishment, and such expenditures *have been officially sanctioned*, all agencies should certainly consider whether their civilian missions would be enhanced by providing more affordable child care benefits to their civilian employees. If they find this would be the case, agencies may wish to work with OPM (or other agencies, as appropriate), in order to secure more definitive accreditation of such agency actions (e.g., initiating demonstration projects, securing precedent rulings from GAO, or proposing legislation to Congress).

# ELDER CARE

## What Is Elder Care and How Does It Differ From Child Care:

The following quote, drawn from President Bush's proclamation establishing the 1990 "National Family Caregivers Week," nicely lays the ground work for our discussion of elder care. It highlights both the human elements of why elder care is a sensitive topic, and how it can impact on both employees and employers.

> *"Each day millions of Americans provide various forms of assistance to relatives incapacitated by age, illness, or disability. In addition to home nursing care and companionship, these family caregivers may provide physically impaired loved ones with financial support, transportation, and help with shopping, cooking, and daily household maintenance. Their generous and devoted labors are invaluable to the relative who might otherwise be forced to live in an institutional setting."*[30]
>
> President George Bush

In order to fully understand what elder care is, and why it is of concern to us, it is first important to understand what elder care is *not*—that is, how it differs from child care. Both elder care and child care are work and family benefit issues because they involve the impact on a work situation of how employees provide care for their dependents. However, the demands placed on people with elder care responsibilities are very different from those with child care needs, as are the outcomes of providing that care.

Children grow up and take on increasing independence, thus lessening the need for child care. Elderly people, on the other hand, tend to grow more dependent, especially as their health declines. The consequences of these diverging outcomes were well captured in a recent cover story in Newsweek magazine. It said:

> * * * just when many women on the 'Mommy Track' thought they could get back to their careers, some are finding themselves on an even longer 'Daughter Track,' with their parents, or their husband's parents, growing frail. The average American woman will spend 17 years raising children and 18 years helping aged parents, according to a 1988 U.S. House of Representatives report. As the population ages and chronic, disabling conditions become more common, many more families will care for aged relatives. And because they delayed childbirth, more couples will find themselves 'sandwiched' between child care and elder care.[31]

In addition to the differing outcomes of child and elder care, there are fundamental differences in what is involved in actually providing these types of care. For example, most child care "solutions" involve providing some type of supervision to children during part of the day when their parent(s) are working. This is not the case with elder care, as a recent report on elder care in the workplace points out:

> There is such a service as adult day care which is targeted to frail older people. It is not a question of increasing the supply of this product; it is appropriate for a tiny proportion of the most dependent elderly. Some aging relatives need only a modest amount of help but on a regular basis, others may need intensive support but for a limited time, still others need steadily increasing levels of support over a period of years. That help may be needed suddenly as a result of heart attack, stroke or hip fracture, or the need may develop gradually.[32]

This report, prepared by the National Association of State Units on Aging and the National Council on the Aging, Inc., went on to describe some of the other factors which make elder care a complicated and often emotionally trying experience for those responsible for giving or overseeing the care of an elderly person. It said:

There are more variations in the situation and condition of the elderly by virtue of their age. Older people are adults, ranging approximately from age 60 to 100. They have lived for years with responsibility for themselves and often for others. They have the authority for their own decision-making and—unless in a protected status determined by the legal system—have the right to accept or reject help arranged for them.

Compared to the rest of the population, older people have more health problems. They may or may not be physically able to carry out their personal care and household chores, manage errands and get themselves to doctors and stores. They may need frequent emotional support, information and assistance for the activities of daily living, and/or help in obtaining any of these. Aging relatives may live nearby or at a long distance. Even very dependent relatives may not live with a family member who provides most of the care. Responsibility for providing assistance to an older person may be shared among spouses, children and other family members.[33]

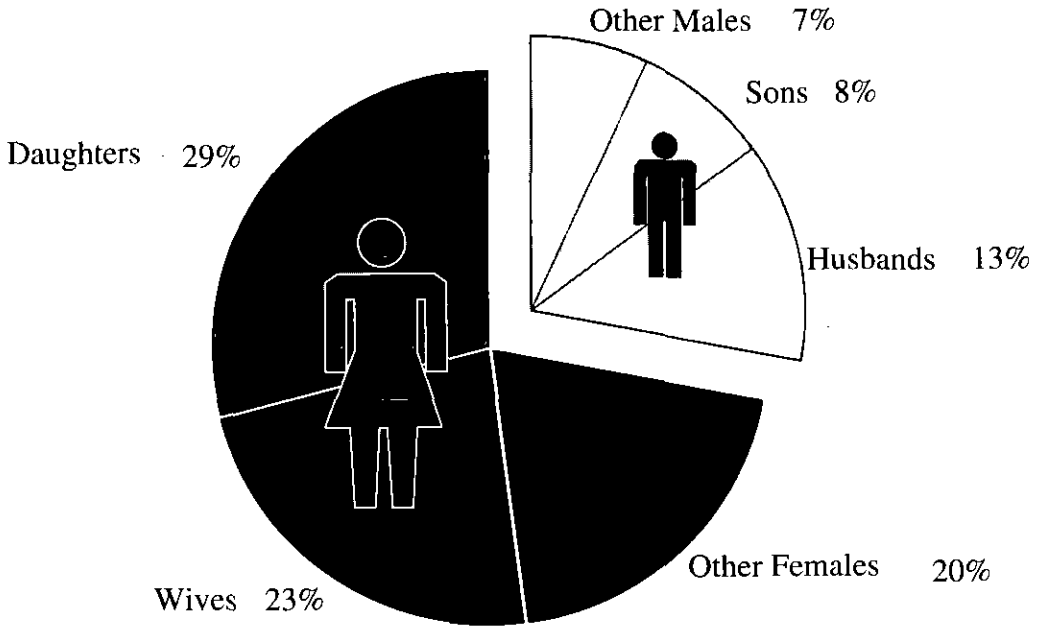
## Does the Government Need Elder Care Benefit Programs:

The above-mentioned cover story from Newsweek went on to quote the executive director of the Older Women's League, who said, "We get letters from women who are taking care of their children, and their parents and possibly *their* parents. They are running from place to place. How do we expect them to do that and stay employed?"[34]

Since having their employees "stay employed" is the driving force behind all employee benefits, employers need to know if their employees have elder care problems, and if so, how to address them. Fortunately, it is predictable that certain kinds of employees are more likely to be caregivers than others, given the demographic realities surrounding elder care.

For example, employers whose workforce is older than average probably have more caregivers among their workers than employers with a young staff. Similarly, employers with greater than average numbers of female workers may find a disproportionate number of their employees have elder care responsibilities, since as illustrated in figure 4 below, the majority of caregivers are women:

**Figure 4.**
**Distribution of Caregivers by Relationship to Elderly Care Recipient, 1982**




Note: Caregiver population includes primary and secondary caregivers.

Source: Subcommittee on Human Resources, "Exploding the Myths: Caregiving in America," Select Committee on Aging, U.S. House of Representatives, Comm. Pub. No. 100-665, August 1988, p. 34. Original source for data was the 1982 National Long Term Care Survey/Informal Caregivers Survey, U.S. Department of Health and Human Services.

In regard to the Government, it would appear that Federal employees meet at least some of the criteria suggesting above-average elder care needs. Specifically, while the Federal Government employs women at about the same rate as the private sector (43 percent of Federal employees are women, versus 45 percent of private sector employees), Federal employees are older than private sector workers (median age of Federal employees in 1989 was 41, versus a private sector median age of 36).[35]

In determining whether and how the Federal Government should respond to the elder care needs of its employees, it is of course important to look at the consequences of acting or not. Issues such as how elder care might affect mission accomplishment, recruitment, productivity, retention, and other goals, should therefore become most relevant.

To gauge the extent of this impact, we asked agency personnel directors if they thought elder care responsibilities were having a negative impact on the productivity of employees who were caregivers. In response, 7 agencies said "To a moderate extent," 2 said "To a minor extent," and 13 said "Don't know/Can't judge."

We also asked agencies if they had done any research or analysis "* * * to determine how many of your employees have elder care responsibilities and/or the types of services/benefits which would help employees address these responsibilities?" In response, 7 agencies said "Yes," they had done some research or analysis on elder care, while 15 said "No."

Several agencies provided narrative comments as well. Highlights of two of these comments are shown below:

> *"The Office which surveyed for elder care found that 16% of its employees had elder care responsibilities, with the number expected to rise in the future. Of those who had elder care responsibilities, 68% reported some stress, and 20% reported significant stress because of these responsibilities."*
>
> Department of Energy
>
> *"* * * a significant number of families have or expect to have elder care responsibilities in the near future. Employees have requested a counseling/referral service for those providing elder care and the use of sick leave to care for an elderly family member."*
>
> Department of Justice

We also turned to other sources to see what evidence of elder care impacts on the workforce were available. The following extracts are illustrative:

- Growing numbers of firms are granting unpaid leaves to employees with family needs. IBM is perhaps the most generous. Full-time employees can take up to 3 years off, with benefits, and find their jobs waiting. 'If we give our employees help in managing their personal lives, it helps us attract and retain the workers we need,' says IBM spokesman Jim Smith. That has proved true at Aetna Life and Casualty as well. When it extended its family leave from a few weeks to as long as a year in 1988, the turnover rate among its female caregivers dropped from 22 to 13 percent.[36]

- According to 'Elder care: Its Impact in the Workplace,' which appeared in the July/August 1989 issue of EAP [Employee Assistance Program] Digest, and a recent national study conducted by [University of Bridgeport Professor Michael] Creedon, employees caring for an elder are 20 percent more likely to see a physician than noncaregivers. Caregivers also report higher rates of depression, sleeplessness, weight gain, and weight loss than noncaregivers. The Creedon study indicates that employees' caregiving burdens can translate into increased company health benefit costs and reduced workplace productivity.[37]

Given that they are older than their private sector counterparts, it is likely that increasing numbers of Federal employees are dealing with elder care responsibilities, with or without assistance from their employer. Moreover, it would appear to be in the Government's best interest to assist its employees in meeting their elder care needs, given the demonstrated impact of elder care problems in the workplace. Putting these two conclusions together, the primary elder care question for us to address becomes, "What are the most cost-effective and appropriate elder care benefits for the Government to provide?"

## What Elder Care Benefits Can the Government Provide:

Employers, including the Federal Government, are limited in how they can respond to employee elder care needs. There are very few potential elder care "solutions" which employers can appropriately provide directly to elderly dependents. Accordingly, employers are largely limited to assisting employees to do whatever they find necessary in the situation, rather than doing it for them.

As a result, the two most common forms of indirect elder care assistance which employers provide are: proactive educational programs which prepare employees for present or future caregiving roles; and resource and referral networks, which assist employees to find the kinds of help or services which their elderly dependents need. Several Federal agencies are currently experimenting with both of these types of programs.

While these indirect benefits are helpful, neither solves the most direct problem caregivers typically face—that is, having the time to arrange for, monitor, or otherwise manage whatever help their elderly dependent needs, or having the time to provide that help themselves. As a result, where it is available, one of the most useful and important benefits an employer can provide to employees with elder care problems is the option of taking additional time off from their jobs when elder care responsibilities require it.

If the Government were to offer additional leave time as an employee benefit, it would obviously have to decide whether this was to be paid or unpaid leave. By definition, unpaid leave is less costly than paid leave, although even unpaid leave can be extremely disruptive to mission accomplishment if the caregiver's presence is critical to the work unit. For many employees, however, the loss of income from unpaid leave may make this "benefit" of limited utility. Thus, as the above comment from the Justice Department illustrates, employees typically see *paid* time off as what is needed to help them fulfill their elder care responsibilities.

Paid time off comes in many forms, including some charged to personal leave accounts (e.g., annual leave and sick leave) and others which are not (e.g., holidays and administrative leave). Some employers also offer insurance polices which may replace pay during unpaid leaves of absence (e.g., short-term disability policies), while the Federal Government has recently experimented with a program of leave-transfer and leave banks (discussed in a later chapter of this report).

While the Government's annual leave benefits are substantially more generous than many private sector firms (especially in the early years of an employee's tenure), its sick leave benefits are roughly comparable to, or only slightly ahead of, those typically offered by medium and large size private sector firms. Specifically, for those firms offering sick leave plans which have similar characteristics to the Government's plan (i.e., which allow unlimited accumulation of sick leave from year to year, and which do not have a tie-in to sickness and accident insurance), the average number of paid sick days given to full-time employees each year grows from 9.4 days per year at 1 year of service, to 11.4 days at 5 years of service, and to 14.1 days at 20 years of service.[38] The Federal Government provides 13 days of sick leave per year for full-time employees, irrespective of years of service.

## Use of Sick Leave to Care for Sick or Elderly Dependents:

Since most Federal employees are limited in the amount of annual leave they can save up for "rainy days," and employees expect to use this leave for other personal and family needs, annual leave is usually inadequate to meet ongoing care demands for sick or elderly dependents. As a result, employees naturally look to sick leave as a potential source of leave—after all, if they are caring for a sick or frail relative, why shouldn't sick leave be authorized?

Using sick leave to care for sick or elderly dependents is not without precedent. For example, a study of State governments as employers found that:

> * * * the use of sick leave and extended unpaid leave for the purpose of caring for an aging dependent is widely available as official personnel policy. The quantity of sick leave that can be used for dependent care ranged from 3 to 30 days. One state allows employees to use all accrued sick leave for this purpose and another allows use of advance leave—that is, what the employee is expected to earn within the fiscal year.[39]

From the point of view of some Federal agencies, this is at least a plausible benefit to provide. In response to our questionnaire, 13 agencies indicated that they thought the "ability to use sick leave to care for, or assist, a sick elderly relative" was potentially a cost-effective employee benefit for the Government to offer. When asked if their agency would support a change in sick leave regulations to permit caring for sick relatives (e.g., children, spouses, or parents), however, the results showed sharply divided opinions among the agencies, as table 5 below illustrates:

**Table 5.**
**Number of agencies choosing the indicated response to: "To what extent would your agency support or oppose a change to the Government's sick leave regulations which would permit an employee to use sick leave if he/she needed to care for a sick relative (e.g., child, spouse, parent)?"**

| | | | |
|---|---|---|---|
| 4 | Strongly support | 1 | Minimally oppose |
| 2 | Minimally support | 4 | Strongly oppose |
| 1 | Neither support nor oppose | 8 | Don't know/Can't judge |

Note: Two agencies did not respond to this question.

Agencies' narrative comments on the topic were as divided as the above response patterns would suggest. Extracts of representative responses are shown below:

> *"OPM regulations currently allow an employee to use sick leave to care for a family member afflicted with a contagious disease. * * * The Department of the Army (DA) would find it difficult to support any modification of regulations beyond what is currently provided."*
>
> Department of the Army
>
> *"Annual leave is not sufficient for elder care needs and current regulations require that an employee with elder care responsibilities exhaust the only category of leave that provides for paid vacations—something that an employee with elder care or child care responsibilities needs. If sick leave is not made available for these purposes, we recommend that employees be allowed to accumulate annual leave without limit to provide for their child or elder care concerns."*
>
> Department of Justice

When we asked OPM about using sick leave to care for sick or elderly dependents, its response began by noting that "the Administration has no stated position on such a proposed change." After explaining how various technicalities in its sick leave regulations (concerning contagious diseases) impact on the question, OPM concluded that it "is studying the entire leave system to determine how well it meets the needs of employees in caring for their families."

The statute which establishes an entitlement to sick leave does not prohibit OPM from allowing Federal employees to use that sick leave to care for sick or elderly dependents. In fact, the legal underpinning for the sick leave provided to Federal civilian employees is startlingly simple. Specifically, section 6307 of title 5 U.S.C. provides that:

- An employee is entitled to sick leave with pay which accrues on the basis of one-half day for each full biweekly pay period;
- Sick leave which is not used by an employee accumulates for use in succeeding years; and
- A maximum of 30 days sick leave with pay may be advanced for serious disability or ailment.[40]

Beyond these simple provisions, the law does not further define what sick leave is or how it should be used by Federal employees. Rather, Congress provided for OPM (formerly the Civil Service Commission) to issue regulations necessary for the administration of leave (Section 6311 of title 5 U.S.C.). Under this authority, OPM issued the following instruction in section 630.401 of the Code of Federal Regulations:

> An agency shall grant sick leave to an employee when the employee:
>
> (a) Receives medical, dental, or optical examination or treatment;
>
> (b) Is incapacitated for the performance of duties by sickness, injury, or pregnancy and confinement;
>
> (c) Is required to give care and attendance to a member of his immediate family who is afflicted with a contagious disease; or
>
> (d) Would jeopardize the health of others by his presence at his post of duty because of exposure to a contagious disease.

While the above regulation is not unreasonably narrow on its face, it has not changed since 1969. In the intervening 22 years, employee needs, societal values and employer-employee relationships have been evolving. Accordingly, it would appear to be timely for OPM to revisit this issue.

For its part, OPM appears to be on the threshold of action. In its "Strategic Plan for Federal Human Resources Management," which it published in November 1990, OPM acknowledged that "Benefits are costly and do not meet the needs of relatively new employees, especially those who are family care providers and those who suffer injury or long term illness." In light of this conclusion, OPM committed itself to a strategy which seeks (in part) to "* * * improve the Federal benefits package by * * * *considering* changes to the leave system, [and] by *exploring* the feasibility of a more flexible benefits package * * *." [41] (Emphasis added.)

The time for such changes would appear ripe, especially since Congress itself has recently encouraged a more creative use of sick leave than OPM has traditionally permitted. Specifically, Congress inserted a temporary provision into OPM's fiscal year 1991 appropriations bill (expiring Sept. 30, 1991) which said:

> Notwithstanding any other provision of law, sick leave provided by section 6307 of title 5, United States Code, may be approved for purposes related to the adoption of a child in order to test the feasibility of this concept during fiscal year 1991.[42]

According to OPM's guidance on this change (Federal Personnel Manual (FPM) Bulletin 630-61, "Sick Leave for Adoptive Parents"), the purpose of this provision "is to put adoptive parents on a more equal footing with biological mothers, who are currently allowed to use sick leave for prenatal visits." However, since using sick leave to attend court hearings or meetings with social workers is certainly further afield from the language of OPM's current regulations than using sick leave to care for sick relatives, the precedent value of this Congressionally requested test should not be lost.

From the Board's perspective, expansion of Federal sick leave rules to permit at least some usage of sick leave by employees who are caring for sick or elderly dependents makes good sense. This type of benefit could certainly make the Government more of an "employer of choice" for prospective employees, as well as sending a positive message to current employees about the Government's intentions relating to work and family concerns.

While in an absolute sense such a benefit may increase the Government's costs (e.g., sick leave employees use for this purpose might have otherwise been forfeited when they resigned or retired), it would not actually be an increase in an employee's entitlement to earn paid leave. Rather, the benefit would simply give employees more flexibility in using leave which they have already earned and are entitled to use (albeit for more limited purposes).

Moreover, to the extent that some employees may already be using sick leave to care for sick or elderly dependents (notwithstanding the fact that such use violates current OPM regulations), official sanctioning of this practice obviously would not further increase costs. Finally, it should be noted that, for those employees who use all their sick leave before leaving Government service (e.g., employees who take a disability retirement), any use of sick leave for these expanded purposes would reduce the sick leave used for the employee's own health problems, thus resulting in no net increase in leave usage.

Prior to implementation, OPM would obviously need to consider how much discretion agencies should have regarding use of sick leave for nontraditional purposes. Some aspects of this benefit may require standardized criteria (e.g., how much of a person's sick leave may be used for these purposes; can advance leave be granted; what information needs to be tracked by OPM), while others may be more suitable to agency choice (e.g., how specific do the criteria need to be which govern when this type of leave can be granted).

It would probably be appropriate to conduct several different pilot programs to test various approaches to this benefit, before determining what final regulations are needed. Even then, final regulations need not be cast in stone—while a cautious, incremental approach seems prudent at the beginning, it may well be that a more flexible approach will be in order once experience is gained with the concept.

Finally, the fact that these changes are capable of being accomplished without the need for further legislation should give added impetus to any effort to make them, since it is always difficult to secure legislative action for a change in benefits. The Board therefore recommends that OPM pursue this issue, and unless unanticipated problems are identified, take action to change its current sick leave regulations.

# ALTERNATIVE WORK SCHEDULES

## Definitions:

The Federal Government uses the term "alternative work schedules," or "AWS," to describe two different work schedule variations—flexitime and compressed work hours. Each of these represents a different kind of adjustment to the traditional fixed schedule of 8 working hours per day, 5 days per week, which begin and end at the same times each day.

According to the Federal Personnel Manual, flexitime and compressed work schedules are defined as follows:

- "*Flexitime* means a system of work scheduling which splits the workday into two distinct kinds of time—core time and flexible time. The two requirements under any flexitime schedule are:

  (a) the employee must be at work during core time, and

  (b) the employee must account for the total number of hours he or she is scheduled to work."

- A *compressed work schedule* for a full-time employee is "* * * an 80-hour biweekly basic work requirement which is scheduled for less than 10 workdays * * *."[43]

Both of these AWS programs have multiple options available. Under compressed work schedules, for example, there are "5-4/9" workweeks (5 days one week and 4 days the next week), 4-day workweeks, and 3-day workweeks. Each of these requires the employee to work, under a fixed schedule, more than 8 hours per day. As a result of working these longer days, the employee is able to work fewer than 10 days in each 2-week pay period.

In contrast, under the various flexitime options (flexitour, gliding schedule, variable day or week schedule, and maxiflex schedule), employees are only required to put in 8 working hours per day, but they have the flexibility to vary their starting and stopping times. Under some flexitime options, employees can also accrue "credit hours" when they do work more than 8 hours in a day (thus occasionally earning the right to take an extra day off by using their credit hours as if they were annual leave hours), but this is not a required aspect of participation in flexitime.

## Historical Perspective on AWS Programs:

While pervasive in the Federal Government now, AWS programs did not exist only 20 years ago. In fact, they were made a permanent part of Federal personnel regulations only in 1985. According to OPM, at the time of their inception, limited flexitime programs were possible only through some "creative" interpretation of existing time and attendance rules:

The first flexible schedule in the Federal sector was implemented by the Bureau of Indian Affairs (BIA) in Albuquerque, New Mexico, in late 1972. Following the BIA experiment, flexible schedules spread to the Social Security Administration Headquarters (SSA) in Baltimore, Maryland, in 1974, and then to several organizational elements in various Federal agencies. Both the BIA and SSA began their experiments with flexible schedules because of employee tardiness, lost productivity, low morale, and, in the case of SSA, an extensive amount of leave without pay (LWOP). In both cases, when employees were allowed to select their arrival time under the flexible schedules, productivity and morale improved, and, in SSA, LWOP decreased.

However, it was not until 1979 that more innovative and aggressive approaches were formally made legal. At that time, Public Law 95-390, the Federal Employee's Flexible and Compressed Work Schedules Act of 1978 (effective Mar. 29, 1979), established a 3-year, experimental program designed to test the feasibility and efficacy of using flexible and compressed work schedules. This legislation, based on proposals submitted by the Civil Service Commission (now OPM), authorized several new options, including "credit hours" and schedules running over 8 hours per day without the necessity of paying overtime rates.

OPM was a key player in this experiment, as it was responsible for planning, organizing, establishing, and managing the test program. Moreover, the legislation required OPM to specifically evaluate the effects of the AWS program on six specific areas: the efficiency of Government operations; mass transit facilities and traffic; levels of energy consumption; service to the public; increased opportunities for full-time and part-time employment; and individuals and families generally.

OPM's favorable conclusions about the AWS experiment in its September 1981 "Interim Report on the Alternative Work Schedules Experimental Program" led to Congress' passage of the Federal Employees Flexible and Compressed Work Schedules Act of 1982. The legislative history for this act nicely sums up the many positive benefits which AWS had brought to the Government and its employees:

> The benefits of [flexitime and compressed work] schedules to employees were overwhelming. Working parents could structure their work schedules to best attend to their children's needs. Appointments outside of the office could be more easily scheduled without the necessity of taking sick or annual leave. Travel times to and from the office were reduced. Employees generally had a greater degree of control over their work lives which provided them with more time to devote to non-work activities.
>
> The benefits of these schedules to government, when utilized in a proper fashion, were also significant. Hours of service to the public increased. Tardiness and absenteeism of employees were reduced. Energy consumption in buildings decreased. General productivity was enhanced.[44]

As with most things, notwithstanding its many positive benefits, AWS did have some downside consequences as well. Again, according to the legislative history:

> * * * improper use of alternative work schedules did have some serious repercussions. In some cases, productivity and work performance declined. Service to the public was delayed and hindered. Workers were unavailable when needed. Costs increased. * * * The result of the experimental program showed that the use of alternative work schedules can be beneficial to all concerned *when the schedules are used properly*. (Emphasis added.)

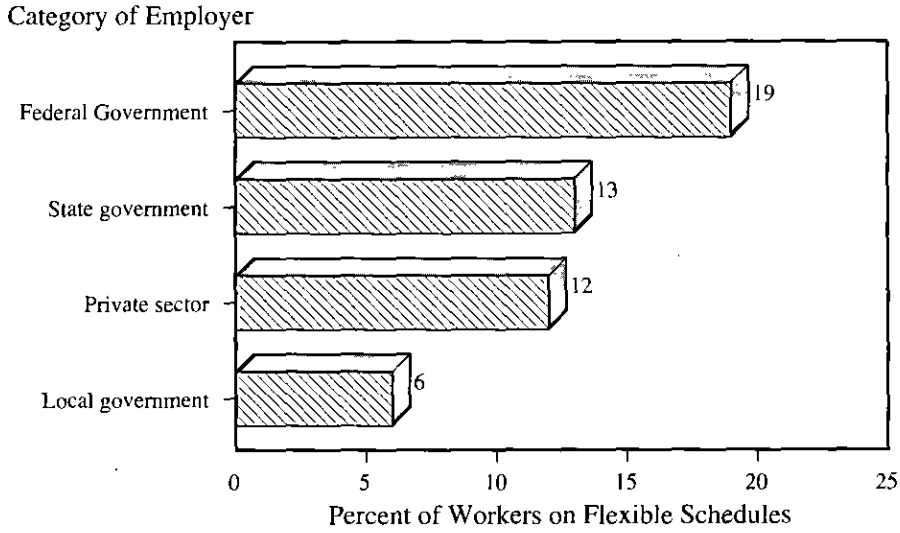
While the 1982 act established AWS as an ongoing program, rather than a test, it also set a 3-year sunset provision on the program. During this 3-year period, OPM, GAO, and the House Subcommittee on Human Resources (among others) conducted further reviews and evaluations of AWS. The consensus reflected in these studies was summed up in 1985 testimony by GAO, which said: "Overall, efficiency of operations, service to the public, employment opportunities, and employee morale have improved."[45] Given this conclusion, Congress made the authorization for AWS permanent in Public Law 99-196, which was signed into law on December 23, 1985.

## Current Federal Use of AWS Programs:

In making AWS permanent, Congress positioned the Government as a trend-setter in the use of flexible work schedules. As the Nation's largest employer, the Government, when it adopts a program like AWS, legitimizes the concept for many other employers who might otherwise have held back. Figure 3 (displayed earlier in the "Background" chapter of this report) demonstrated this effect, as it showed that over half of employers responding to one survey now offer flexitime, and this percentage is expected to increase among the responding employers to about 86 percent by the year 2000.

In terms of actual use by employees, the Federal Government still leads the rest of the country. As figure 5 below shows, more Federal workers are on flexible work schedules than are workers from other sectors of the economy. The Federal Government's 19-percent participation rate for flexitime use by full-time wage and salary workers is almost 50 percent higher than for private sector or State government employees, and over three times the rate for local government employees.

**Figure 5.**
**Percent of Full-Time Wage and Salary Workers on Flexible Work Schedules, by Category, May 1989**




Source: Unpublished data from a May 1989 supplement to the "Current Population Survey," Bureau of Labor Statistics.

Since an aggregate percentage such as that shown above can mask widely different situations among agencies, in our questionnaire we asked agencies to estimate what percent of their employees "have the opportunity to participate in at least one type of alternative work schedule." Of the 16 agencies which offered an estimate, 13 said that at least half of their employees have the opportunity to participate in AWS, while 1 each said 0, 20, and 30 percent, have this opportunity. Moreover, of the 12 agencies which were able to respond to a question asking for an estimate of how many employees "actually do participate in some form of AWS," 6 said over 50 percent, while the rest said fewer than 50 percent.

As regards the trend in employee participation, 14 agencies believed that use of compressed work schedules had increased in recent years (5 said "Increased substantially" and 9 said "Increased minimally"), while none believed it had decreased. For flexitime, 12 agencies believed that its use had also increased (1 said "Increased substantially" and 11 said "Increased minimally"), while 1 agency said flexitime use had "Decreased minimally."

## AWS as a Work and Family Benefit:

A recent article addressing work and family issues succinctly described why AWS programs are needed. It said:

> Traditional work schedules can cause problems for employees with families because (a) excessive work hours prevent workers from spending enough time with their families, (b) the work day either starts too early or ends too late and thus does not allow for quality time with their families, and (c) work schedules often do not mesh with child care arrangements.[46]

As suggested by the legislative history quoted earlier, Congress apparently saw similar consequences of traditional work schedules and determined that AWS had the potential to aid Federal employees in balancing their work and family lives. Recent MSPB research would appear to support this conclusion, at least on the level of showing that substantial numbers of employees consider AWS to be a valued benefit.

Specifically, the Board asked a large Governmentwide sample of Federal employees what role selected benefits play in retaining current Federal employees. When given a choice of 13 different factors and asked, "How does each of the following affect your decision to stay with or leave the Government?," 49 percent of responding Federal employees listed "Flexible work schedule" as a "reason for staying in Government," while only 10 percent said it was a "reason for leaving the Government." Forty-one percent said it was "neither a reason to stay nor leave."[47]

In fact, taking this perspective one step further, it is interesting to note the 1981 research of Halcyone H. Bohen and Anamaria Viveros-Long, who sought to determine the effects of flexitime on different categories of employees. They hypothesized that flexitime would reduce stress and that employees with the most work-family stress would benefit the most from flexitime (i.e., dual income couples with children and single parents). To their surprise, the researchers found that "* * * the families most helped by a modest flexitime program are those with the fewest work-family conflicts, namely those without children."

In explaining their survey results, researchers Bohen and Viveros-Long concluded:

Plainly, the magnitude of the logistical, energy and time demands on families with two employed parents, or a single parent, cannot be dramatically altered by minor changes in daily work schedules. Ironically, the reverse may also be true. That is, parents with young children may be precluded from varying their schedules—even when they have a flexitime option—because the logistics of their lives are so fixed. For example, the schedules of the babysitter, child care center, school, or other parent may dictate when they can go to and from work.

In light of these findings, the researchers offered two important insights:

- "* * * a small degree of flexibility helps a lot with little problems (i.e., the logistics of single adult families); but it helps only a little with big problems (i.e., the logistics of families with children and employed parents," and

- "* * * people can have positive attitudes towards the idea of choice in the scheduling of their work while still recognizing the limitations of the modest version of flexitime examined in this study."[48]

## The Future of AWS Within the Federal Civil Service:

It is perhaps the types of "positive attitudes" spoken of above which led Federal employees to consider flexible work schedules as a "reason for staying in Government" in the Board's survey cited earlier. In any event, given these positive attitudes, it is unfortunate that more agencies do not more aggressively publicize the availability of AWS programs. In our questionnaire, we asked agencies, "How often does your agency mention AWS coverage in recruiting brochures, job announcements, interviews, etc. when it applies to the job being advertised?" In response, 1 agency said "Most of the time," while 16 agencies said "Some of the time" and 3 said "Never." In addition, two agencies said "Don't know/Can't judge."

In a similar vein, we also asked agencies what effect AWS had on the morale and productivity of their employees. Of those agencies able to make a judgment, about half said AWS had minimally improved morale, while the rest said it had substantially improved it. Regarding productivity, almost half of the responding agencies said AWS had improved it, while the rest said it had neither improved productivity nor hurt it.

Putting all these pieces together, we believe that Federal agencies are on the right track regarding use of AWS programs. From the above data, it is clear that AWS programs are having a meaningfully positive effect on agency operations and employees. Agencies able to offer an opinion believed that morale had improved, and if a major reason to have programs such as AWS is to recruit and retain a high-quality workforce, morale impacts such as those shown above are certainly desirable outcomes.

Moreover, since the positive impacts of AWS substantially overshadow the relatively few downside effects reported (a few agencies said AWS made it minimally more difficult to supervise employees), agencies should be looking for more opportunities to expand use of AWS and to better publicize its availability. Since the Federal Government is already a leader in this benefit area, it makes sense to capitalize on this fact, and use it as a marketing tool in recruitment efforts. To the extent that AWS also gives some productivity enhancement to agencies, this can be viewed as "icing on the cake"—not to be dismissed, but not a prerequisite for expanded programs either.

# PART-TIME EMPLOYMENT

## The Legal and Historical Framework for Federal Part-Time Employment:

The current authority for Federal part-time employment was established by the Federal Employees Part-Time Career Employment Act of 1978.[49] This piece of legislation was particularly noteworthy for its forward-thinking intent, as 13 years ago it foreshadowed many of the work and family "values" which are considered state-of-the-art today.

Specifically, the "Congressional Findings and Purpose" section of the law recognized that "* * * many individuals in our society possess great productive potential which goes unused because they cannot meet the requirements of a standard workweek," and that permanent part-time employment:

- Provides older individuals with a gradual transition into retirement;
- Provides employment opportunities to handicapped individuals or others who require a reduced workweek;
- Provides parents opportunities to balance family responsibilities with the need for additional income;
- Benefits students who must finance their own education or vocational training;
- Benefits the Government, as an employer, by increasing productivity and job satisfaction, while lowering turnover rates and absenteeism, offering management more flexibility in meeting work requirements, and filling shortages in various occupations; and
- Benefits society by offering a needed alternative for those individuals who require or prefer shorter hours (despite the reduced income), thus increasing jobs available to reduce unemployment while retaining the skills of individuals who have training and experience.

Given the above findings, the act went on to state that its purpose was "* * * to provide increased part-time career employment opportunities throughout the Federal Government." In terms of doing this, however, the new law actually made only a few substantive changes in the way part-time positions were treated. These included: defining part-time positions as those involving 16 to 32 hours of work per week; specifying that part-time positions were to be counted on a pro-rata basis when computing end-of-year personnel ceilings; and specifying that the Government's contribution to health insurance premiums for part-time employees was to be prorated as well.

In addition to these substantive changes, the law established several other requirements which turned out to be largely symbolic. These included the following: agencies should establish part-time career employment programs which would encourage creation of part-time positions; agencies should establish communication channels between employees engaged in part-time career program activities; OPM (then Civil Service Commission) should advise and assist agencies with their part-time career programs; OPM should conduct research and demonstration projects relating to part-time employment, including job sharing; and agencies should report to OPM and that OPM should, in turn, report to the President and Congress on part-time employment within the Federal Government.

In passing the part-time career act described above, Congress intended to correct what it viewed as a serious shortcoming in Federal personnel practices. According to the legislative history for this act:

> The Federal Government has lagged far behind the private sphere in providing and improving part-time employment opportunities of any type. In 1977, only 2.3 percent of the Federal work force were permanent part-time employees. Moreover, 89 percent of the part-time federal jobs are in the lower grade levels, primarily in the clerical, food and medical services.
>
> This record is particularly disappointing because the issue of increasing part-time employment opportunities in the Federal Government is not new. Fifteen years ago [in 1963] the President's Commission on the Status of Women recommended that the Federal Government establish a permanent structure for part-time job opportunities in Federal agencies. * * *
>
> [The Federal Employees Part-Time Career Act of 1978] is a modest step toward increased part-time employment opportunities. However, its importance should not be underestimated. Only legislation can make expanded part-time employment opportunities a true national priority and strengthen the agencies' resolve to embark upon such programs.[50]

The legislative history went on to describe previous congressional attempts to pass part-time employment requirements, which would have "* * * required each agency to set aside 2 percent of all jobs in each grade each year during the next five for permanent part-time employment," in order to assure that the desired changes would occur. While Congress ultimately decided not to impose legislatively mandated quotas, the congressional authors clearly expressed their expectations, saying, "* * * the agencies must make a substantial good faith effort to set goals which would represent meaningful progress and to move toward them."

## Developments Since Passage of the Part-Time Employment Act:

While the 1978 act was quite explicit in detailing certain actions which agencies and OPM were expected to take, responses to these mandates have been spotty at best. When GAO examined the status of Federal part-time employment programs in July 1986, it found that, in general, neither OPM nor the agencies had fulfilled their duties under the act. Given these findings, it is not surprising that GAO also found that:

> [w]hile the number of part-time employees governmentwide increased during 1979 and 1980, the first years after the legislation became effective, there has since been a general downward trend. From January 1981 to January 1986, part-time employment dropped by about 11 percent. Over the same period, the total number of permanent federal employees increased by about 1.5 percent.[51]

As the above figures show, in the first 6-plus years of the Part-Time Career Employment Act's existence, there had not been much "meaningful progress" toward meeting Congress' expectations of an increase in the number of Federal part-time employees. In fact, by 1989, the percent of Government employees on part-time schedules (2.3 percent) was identical to what existed back in 1978.

Fortunately, the total picture of Federal part-time employment is not as bad as these raw statistics would suggest. For one thing, there has been a significant transformation in the grade level of part-time employees. According to OPM, between 1978 and 1990, the number of part-time employees in wage grade and GS-1 through GS-3 positions declined dramatically (from 25,446 to 12,346), while those in higher grades increased substantially (e.g., part-time positions in grades GS-4 through GS-9 increased from 16,303 to 20,792, while those in grades GS-10 and above increased from 2,577 to 7,378).

Also, there has been an important shift in the nature of the Government's part-time workforce. Prior to the 1978 act, the Government had large numbers of "part-time" employees who were involuntarily required to work 39 hours a week, in order for agencies to escape end-of-year full-time employee "ceiling" requirements. Since passage of the act, part-time positions are defined as those involving between 16 and 32 hours of work each week, and employees serving in such positions are more likely to be there on a voluntary basis.

Having noted all of the above, there is no question that these changes in the nature and composition of the Federal part-time workforce are positive developments. However, the fact remains that the progress which has been made still falls far short of what might have been expected by the authors of the 1978 act.

For comparison purposes, it is worth noting that the *nationwide* population of part-time workers (including both public and private sector) has generally ranged from 15 to 18 percent of the workforce over the last 20 years.[52] While the universe of Federal jobs certainly differs in makeup and mission from the general civilian workforce (e.g., compared to the private sector, the Government employs relatively few part-time food-service workers), and the private sector complement of part-time workers includes some significant number of people who are only working part-time because they were unable to secure full-time employment, these figures still suggest that there is substantial opportunity to expand the number of Federal part-time jobs, if Federal managers chose to allow them or sought to create them.

The causes of Federal agencies' lack of action in the area of part-time employment are not conclusively known. While it is obvious that a manager would be reluctant to give up a full-time position and only get one part-time position to replace it (since the total work hours of a part-timer are inherently less than a full-timer), nothing precludes hiring multiple part-time employees to fill what had previously been full-time slots. Moreover, while such multiple hires could take the form of job-sharing arrangements (as discussed below), they need not do so.

Turning then to other potential factors, it does not appear that productivity concerns about part-time employees are an issue for Federal agencies. When we asked agencies, "Overall, how would you judge the productivity of your agency's part-time employees versus full-time employees, *per hour worked?*," no agency indicated that part-time employees were less productive than full-time employees (2 agencies said "Part-timers are somewhat more productive," 11 agencies said "Part-timers are equally as productive," and 9 agencies said "Don't know/Can't judge").

Similarly, cost would not appear to be a concern, since there are relatively few additional costs associated with hiring part-time employees. Part-timers are counted on a pro-rata basis against employment ceilings, and their benefits (such as leave, retirement, and the Government's share of the cost of health insurance premiums) are also prorated. While it can cost agencies more to train two part-time employees than it would if one full-time person filled a particular job, given the relatively small number of positions involved, such costs are probably not a major impediment to expanded part-time opportunities at this time.

Furthermore, when we asked agencies how the number of part-time jobs matched up with the number of employees wanting to work part-time, no agency said it was having trouble filling its existing part-time positions; thus, recruitment does not seem to be a drawback either. Moreover, given projections about the declining skill levels of new entrants into the workforce, the potential to hire people in the future who are skilled, but may not be interested in full-time work (e.g., recent nonfederal retirees, students, and disabled workers), should not be overlooked. Finally, as table 6 below shows, only six agencies indicated that they had reached (or nearly reached) the practical limit of how many part-timers they could reasonably use:

Given all of the above, it seems a reasonable inference that the paucity of part-time positions in the Government is more a result of organizational inertia than it is a conscious decision not to have such positions. Except in a few agencies which have substantial part-time programs (e.g., the Department of Veterans Affairs and OPM), most part-time positions that do exist were probably created in response to requests from individual full-time employees who requested a change to part-time status, rather than as part of a planned program or policy.

## Job Sharing:

Congress recently included the following mandate in OPM's 1990 appropriations bill:

> The [House Committee on Appropriations] is aware of the increasing number of federal employees with children and dependent elderly family members and has included $250,000 for OPM to establish and operate a program designed to facilitate job-sharing arrangements authorized under Public Law 95-437 [the Federal Employees Part-Time Career Employment Act of 1978].

**Table 6.**

**Number of agencies choosing the indicated response category to: "There is certainly some practical limit to the percent of an agency's workforce which could efficiently and effectively be made-up of part-time positions, assuming employees were available to fill such positions. To what extent has your agency reached this practical limit?"**

| | | | |
|---|---|---|---|
| **2** | To a great extent | **3** | To no extent |
| **4** | To a moderate extent | **11** | Don't know/Can't judge |
| **2** | To a minor extent | | |

> The Committee expects OPM to act as a clearinghouse for information pertaining to individuals seeking employment under job-sharing arrangements, and any positions that may be filled under such an arrangement.
>
> The Committee expects that OPM will automate the clearinghouse function, making it compatible with agency personnel data systems and providing computerized listings for easy access by agencies and applicants. In this regard, OPM should survey agencies to determine what positions are appropriate for listing under the program and how rights and responsibilities would be appointed under a job-sharing arrangement. Data on individuals wishing to be included in listings furnished may include among other information personal qualifications, positions sought, and time of availability for work.
>
> The Committee expects OPM to take reasonable measures to provide continuing notice to Government employees and applicants relating to the availability of the program.[53]

Through this language, OPM was ordered to create a job-sharing *program*, in contrast to the ad hoc unstructured approach which has otherwise characterized part-time employment in the Government (notwithstanding Congress' mandate in the 1978 part-time career act requiring agencies to have part-time programs). Whether a job-sharing program can be the catalyst which finally puts Federal part-time opportunities on the map, however, remains to be seen.

Job sharing essentially combines the efforts of two (or more) part-time employees, in order to fill one full-time slot. Thus, for this idea to work, there must be at least two employees in the same agency and post of duty who are personally and professionally compatible, and who want to share one job. Logistically and interpersonally, this approach has potential problems inherent in it.

Regarding the characteristics of successful job-sharing teams and job-sharing arrangements in a white-collar work environment, OPM says that:

> The experience reported by employers of job sharing teams suggests that job sharers must be good communicators, be willing to consult and cooperate as members of a team rather than as competitors, be flexible, and have a strong commitment to the job and to making the job sharing arrangement work. They must have complementary skills, knowledge and abilities—and also compatible work styles. * * *
>
> Almost any reasonable arrangement is possible if it meets the needs of the supervisor and job sharers. Scheduling should take advantage of the fact two people rather than one are filling the job; these possibilities include overlapping time, split shifts, or working in different locations at the same time. Work schedules for job sharers can be from 16 to 32 hours per week and can be varied in the same way as other part-time employees.[54]

Given all the complexities of job sharing, it appears to us that Congress' hopes for substantial expansion of Federal part-time job opportunities are not likely to be fulfilled through this program alone. It's not that job sharing is inherently a bad idea, but rather that it takes a potentially simple solution (having multiple part-time employees filling what would otherwise be full-time slots) and makes it complicated. Given its inherent complications, it would seem that simply restructuring full-time positions into *distinct* part-time positions, without the interdependency of job-sharing arrangements, gives most of the same benefits without the complexities of formally-shared positions.

Having said this, if maintaining the integrity of a unified full-time position makes it easier for some managers to create part-time slots, this option should certainly be made available to them. Where there are employees available who want this type of arrangement and can bring it off successfully, both the employee and the Government can benefit (e.g., the employee gets the part-time schedule which he or she wants, while the manager gets a built-in backup capability when workload or turnover require it).

In summary, it would appear that participation by Federal employees in job-sharing teams is unlikely to expand dramatically and, therefore, job sharing is unlikely to be the means through which part-time opportunities become significantly more common throughout Government. We would therefore encourage agencies and OPM to actively consider not only job-sharing programs, but also job restructuring initiatives, when they wish to expand part-time job opportunities.

### Part-Time Employment as a Work and Family Benefit:

*"I consistently worked 6 plus days a week and long hours. I refused to continue that kind of schedule after having a baby. [I would have stayed if I had been] permitted to work part-time for several years while my children were small."*[55]

An "outstanding" 34-year-old Federal attorney who resigned while earning $68,000 a year.

The above quote, drawn from a survey of Federal employees who were resigning, epitomizes the challenge facing the Government's part-time employment programs. On its face, it seems surprising that such a seemingly simple accommodation as attempting to structure a part-time schedule might have kept a valued employee from leaving. And yet, for whatever reason, this option was not made available to her.

Given the statistics cited earlier, the dilemma faced by that "outstanding" attorney is apparently not an isolated incident. The reality is that Government efforts to increase the numbers of part-time job opportunities have been largely ineffective. This is unfortunate, since as a work and family benefit, part-time employment can be a real boon to an organization.

Consider the following comments from a personnel manager at one private sector firm: "There are a lot of mothers out there looking for a place where they can put in a good, productive workday without the stress of having to make arrangements for child care before and after school and on school holidays." In response to this realization, this manager's firm hired several mothers to work 9 a.m. to 2 p.m. Monday through Friday, with school holidays and summer vacations off. As a result, "[t]he firm had such a good response to its initial advertisement of the new program that it [now] has a waiting list * * *."[56]

Regarding the role of mothers, some workforce statistics detailing the gender of part-time employees are interesting to note at this point of our analysis. Nationally, roughly 1 in 10 working men are on part-time schedules, while about one-quarter of working women are. Within the Government, 71 percent of the part-time workforce are women.[57]

Looking to the future, these gender statistics may be changing, along with many other "givens" in the work and family equation, as is illustrated by the following study results quoted by American Demographics magazine:

> In a 1985 study of 4,000 Du Pont employees, 52 percent of the women and just 18 percent of the men were interested in working part-time. In 1988, a similar study found that the number of women interested in part-time work had remained constant. But the percentage of interested men had nearly doubled, to 33 percent. Even more startling was that 25 percent of the men and about 50 percent of the women said they had considered seeking another employer who offered more work or family flexibility.[58]

Successful work and family programs such as part-time employment offer a proactive means through which the Government can respond to the demographic changes which are currently taking place in the job market. The increasing role of women in the workforce, and the Government's increasing need for women to fill critical jobs, both argue for creating more part-time positions. They also raise the question of what actions, if any, the Government could (or should) take to make its part-time positions more attractive than potentially competing private sector part-time positions.

In talking about the flexibility that part-time work options provide, a former director of the Women's Bureau, Department of Labor, noted that "* * * many women have sacrificed some measure of economic security for that flexibility. This need not be the only alternative. Creative options are needed to achieve and protect the rights, benefits, compensation, and opportunities for all workers."[59]

In this regard at least, the Government offers a better part-time benefits package than some other employers. Federal part-timers are typically hired as *permanent* employees and are eligible for the same types of benefits as full-time employees. As mentioned earlier, however, the Government's contribution to these benefits is prorated, commensurate with the number of hours per week that the employee is scheduled to work.

Looking to the future, perhaps one area where the Government might choose to further distinguish itself from other employers would be in what additional benefits it grants to part-timers. While the current system of prorating benefits avoids treating part-time employees more generously than full-time ones, there is nothing sacrosanct about this approach. In fact, our current definition of what is (or is not) considered part time is essentially arbitrary:

> As late as 1938, 60 percent of federal employees worked more than five days a week. * * * Considered historically, the current definitions of full-time and part-time work lose substantive meaning and reflect simply the expectations of the historical moment. For example, when ten-hour days were the norm, eight-hour days would have been considered part-time."[60]

In light of this historical perspective, if the Government ever had a problem in recruiting part-time employees, or wanted to gain an advantage in retaining its part-time employees, it could consider providing more liberal benefits to part-timers than it currently does. Even without such an approach, however, it would appear that more aggressive action by OPM and top agency executives could translate into expanded part-time opportunities within the Federal Government.

OPM's recent issuance in the FPM on part-time employment and job sharing (FPM Letter 340-3, dated Sept. 10, 1990) was one important step in this direction, but more can and should be done. Since our analysis uncovered no substantive drawbacks to part-time work, and there appear to be several arguments in its favor, we encourage such action where compatible with the work and mission of an agency.

# FLEXIPLACE

## What Is Flexiplace:

*"Imagine the workplace of the future. Imagine an office that's easy to reach, and not on the far side of a commute that leaves your mind numb, your body shaken. Imagine an office in which you feel totally at ease—a place tailored to your individual needs and tastes. Imagine an environment where you feel free, and not like a prisoner enslaved by a rigid schedule. Imagine your own HOME."*[61]
The Wall Street Journal

With the above quote, the Wall Street Journal began an interesting exploration of futuristic trends appearing in the workplace, including flexiplace. While descriptions such as these can make working at home sound almost hedonistic, the reality of flexiplace is much closer to work than play. In fact, the article cited above went on to make the following point:

> Many managers have to be convinced that allowing workers to stay home isn't giving them permission to loll around in their bathrobes watching 'People's Court.' Most managers say the reverse is true: Home workers are more likely to show compulsive tendencies than slothful ones.[62]

Because flexiplace is so easily misunderstood, it is important to first clarify what flexiplace is and is not. The following explanation taken from a document prepared by the President's Council on Management Improvement (PCMI) provides some of this context:

> Flexible workplace, work-at-home, telecommuting, and teleworking all refer to paid employment away from the traditional office.
>
> Telecommuting and teleworking imply use of high-tech telecommunications and computers to perform work from remote locations. Work-at-home, as defined in the Flexible Workplace Project, covers work regardless of high-tech or low-tech applications.
>
> Many home workers need nothing more than an ordinary telephone, typewriter, or pen and paper to accomplish work objectives. In addition to working at home, flexible workplace covers work done at satellite offices as well. It is, in the most general terms, not limited by geography or technology.

> Flexible workplace always implies an employer-employee relationship where the location of the worksite is shifted away from the primary traditional worksite. It should not be confused with home-based businesses (cottage industries) or independent contractor arrangements in the home.
>
> It is also quite different from situations where employees permanently work out of their homes, traveling daily to clients or audit and inspection sites on premises not controlled by their employers. In these instances, their homes, not their worksites, are considered their official duty stations.[63]

While flexiplace has been growing in popularity with private sector employers, this has not occurred without controversy, as the following excerpt quoting futurist John Naisbitt illustrates:

> In *Megatrends* (1982), John Naisbitt says 'I do not think many of us will choose to work at home in our electronic cottages.... Very few people will be willing to stay home all of the time and tap messages to the office. People want to go to the office. People want to be with people, and the more technology we pump in to society, the more people will want to be with people. It is good for emergencies (like Mondays) and to be able to stay home on some days and deal with your office and work through a computer is an attractive occasional option. During certain specific periods—the late stages of a pregnancy, for example—it is useful to be able to continue work via a computer. But for the most part, we will seek the high touch of the office.'[64]

Others have also pointed out that flexiplace is not an unmitigated panacea. For example, one recent survey of corporate employees attempted to document the pros and cons of this program. Table 7 shows the complaints cited about working at home:

**Table 7.**
**Complaints raised by corporate employees, when asked about the disadvantages of working at home.**

| Complaint | Percent |
|---|---|
| Hard to separate personal and work life | 27 |
| Less time for yourself | 26 |
| Work too much | 24 |
| Lack interaction with co-workers | 24 |
| Lack work equipment | 12 |
| Lack clerical support | 10 |
| Less sense of belonging to company | 7 |

Source: Cynthia Crossen, "Workplace-Where We'll Be," Wall Street Journal, June 4, 1990, p. R8. (Data cited were based on a survey by Link Resources.)

Interestingly, of the reasons given for choosing *to* work at home, only 8 percent of respondents in the above-cited survey gave "More time for family" as their primary motivation. When this is coupled with the 27 percent who complain that flexiplace makes it "Hard to separate personal and work life," it serves to validate one concern often expressed by experts on flexiplace. That is, flexiplace should not be used as a substitute for child care, since most people find it difficult to attend to their children's needs and to accomplish productive work at the same time.

## How the Government Plans to Learn About Flexiplace:

Under the guidance of the President's Council on Management Improvement (PCMI), the Federal Government recently began an innovative effort to gain first-hand experience with flexiplace. This is occurring through a carefully monitored 1-year program, called the Federal Flexible Workplace Pilot Project, which is being coordinated by OPM and GSA.

According to the project guidelines developed by PCMI, flexiplace can help agencies by:

> * * * [providing] increased ability to attract and retain employees in critical occupations and positions, such as technical and scientific researchers or computer programmers; targeting new labor markets such as severely handicapped individuals; reducing space and associated costs; or enabling agencies to better conduct the organization's work by allowing increased flexibility in the location of the work site.[65]

In experimenting with flexiplace, the Government is venturing into a concept which doesn't fit neatly into its traditional workplace model, as the following quote from a recent newspaper article illustrates:

> The fact that Emily Tull works out of her home isn't unusual. What is unusual is who she works for. Mrs. Tull's employer is the federal government. A building management specialist for the General Services Administration, she is one of a limited number of federal civilian employees who aren't required to punch in down at the old Department of Whatever. * * * Years after the private sector began experimenting with the notion of telecommuting, the nation's largest employer is belatedly about to join the trend.[66]

Within the Federal Government, flexiplace as an officially sanctioned way of doing business is a relatively new phenomenon. While in the past individual managers may have authorized ad hoc work-at-home arrangements in special one-of-a-kind circumstances (e.g., a task force needing to get away from the office in order to concentrate on a special project, or a valued employee who is temporarily incapacitated and unable to travel to the office), there was no organized or publicized effort to authorize such arrangements.

In fact, where ad hoc work-at-home arrangements were allowed, they would typically be "kept quiet," since there was a vaguely illicit connotation to such an unorthodox action—after all, the Government doesn't do things like that! This attitude flows from an organizational culture within most Federal agencies which does not encourage risk taking, particularly in regard to personnel policies and practices.

Because of this organizational culture, the current Federal experiment with flexiplace is all the more extraordinary. Both OPM and GSA deserve credit for their leadership role in this endeavor, which might have subjected each of these agencies to criticism.

Moreover, given the support flexiplace has received from PCMI, OPM, and GSA (to say nothing of President Bush, who has endorsed flexiplace in several speeches), agencies can even reap favorable publicity because of their involvement with this approach, rather than having to keep flexiplace activities quiet. Consider this news item which recently appeared in the Washington Post:

> Social Security chief Gwendolyn S. King, recovering at home from back surgery, has what has to be the world's biggest work-at-home assignment. The Social Security Administration has installed a fax machine at King's Washington home so she can read and sign documents during her recuperation.[67]

## Progress of the Government's Flexiplace Pilot Program:

To date, agency participation in the flexiplace pilot program has been disappointing. OPM had expected up to 1,000 participants by January 1991, but by June 1991, only about 350 employees at about a dozen agencies had signed up for the pilot. In commenting about this poor showing, one consultant who specializes in flexiplace programs put this situation in perspective, as follows:

> *There is a very natural and predictable gap* between the initial enthusiasm for a program like flexiplace and the decision to buy into it later down the line. A program like this catches people off guard. You're dealing with agencies that have their own agenda. There is the first group who are the acceptors and sign on right away. Then there is the second group who are interested and curious, but not ready to sign on the dotted line. Then there is the real latency group, the folks who almost never do anything first. In six months, if there was still this reluctance, it would tell me that the bureaucracy is so tradition-bound that nothing could change it.[68]

Based on the available information, it does not appear to us that the pilot's slow start necessarily means that flexitime cannot succeed in the Federal Government. In responses to our questionnaire, several agencies indicated an interest in flexiplace but felt there was insufficient time to prepare for participation in the pilot program OPM was offering, or felt that the pilot program put too many constraints on them. For example, the Department of Veterans Affairs said:

> We are very interested in the flexiplace concept and believe it has great potential benefit. Given the July 1990 start-up time for the OPM pilot and the size of VA and its labor commitments, we felt that there was not adequate time to develop a quality program. However, we are considering a number of flexiplace experiments under current * * * guidelines.

If departments such as Veterans Affairs do conduct their own independent programs, it might be useful if they explored issues which the OPM test is not adequately addressing. For example, one aspect of flexiplace needing evaluation is the provision allowing employees to work at satellite offices, rather than their homes. This option could have much appeal, particularly for managers who are threatened by the concept of employees working at home.

This option needs to be evaluated because its biggest impediment will probably be the administrative red tape which might ensue if an employee of one agency wanted to work at a Federal office nearer his or her home and that office happened to belong to a different agency. Unless there were a streamlined way for agencies to work with OPM and GSA to provide for such arrangements, it appears unlikely that this concept could succeed.

Turning to a different aspect of the flexiplace program, we also asked agencies to estimate what percent of their workforce "* * * could conceivably meet the minimum criteria for being able to use flexiplace at least 1 day per week (i.e., have some work which is portable, that is, not site-dependent)?" Most agencies felt unable to respond—of the 22 agencies queried, 17 said "Don't know/ Can't judge." Of those who did hazard a guess, one said 100 percent, one said 40 percent, and three said 20 percent or below.

In its response, OPM estimated that 80 percent of the Government's permanent full-time civilian nonpostal positions could meet the minimum criterion cited above. In explaining this estimate, OPM said:

> From a job structure viewpoint, relatively few such positions would not meet minimum criteria. The primary ones that would not meet the criteria are site-dependent positions such as nurses, librarians, and most blue collar workers. The percentage furnished above reflects a rough estimate of the proportion left when we remove the site-dependent workers.

Interestingly, however, even though most agencies couldn't estimate how much of their workforce might be able to use flexiplace, a number of agencies did have a positive assessment of what flexiplace might mean to their recruitment and retention of employees. These results are detailed in table 8 below:

**Table 8.**
**Number of agencies choosing the indicated response to: "To what extent do you believe that flexiplace would enhance your agency's ability to recruit and select quality new employees and retain current superior employees?"**

| Recruit new employees | Retain current employees | |
|---|---|---|
| 3 | 2 | To a great extent |
| 4 | 8 | To a moderate extent |
| 9 | 4 | To a limited extent |
| 0 | 1 | To no extent |
| 4 | 5 | Don't know/Can't judge |

Note: Two agencies did not respond to this question.

## Results of EPA's Experiment With Flexiplace:

Since the PCMI pilot program was just getting off the ground at the time this report was being prepared, it was not yet a useful source of data on how flexiplace might actually function in a Federal work environment. However, the Environmental Protection Agency (EPA) recently concluded a small-scale pilot of flexiplace in its Research Triangle Park, NC, office. As this effort was very well organized and documented, as well as comprehensively evaluated (even though there were only seven participants), we anticipate that its results may be representative of those found when the larger PCMI pilot is completed.

In an independent evaluation of EPA's pilot, a consultant's report identified three "critical success factors" for the program. These were: choosing the proper jobs; choosing the right participants; and consistency with an organization's culture.[69] Based on the consultant's review, EPA's pilot properly addressed each of these factors; thus, it was able to fulfill its function and effectively test the concept.

More specifically, EPA's pilot program was also deemed successful at meeting the objectives set for the experiment; i.e., to test the concept's feasibility and to gather data on its costs and benefits. According to the following statement from EPA's internal evaluation, there were six key findings from the pilot:

(1) It is feasible to successfully establish and support Federal employees at an offsite work setting. Employee participants, management, and the Union were all pleased with the overall design and implementation of the project and felt that valuable lessons were learned regarding policy and logistics issues.

(2) All employee participants reported that working at the alternate work site resulted in increased morale. Participants particularly stressed the satisfaction of being able to concentrate fully on their work due to fewer interruptions. All participants wished to continue working offsite.

(3) Coworkers expressed little to no negative reactions during the pilot phase. Most perceived that the pilot had been a success and expect that the program will continue and be expanded.

(4) Managers were pleased with the performance of the individual selected for the pilot project, but expressed reservations as to whether others on their staff would experience similar success. With regard to continuing or expanding the program, reactions ranged from strongly opposed (many) to generally supportive (few).

(5) Overall, employee participants did not show an increase in productivity or an improvement in the quality of work; either by subjective or objective evaluation.

(6) The majority of the benefits of the program accrue to the employee and, accordingly, only indirectly to OARM [Office of Administration and Resources Management].[70]

These last three points bear some further discussion. Regarding the first point (i.e., managerial reluctance to continue or expand the flexiplace program), several themes emerged in EPA's analysis of the point. These included the following issues:

- in offices where flexiplace was not offered, employees who would have wanted to participate in the program might have negative feelings about being denied the chance to do so;

- in offices where it was to be offered, there could be potential problems for supervisors in justifying which employees were allowed to participate, since the criteria which might be employed would be highly subjective (i.e., level of motivation, ability to work independently); and

- managers had a general discomfort with the implications of being accountable for the work of a larger number of employees who were working offsite, since this was an unfamiliar and threatening concept to traditionally-minded managers.[71]

From our perspective, none of the aforementioned concerns rises to the level of a fundamental flaw in flexiplace. While each is understandable and practical, collectively they should be solvable through proper planning, training, and communication.

Regarding the second of the last three points, i.e., productivity, EPA's internal assessment offered some further elaboration:

> According to the literature one of the "selling points" of working at home is the potential for dramatic increases in productivity. Figures in the literature range from increases of 5 to 300 percent with the "norm" being around 20 percent. Most often these productivity improvements are attributed to the decrease in interruptions at the alternative site, leading to a more satisfied and productive employee. * * *
>
> Overall, the participants in the [EPA] pilot did not show an increase or decrease in productivity. In many cases an employee was more productive at the alternative site, but this was usually offset by a lower level of productivity at the office, resulting in a net change of zero.[72]

While it could be interesting to speculate why EPA's flexiplace program did not achieve the productivity gains cited by others (e.g., were the employees chosen for the pilot already highly productive and thus atypical), the answer is, in one sense anyway, essentially academic. EPA's pilot did demonstrate that productivity did not suffer under flexiplace. To the extent that Federal managers considering flexiplace may have assumed this was a potentially major problem, it is helpful to know that it did not occur during EPA's pilot.

As to whether another experiment (like the PCMI flexible workplace pilot project) would show productivity savings, only time will tell. Since we uncovered no basis to assume that the Federal work environment is inherently unable to duplicate the productivity gains found in private sector studies, we believe such gains are achievable by the Government as well.

Finally, on the question of whether any benefits directly accrue to the Government from flexiplace, it is likely that the small size of EPA's flexiplace pilot (and perhaps even the PCMI pilot) would preclude realization of the full potential which flexiplace could ultimately offer. This is because the economics of flexiplace become more convincing when a critical mass of employees begins participating.

At some point, it becomes reasonable to have to rent (or build) less office space, for example, since fewer people need to be accommodated at any one time. Similarly, given the costs of the transportation infrastructure, at some point flexiplace preempts the need for new or expanded facilities. In commenting on this point, the Washington Post recently noted that one member of the Virginia State Assembly had said that the ultimate impact of flexiplace on traffic patterns could be more profound than other, more publicized transit initiatives:

> "We have gone through such trials on a commuter rail between Fredericksburg and Washington that would take 4,000 people off the highway at considerable expense," [Virginia Del. William J.] Howell said. "[Flexiplace], on the other hand, has the potential to take four times that amount off the road at little cost to anyone."[73]

Having said all of the above, it is important to put flexiplace in perspective. As a work and family benefit program, there is little doubt that flexiplace will have a strong appeal to some segments of the Government's workforce. EPA's test suggests that it can work in a Federal context—with the right jobs, right participants, and right organizational culture—although not without some degree of extra effort by managers. It is not a panacea, however, and it definitely runs some risk of adverse publicity if not managed properly.

Flexiplace's potential utility to the Government is also not limited to the recruitment and retention benefits of ongoing work at home arrangements—it also has applicability in emergency situations. For example, in the 1989 earthquake which hit San Francisco, the EPA's regional office was destroyed. EPA responded by having its 600+ employees work out of their homes for over six months. Similarly, for those OPM employees who were unable to readily commute to OPM's San Francisco office (because of damage to the Oakland-San Francisco Bay Bridge), OPM allowed them to work at home for several months. Thus, agencies that had a receptivity to adopting flexiplace (if not actual contingency plans providing for its use) were able to creatively respond to the crisis at hand, minimizing the adverse effects of the emergency on their mission accomplishment.

Given flexiplace's nontraditional image, it would be unfortunate if agency decisions whether to utilize the program are driven by managerial preconceptions and misconceptions, rather than by reasoned analysis. From our point of view, if flexiplace can be implemented at little or no cost to the Government, and it helps agencies recruit or retain some of the people the Government wants and needs, there appears to be no reason why it shouldn't be made available.

The Wall Street Journal very aptly captured the practical significance of this point in a recent article on flexiplace. It said:

> The reason the government is experimenting with the so-called 'flexiplace' (for flexible workplace) program has less to do with government beneficence than with population trends. Faced with a shrinking labor pool and rising competition from the private sector, government officials see the flexible workplace as a possible answer. 'We needed to find a way to enhance our ability to recruit and retain employees,' says Wendell Joice, a personnel research psychologist at the OPM. 'We needed a carrot.'[74]

# LEAVE-SHARING PROGRAMS

## What Are Leave-Sharing Programs:

*"When federal employees become severely ill, they can use both annual and sick leave and request up to thirty days of advanced sick leave from their agencies. Once all leave options are exhausted, unless they are eligible for disability retirement benefits, they may either request leave without pay or quit the government. In cases where constant care for a terminally ill child or spouse is necessary, the options are the same. The choices can be extremely difficult, and the financial impact of a major medical problem or family emergency without any income or health insurance coverage can be devastating for federal workers and their families. Leave sharing will provide a humanitarian solution to this problem by allowing employees to continue receiving both pay and benefits while attending to their own illness or that of a family member."*[75]

Legislative history for the Federal Employees Leave Sharing Act of 1988

With the above words, the U.S. Senate began its background explanation of why the Federal Employees Leave Sharing Act of 1988 was necessary. The Senate report went on to describe how "Federal employees have no short-term disability coverage as such and must rely on sick leave alone for short-term illnesses and the disability provisions [of the retirement systems] for long-term illnesses."

Given this situation, the Senate report concluded that, "In the absence of a short-term disability plan, leave sharing will close the gap in the federal worker's current disability insurance coverage for personal medical emergencies. It can also be used to allow employees to attend to seriously or terminally ill spouses and dependents."

When passed, the Federal Employees Leave Sharing Act actually included two different leave-sharing programs—the main one being the leave-transfer program, and the second one being a limited pilot program involving leave banks. Both of these programs were made temporary (sunsetting in 1993), 5 years after the date the act was passed.

The heart of the leave-transfer initiative is its direction to OPM to establish a program under which, if one employee has a medical emergency, other employees can donate their annual leave to that person, so that he or she does not suffer a loss of income during the emergency. As used in this law, a "medical emergency" is defined to mean "a medical condition of an employee or a family member of an employee that is likely to require the prolonged absence of such employee from duty and to result in a substantial loss of income to such employee because of the unavailability of paid leave."[76]

Turning to the leave bank program, it differs from leave-transfer in that employees gain protection against emergency leave needs by participating in an insurance-type arrangement, rather than depending on the generosity of fellow employees. Under this approach, Federal employees can insure themselves against personal or family medical emergencies by setting aside a minimum amount of their own leave into the leave bank in advance of any emergency. Then, if the need should arise and they have exhausted their own leave resources, they can request a grant from the "bank." Assuming that the leave bank's stockpile of leave has not been depleted, they receive the leave they need. The law directs OPM to establish a demonstration project to test leave banks in at least three agencies.

## Impact of Programs:

In its questionnaire, the Board posed several queries to agencies about the leave bank and leave-transfer programs. While the responses we received were incomplete, the data we did receive were still quite impressive—for example, over 22,000 employees have donated leave to their coworkers. Over 8,000 employees were the recipients of this generosity, using an average of 4 to 5 weeks of donated leave each.

From these results, it is apparent that there is a substantial need among Federal employees for some form of short-term disability coverage beyond current sick leave provisions. Similarly, it is apparent that Federal employees feel a responsibility to help coworkers faced with emergency medical problems, and have responded with heart-warming generosity. According to Department of Army calculations, *almost 500,000 hours* of annual leave have been donated in that department alone!

From the point of view of agencies, this arrangement appears quite workable. As table 9 below shows, almost all agencies felt that the leave-transfer program adequately meets employee needs for short-term disability insurance:

**Table 9.**
**Number of agencies choosing the indicated response to: "How adequately does the leave transfer program serve as a short-term disability insurance fringe benefit for your agency's employees?"**

| | | | |
|---|---|---|---|
| 11 | Very adequately | 0 | Not at all |
| 9 | Moderately | 2 | Don't know/Can't judge |
| 0 | Minimally | | |

## Cost Issues:

The leave-transfer program has been structured so that the net cost to the Government should be very small. Under some scenarios, in fact, it could be almost free (other than for administrative overhead). This is because the Government is relying on the generosity of some of its employees, in order to provide a benefit to certain other employees, rather than paying for the program itself.

The way it has done this is to impose limitations on what leave can be donated. Specifically:

- Restrictions are applied in the amount and timing of annual leave donations, to minimize the possibility that employees will donate leave that they would have forfeited anyway (i.e., "use or lose" leave); and

- Leave donors are prohibited from donating sick leave, which saves the Government money if the leave donor never becomes sick enough to use that leave for him or her self. This is because sick leave cannot be converted into cash when an employee resigns from Government service (nor, except for Civil Service Retirement System members, do employees get any credit in retirement computations for unused sick leave), while annual leave can be converted to cash.

Under an earlier limited experiment with a temporary leave-transfer program in 1987, donations of annual leave *and* sick leave were permitted. In this experiment, which involved a total of three employees Governmentwide, several thousand Federal employees offered to donate leave to the needy individuals. According to OPM, in the 1987 experiment:

> * * * when leave donors were given the choice of donating annual or sick leave, the majority of donors chose to donate sick leave. * * * The results support precluding the donation of sick leave under a voluntary leave transfer. program, given that the transfer of sick leave under such a program would result in a significant net cost to the Government. The cost of including sick leave in a leave transfer program is a consequence of the fact that the work force does not use much of the sick leave available to it.
>
> * * *
>
> In addition, more than 72 percent of the total amount of annual leave donated in all three cases was in excess of the employee's annual leave ceiling at the time of donation. It is not possible to determine how much of this leave actually would have been forfeited at the end of the leave year. Nevertheless, the use by a leave recipient of any annual leave that otherwise would not have been used by the leave donor represents a net cost to the Government. The result convinces us of the need for a limitation on the donation of annual leave that otherwise would become subject to forfeiture.[77]

From our perspective, leave-transfer benefits represent something of a "mixed blessing." On the one hand, it is evident that Federal employees want and need additional short-term disability protection. It is also clear that agencies view the leave-transfer program as a success story, and are happy to have it as part of their benefits package. Moreover, leave-transfer has the added benefit of being available to any employee who has a family emergency, whether anticipatable or not. This contrasts with leave banks, which only benefit those who have the foresight to join them ahead of time.

On the other hand, there are two concerns which make it less clear to us that leave-transfer is the best way to provide this protection. First, for employees who may need additional leave in a time of personal or family difficulty, leave-transfer offers no reliability—while their fellow employees would probably offer leave to them, they have no guarantee that this will happen. Thus, leave-transfer is potentially conditional, or situational, in operation.

Our second concern centers around the appropriateness of the funding mechanism for leave-transfer. While the Federal Government is not unique in offering a leave-transfer program, it still seems unusual for the country's largest employer to be offering a fringe benefit to some of its employees which is funded by other employees. We wonder whether this approach to short-term disability protection really represents the image that the Federal Government wants to present to current and prospective employees.

Given that agencies apparently did not share these concerns (as none raised them in their questionnaire responses), we are hesitant to overemphasize the concerns relative to the benefits which leave-transfer is generating. Therefore, we believe a balanced perspective on leave-transfer is appropriate—as a minimum, as long as agencies and their employees are happy, there need be no rush to replace a "free" (albeit potentially unreliable) benefit with one which would cost the Government money.

Looking ahead, a more proactive response could involve development of some type of short-term disability insurance benefit which the Government would contract for (in order to secure group rates), but which the employees would pay for all the costs of the insurance. This might supplement existing leave-sharing programs, since disability insurance covering an employee would probably not protect against medical emergencies affecting other family members, and according to OPM, roughly 17 percent of leave-transfer requests have involved family members. Finally, if at some point competitive job market pressures dictate an employer-funded benefit, the Government can always act to provide whatever may be needed at that time.

# "CAFETERIA" BENEFITS

## What Are Cafeteria Benefit Plans:

Cafeteria benefit plans (or as they are sometimes called, flexible benefit plans) give employees the opportunity to have some say in what fringe benefits they receive through their jobs. More specifically, under a comprehensive cafeteria plan, employees choose from a "menu" of taxable and nontaxable benefits those that best suit their individual needs, preferences, or lifestyles.

Typically, some basic level of benefits is designated as the "core" benefit level (which all employees must have, such as minimum vacations, sick leave, and pensions), while others are deemed optional. Employees receive credits (based on salary and tenure) which they use to purchase enhanced core benefits (e.g., extended major medical coverage, extra vacation time); use for optional benefits (e.g., day care, long-term disability insurance); or, in some cases, convert into additional cash.

Cafeteria plans are becoming an increasingly common part of many employers' benefit packages—one recent survey indicated that 22 percent of all employers with 1,000 or more employees had flexible benefit plans in 1988, with projections that this would increase to 33 percent by 1990.[78] As explained below, the reasons for this are fairly straightforward—costs and competition.

Employers like cafeteria plans because they provide a means to control the cost of fringe benefits. Since the employers set the level of core benefits and the value of the credits which their employees will receive, the employers know up front what their fringe benefit costs will be.

Employers also like cafeteria plans because the plans can improve employee satisfaction, thus giving the company an edge in recruiting and retaining valued employees. As one corporate executive put it, "The buzzwords of the '90s are 'work and family-life considerations,' which translates into more and varied work and payment options. If you don't offer the flexibility that [people want], they'll go across town to a competitor who does."[79]

From the *employee's* perspective, cafeteria plans are generally desirable because they provide the chance to tailor one's benefits to one's personal or family needs. In the past, employers often structured their benefit plans assuming the traditional family structure of working husband and homemaker wife. As a result, the needs of single parents, working women, two-earner couples, and others whose needs don't match this traditional model often weren't being met.

In some circumstances, however, employees are less than enthusiastic about cafeteria benefit plans. Specifically, when employers use cafeteria plans as a means to cut or curb fringe benefits, employees may view the tradeoff between added flexibility and lower total benefits as a negative rather than positive factor.

## Federal Initiatives to Implement a Cafeteria Benefit Plan:

In the recent past, there was at least one occasion when OPM considered a cafeteria benefit-type program for Government employees. This proposal did not get very far, however.

Specifically, OPM received an agency inquiry in 1987 concerning whether the Federal Government could establish a type of flexible spending account known as a "dependent care assistance program." These programs are authorized by the Internal Revenue Code. They provide a means through which employees can pay for certain kinds of expenses (e.g., child care) with pretax dollars rather than after-tax dollars, thus transforming the expense item into a nontaxable fringe benefit.

OPM referred this inquiry to the Internal Revenue Service, which determined that nothing in the tax code prohibits the Federal Government from having a dependent care assistance program for its employees. Thus, if OPM wanted to sponsor legislation to provide such a program for Federal employees, it need only amend 5 U.S.C., not the tax code.[80]

OPM took no formal action at that time to initiate legislation to amend title 5. Subsequently, however, OPM did initiate a study of how cafeteria plans work in the private sector and in State governments. From this study, OPM may at some point be in a better position to judge what type of cafeteria plan, if any, might be appropriate to recommend for Federal employees.

The Congressional Research Service also recently looked at the potential for cafeteria plans for Federal employees, and drew a favorable conclusion. It said "* * * these plans are regarded as important recruiting tools by large private employers. To remain a competitive employer, the Federal Government may wish to consider whether its benefit plans should be offered as part of a flexible benefits arrangement."[81]

Independently from OPM, a task force organized by the President's Council on Management Improvement (the same group that initiated the flexiplace initiative) is currently reviewing Federal options regarding cafeteria benefit plans. According to the proposal for that study, "[t]he concept of 'choice' is increasingly important to the changing Federal workforce, and to those who must manage that workforce. Yet, that choice must be exercised consistent with broader cost control pressures."[82] When issued, this task force's report will obviously affect if, when, and how the Federal Government will offer a cafeteria benefits plan for its employees.

If Federal personnel directors were making the decision, they would be in favor of the Government offering a cafeteria plan, as table 10 illustrates:

**Table 10.**
**Number of agencies choosing the indicated response to: "To what extent do you believe that the Government's ability to attract and retain a quality workforce would be enhanced if the Government offered a cafeteria benefits plan to its employees (i.e., the opportunity to choose how the dollar value of their fringe benefits are allocated among a range of fringe benefit options)?"**

| | | | |
|---|---|---|---|
| 3 | To a great extent | 0 | To no extent |
| 12 | To a moderate extent | 3 | Don't know/Can't judge |
| 3 | To a minor extent | | |

Note: One agency did not respond to this question.

Moreover, agencies would prefer quicker action from OPM to accomplish this goal. When we asked agencies how they would assess the pace at which OPM has approached cafeteria benefit proposals/programs, of the 15 agencies which responded, 13 said OPM's pace was "Too slow."

## Policy Considerations of a Cafeteria Benefit Plan for Federal Employees:

In responding to the Board's questions about cafeteria benefit plans, OPM shared some of its concerns with us about this issue:

> Unlike the private sector, we must take into consideration the effect of cafeteria plans on general tax revenues and on medicare tax revenues (normally withheld from the employee's pay as a part of the FICA withholding, but withheld as a distinct unit for most employees covered by the Civil Service Retirement System). Cafeteria plans are defined by the Federal tax code, and their distinguishing feature is that the employee's share of benefit costs is paid by salary reduction, which allows payment in pre-tax dollars, reducing both general and medicare tax revenues. In other words, the employee's savings in taxes results directly in a loss of general revenue receipts and a loss of receipts by the medicare trust fund.
>
> Private sector firms also save money because they pay less matching FICA tax. Therefore, they, too, save money at the expense of tax revenues.
>
> While the Board of Directors and stockholders of a company are likely to be pleased when money is saved by any means, it is not so clear that taxpayers would be happy for the Federal Government to make "savings" in this way. These issues must be carefully considered before OPM can consider recommending legislation to create cafeteria plans in the Federal Government.

While OPM's response actually addresses the tax and revenue implications of flexible spending accounts and dependent care assistance programs, rather than cafeteria plans as such, its concerns are nevertheless clearly stated and to the point. The crux of OPM's argument has far-reaching implications for the formation of Government personnel management policy.

The issue at hand can be framed in several different ways—is this a question of tax policy, for example, or of personnel policy, or perhaps of equity? OPM has apparently approached it as a tax question first, which, given the Government's fiscal difficulties, is certainly understandable. As a fiscally driven issue, it is not only reasonable but prudent to avoid instituting benefit programs like flexible spending accounts, since they would cost the Government tax revenue.

On the other hand, flexible spending accounts are legal tax-saving tools, written directly into the Internal Revenue Code. They are potentially available to any American taxpayer whose employer sets up a qualifying plan.

Nonfederal employers make their decisions about offering flexible spending accounts based on a variety of business judgments—will their computer system be able to handle the administrative aspects; is this something their employees want and need; would it enhance their ability to recruit and retain the employees they want? The question here is whether the Federal Government should apply the same or different criteria.

There is also a legitimate question of equity at issue here—should Federal employees have access to the same rights and benefits as nonfederal employees? There certainly are precedents where Federal employees give up certain rights for the privilege of working for the Government (e.g., the right to strike, or to engage in partisan political activities). Should this same principle apply to employee benefits which have income tax consequences (and social security (FICA) tax consequences) as well?

In this regard, it may be interesting to note a suggestion made by the Congressional Research Service (CRS) in its analysis of possible cafeteria benefit plans for Federal employees. Specifically, the CRS argued that, since adoption of a flexible spending account would occur *under tax laws already on the books*, the revenue losses resulting from such an action should not be counted in budget scorekeeping since they would not result from a change in Federal tax policy.[83]

Whatever conclusion policymakers come to on the flexible spending account issue, it is important to also recognize that the question of cafeteria benefit plans is much broader than flexible spending accounts. It is quite possible for the Government to have a cafeteria plan and not offer a flexible spending account as a part of it, even though most cafeteria plans do offer these accounts. Accordingly, the question of whether to offer flexible spending accounts to Federal employees should not be allowed to overshadow the more important question of whether a cafeteria plan should be made available to Government workers.

From our perspective, the work and family reasons for the Government to offer a cafeteria benefit plan to its employees are very persuasive. As discussed in the next chapter, the existence of a cafeteria plan could dissipate a whole range of potentially nettlesome equity issues which arise because some employees want or need various work and family benefit programs and others do not. In addition, the cost-containment aspects of these plans make them potentially attractive in times of fiscal restraint. Therefore, unless further study uncovers some major obstacle (e.g., a finding that the administrative or computer-related costs related to installing such plans are exorbitant), we recommend that OPM pursue whatever actions may be appropriate (including legislation where required), in order to implement a cafeteria benefit plan for Federal employees.

# EMERGING BENEFIT AREAS

## Broad Philosophical and Policy Trends:

As we scanned the horizon for likely areas of change in the work and family benefit arena, several discrete (and sometimes apparently contradictory) lines of approach became apparent. For example, according to one panel of work and family experts who were interviewed for a special report on "The Future of Work & Family," it is unlikely that "* * * any radically new work and family programs will be developed in the 21st century." Rather, in their view, "* * * changes will come in the way programs are packaged to meet the needs of specific groups of workers." One panelist was quoted as saying, "The need isn't for new programs, but for more employers to adopt them."[84]

Others have seen whole new areas where benefit programs could (and perhaps should) expand:

> Although companies across the country are beginning to respond to the needs of working parents with new policies on child care, flexible scheduling and parental leave, other issues—sometimes called culture issues—are rarely addressed in labor negotiations or included in benefit packages. Thorny questions such as whether employees should, in a crunch, be able to take their children with them to work challenge the way Americans structure their work environment and family life. And they demonstrate the difficulty of reconciling the demands of the business world with the responsibilities of parenthood.[85]

From our perspective, there appears to be no doubt that competition between work and family life is a reality for many Federal employees. However, given its mission, role in society, and managerial culture, to say nothing of fiscal constraints, there are both philosophical and practical limits on what the Government can do to ameliorate these employee concerns.

One area where these limits become most noticeable concerns the question of consistency and uniformity in treatment of employees. According to merit system principle number 2 (5 U.S.C. §2301 (b)(2)), "All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management * * *."

Traditionally, Federal managers have translated this injunction into policies which attempt to ensure that all employees are treated equally; that is, treated the same. As pointed out in an article in the Harvard Business Review, this approach may no longer be most appropriate:

> Perhaps the thorniest issue facing businesses and managers is that of equity. Most managers have been trained to treat employees identically and not to adjudicate the comparative merits of different requests for flexibility. But what equity often means in practice is treating everyone as though they had wives at home. On the other hand, it is difficult to set up guidelines for personalized responses, since equity is a touchstone of labor relations and human resource management. Judging requests individually, on the basis of business and personal need, is not likely to lead to identical outcomes.[86]

As the range of work and family benefit programs expands, this dilemma for Federal managers is likely to expand as well, since there are no work and family programs which individually fit all employee needs. On the other hand, if the Government were to adopt a cafeteria benefits plan, it would certainly help this problem. Moreover, other changes that are already occurring could also have a positive effect on this question—locality pay, for example, sets an important precedent demonstrating that "fair and equitable" doesn't have to mean "identical."

## Benefits for Dual-Income Couples:

Among the work and family problems which the Government is having to face more frequently, those involving dual-income couples can be some of the more vexing ones. Consider what happens, for example, when a dual-income family faces a geographic relocation because of a job change for one of the couple members (who is a Federal employee).

Under existing civil service laws, there are nepotism restrictions on the employment of relatives which must be considered in job placements where both spouses are Federal employees. More generally, merit hiring barriers prevent the Government from offering any preferential treatment in hiring the employee's nonfederally employed trailing spouse. Thus, the Government is generally at a disadvantage compared with other employers when it wishes to have one person of a dual-income couple move, since it is limited in what it can offer to help the other employed spouse.

An interesting remedy for at least part of this problem has recently been introduced at the Department of Defense:

> Military spouses who are currently employed as civilians by the Department of Defense are entitled to a special "spouse preference" if they have to move to a different base. A new provision in the Department of Defense Authorization Act entitles them to preference on vacancies recruited through open competition at grades GS-2 through GS- or GM-15 or equivalent wage system position. Military spouses are entitled to fill a vacancy at their new duty stations at an equivalent grade to their old position, if they are as highly qualified as the lowest rated ranking referred candidate.[87]

Another emerging issue concerning dual-income couples concerns the definition of what is a "couple." According to one research report:

> * * * on average, 25 percent of companies' transferees are single. With the rising incidence of couples living together prior to getting married, more companies are encountering requests from transferees to provide these partners with the relocation assistance typically given to a spouse—temporary living, inclusion in house-hunting, travel to the new location, etc. * * * A [further] problem in this area is the definition of a partner. How significant does the other have to be to be considered a partner? Is the length of time the relationship has existed a factor in defining partners?[88]

Given the sensitivity of such issues, it is unlikely that any employer's response would be universally accepted. For the Government, the task is all the more difficult. Thus, even under the best of circumstances, the Government can expect to have its assumptions and flexibility put to the test as new benefit programs arise and societal values continue to evolve.

## Other Emerging Benefits:

While it would be impossible to catalogue all the latest trends and variations in work and family benefits (and it would instantly be out of date), we have attempted to list at least some of the more interesting ones below (some limited aspects of a few of these benefits have been mentioned earlier):

- Night care for children of parents with evening or shift work;
- Help in securing new jobs for spouses of relocating employees;
- Long-term care insurance for disabled or elderly people, covering custodial care in nursing homes and similar needs;
- Adoption assistance, including paid time-off and reimbursement of adoption expenses;
- Extra leave for employees to be able to attend activities relating to a child's schooling; and
- Health and wellness programs.

One of these programs (health and wellness) is already operational, to at least some degree, in all Federal agencies. Another (paid sick leave for adoption-related business) is temporarily permitted under a legislatively-directed mandate. Others, however, are unlikely to make it on the Government benefits roster any time soon (e.g., night care). On the other hand, at least three of the above concepts (reimbursement of adoption expenses, paid time-off to attend school activities, and long-term care insurance) have been the subject of recent bills introduced into Congress.[89] Whether any of these bills will make it into law, of course, remains to be seen.

As may be evident from the above, the "bottom line" as regards work and family programs is that change is inevitable. New benefits emerge, while others evolve. Some make it into law (or regulation), while others may never make it past the proposal stage.

For Federal managers, personnel officials, and policymakers, the challenge remains the same: monitor emerging trends; identify those appropriate for Government settings; assess their cost-benefit and operational aspects; evaluate the impact of responding to or ignoring the idea, including the desirability of being a leader or follower in relation to the private sector; where appropriate, initiate legislation, regulation, or whatever is necessary to implement; evaluate the results on an ongoing basis; and begin the process all over again!

In the absence of such a process, the Government could become uncompetitive in recruiting, retaining, and motivating its most valuable resource—the Federal employee—and thus handicapped in carrying out its mission.

# OPM PROGRAM LEADERSHIP

### OPM's Objectives:

The Director of OPM signaled the agency's intentions in the work and family arena with the following statement in a 1988 pamphlet discussing Federal dependent care policy:

*"The U.S. Office of Personnel Management has initiated a number of programs to assist federal workers who face that challenge [to balance work and family life]. Several considerations have guided our approach, reflecting obligations to our government mission, to our employees and their families, and to the societal health in general:*

- *"To government, as employer and representative of the public, we owe economy, efficiency, and mindfulness of mission. As we adjust to new circumstances, we try to do so without incurring high costs, and without undermining the purpose of the organization. At the same time, we realize that employee morale and productivity, and so agency effectiveness, depend very much on our handling of the new conditions.*
- *"To our employees, we owe flexibility and a new understanding of the demands of their personal lives. We make every effort to adapt workplace conditions to those new demands.*
- *"To society, we owe public-spirited regard for the critical principles and institutions at stake in these new concerns. We know our actions in this area affect, and are affected by, some of the most significant values and value-generating institutions of our society—the family foremost among them. The continued health of those values and institutions is essential to a free, decent, democratic society."*[90]

OPM has since attempted to follow up these intentions with practical actions. For example, in a recent letter to the Chairman of the Merit Systems Protection Board, the Director of OPM summarized recent OPM initiatives in the work and family area, as follows:

> Balancing Work and Family Obligations. In June of 1988 OPM issued both a memorandum for heads of agencies and an FPM Bulletin to promote sensitivity to the dependent care responsibilities of employees and to urge that existing flexibilities in the personnel management system be used to support employees in dealing with such responsibilities. In separate issuances OPM noted the advantages of part-time employment and job-sharing arrangements. OPM also promulgated regulations to establish voluntary leave transfer and leave bank programs to enable Federal employees better to handle medical emergencies involving themselves or their families. In October [1988] OPM distributed to Federal agencies copies of its report to the President entitled 'Helping Federal Employees Balance Work and Family Life: Dependent Care Policy in the Federal Government.'
>
> OPM sponsored an interagency seminar on elder care programs in June, and a Government-wide conference on the dependent care challenge in October [1988]. The conference featured participation by the Director of OPM and the Secretary of the Department of Labor, along with national authorities on child and elder care programs. OPM and the National Council on Aging have been planning the first national teleconference to address responses in the work place to elder care problems. Also, in alliance with the President's Commission on Management Improvement, OPM initiated a project in May 1989 to explore the feasibility and utility of providing opportunities for home-based employment arrangements.[91]

Many of the new initiatives described above have their antecedents in earlier OPM programs. In our view, OPM deserves credit for recognizing the potential of preexisting programs to serve newer needs, through creative repackaging, redirection, or remerchandising efforts, as well as its continuing efforts to create new solutions.

## Assessment of OPM's Leadership:

Since OPM's "customers" are in the best position to measure the success of its efforts, we asked the directors of personnel of the 22 largest Government agencies for their opinions about OPM's leadership in work and family programs. Specifically, our question said:

> We are trying to specifically gauge OPM's recent leadership in devising and promoting quality of worklife programs. Please provide your overall assessment of OPM's actions on **quality of worklife initiatives**, according to the following criteria: attunement to customer (agency) needs; comprehensiveness of approach; effectiveness of solutions; timeliness of execution; and advocacy for program's success.

The response categories for each of these questions were on a 5-point scale (e.g., "Very timely," "Somewhat timely," "Neither timely nor untimely," "Somewhat untimely," and "Very untimely"), plus "Don't know/Can't judge." (Note: in our analysis below, we do not comment on, or report, those answers falling into the middle categories, such as "Neither timely nor untimely," or those in the "Don't know/Can't judge" category.) Highlights of the responses included the following:

- Agencies gave their most positive assessments regarding "Attunement to customer (agency) needs," with 16 agencies saying OPM was "Somewhat responsive" and one saying "Very responsive." Only three agencies said OPM was "Somewhat unresponsive." OPM has tried in recent years to be more sensitive to its customers, and apparently these efforts are bearing fruit.

- Similarly, 13 agencies felt that OPM's solutions to problems were "Somewhat effective," although again 3 agencies said "Somewhat ineffective." Given the natural linkage between listening to one's customers and proposing solutions which meet their needs, these answers are consistent with the first set.

- Regarding "Comprehensiveness of approach," while 10 agencies said "Somewhat comprehensive," 3 said "Somewhat limited" and one said "Very limited." These responses suggest that at least a few agencies perceive that OPM sometimes lacks a strategic vision. One agency said in its comments, "OPM tends to react rather than exercise initiative." Hopefully, OPM's recent publication of a strategic plan will further improve OPM's performance in this area.

- Agency perceptions about OPM's advocacy for the success of work and family programs also evidence some dissatisfaction. While one agency said "Very forceful" and eight said "Somewhat forceful," five agencies characterized OPM's approach as "Somewhat weak." Since OPM is the Government's lead agency for human resource management issues, it is important that it be viewed as an effective advocate. After all, if OPM doesn't push for superior programs, who will? One agency noted that "The most significant support for child care came not from OPM, but from GSA's ruling that allowed Federal agencies to use Federal space for day-care centers," while another said "We suggest that OPM take the lead in obtaining more flexible employee benefits * * *." On the other hand, at least on the flexiplace program, agencies were generally enthusiastic. One commented that "Overall OPM has done a superior job managing this program and is to be commended for its efforts."

- Finally, "Timeliness of execution" was the area where agencies had the most problems with OPM leadership. While one agency said "Very timely" and nine said "Somewhat timely," nine agencies rated OPM's actions as "Somewhat untimely." Since the best programs in the world may be useless if they get there too late, OPM needs to improve its ability to respond on a timely basis. In reflecting on why OPM has problems with timeliness, one agency commented that "The political arena, within which we all work, causes OPM numerous problems in getting programs in place. Special projects and task forces appear to draw OPM staff away from their program areas. The level of reassignments also increases the time it takes OPM to accomplish many programs."

In response to our request for a self-assessment, OPM chose not to pick from among the multiple choices offered on these same questions, but rather provided the Board with a narrative response, parts of which are excerpted below:

> In gauging OPM leadership in this area, it is critical to define OPM's role properly. As explained previously, our role is essentially to make Government-wide policy and provide guidance and assistance to agencies so that agencies and even individual managers may operate with maximum flexibility to administer personnel programs appropriate for their own work force and mission, with appropriate employee input through their recognized employee organizations. One size does not fit all—not all agencies, or even all installations, much less all employees. This kind of role is especially appropriate in the programs discussed in this questionnaire—programs which are aimed at accommodating employees' personal situations, and in which compliance with merit system rules and regulations is not much of an issue. Nearly all of OPM's actions, and the answers to nearly all of MSPB's questions, are strongly affected by this role definition. * * *
>
> We think that, faced with hard choices in the allocation of resources to competing demands, we have assigned appropriate priority to our activities in improving the quality of work life and have received a good return on our investment of resources. Of course, we recognize that one can always do more.

We do not disagree with OPM's definition of its role but note that MSPB offered some elaboration on methods for fulfilling that role in a 1989 MSPB report on OPM's significant actions. In that report, and based on our assessment of OPM's activities prior to 1989, we said:

> OPM needs to more firmly establish itself as a leader of the civil service system. Hallmarks of that leadership should include: * * *
>
> Building upon the framework laid in the report titled 'Civil Service 2000.' OPM commissioned this study only after receiving a congressionally imposed requirement. The report examines the future of the civil service system and provides broad recommendations to address some of the challenges ahead. While the report and the dialogue it generated provide a view of what could be, OPM should build upon this effort by a clear articulation of what the civil service should be 10 years and 20 years from now and by gaining consensus and support for that vision.[92]

Using the above criterion as a touchstone, the Board finds some areas where OPM's leadership has been noteworthy, as well as others where it has been muted. For example, OPM's recent role in the evolution of flexiplace illustrates proactive leadership. Notwithstanding a slow start to the pilot study, OPM has been efficiently and effectively working with other parts of the executive branch, trying to build momentum for this project.

Another good example of OPM leadership occurred during the development and implementation of alternative work schedules in the Federal Government. As mentioned earlier, Government use of this work and family benefit still exceeds that of other employers. OPM's efforts in this regard were even recognized recently in congressional debate. Specifically, when the "Women's Equal Opportunity Act of 1991" was introduced in the Senate, its sponsor said:

> This subtitle provides that it is the sense of the Congress that OPM has made commendable efforts with respect to the development, use, and expansion of alternative work schedule programs and that such efforts should be continued to help Federal employees, as well as to serve as a model for State and local governments and private sector employers.[93]

In contrast to the above examples, OPM's role in the child care area has been slow to evolve, as it was not until mid-1988 that OPM began actively communicating with agencies about child care needs. Moreover, OPM's child care agenda still lacks broad impact, as OPM continues to take a back seat to GSA in this area.

In congressional testimony given in March 1989, Robert Tobias, President of the National Treasury Employees Union, said that "Certainly, we don't object to working with OPM, but I believe that GSA is the key partner in this [child care] process, because GSA has the space and unless GSA is in the room where bargains are being made, it's very difficult to deal through OPM to GSA."[94]

There is no question that the 5 to 20 percent tuition savings which GSA's involvement helps child care centers in Federal buildings to offer is important. However, we think that a more active role by OPM could easily transform the child care discussion from one focusing on the mechanics of space procurement, to one focusing on improved Federal mission accomplishment through *proactive* work and family policies.

In the area of part-time employment, OPM has made a number of efforts to promulgate the intent of the law, but we believe this is another area in which additional efforts would be justified and, ultimately, beneficial to Government. While part-time can simply be a designation for work schedules consisting of less than 40 hours per week, it can also be an aggressive strategy for attracting people for hard to fill jobs, or a tool for reaching potential employees whose life circumstances might otherwise keep them from taking Federal jobs.

The kind of ongoing, proactive leadership that we are suggesting here is not a product of staff level effort in OPM (although not a replacement for it either), nor should it imply a negative assessment of the work which OPM staff people have already made in support of these programs. Rather, it bespeaks a recognition that leadership comes from the top. The creative involvement of OPM's top managers and its Director have the potential to catapult work and family issues to another level.

While not a work and family program issue, OPM's role in securing pay reform legislation in 1990 provides something of a model. OPM's persistent, reasoned support for that effort, spearheaded personally by the Director, produced results few thought possible. While most work and family programs will not be as politically sensitive as that initiative, nor require as much direct, high-level effort, the model is clearly there to be adapted and followed, as appropriate.

# POLICY ISSUES

## Should the Government Be a Model Employer in Its Employment Practices:

As we studied the work and family programs discussed in previous chapters, a broader question emerged in our research. That was, to what extent should the Federal Government intentionally seek to be a role model for other employers in designing and executing its work and family programs?

In earlier parts of this century, the Government did assume a leadership role in several areas of personnel management (e.g., equal pay for equal work, and annual and sick leave provisions). More recently, the Federal civil service was at the leading edge of implementing alternative work schedules.

Governmental leadership (through programs affecting Federal employees) has also advanced emerging public policy objectives, as the following quote concerning opportunities for employment of disabled persons illustrates:

> The Americans with Disabilities Act was passed last July. It will affect the way in which virtually every employer considers issues connected with the employment of the handicapped, with regulations similar to those that previously applied only at the federal level. * * * The history of the federal government over the last 10 years in dealing with its own handicapped employees—under nearly identical legal requirements as those set by the Americans With Disabilities Act—provides private business with a ready model for defining their obligations and assessing the risk of litigation. With this knowledge, employers won't be groping in the dark to comply with the new law.[95]

This type of effect could also reoccur in the future. For example, Government support for flexiplace might foster other work-at-home initiatives, thus encouraging energy conservation and also cutting pollution and traffic congestion.

More generally, the Federal Government has a special status as both the Nation's largest employer and the embodiment of the Nation's values. And because of this status, many people (including some top Government officials), believe that it is both natural and appropriate that the Government provide leadership in employment matters. For example, the legislative history for the Federal Employees Part-Time Career Act of 1978 quoted one Senator as saying:

> The Federal Government is the Nation's largest employer, but certainly not the most innovating one. The enactment of [this part-time] legislation would authorize the Federal Government to undertake some very significant initiatives to enhance its position as a model employer—one which public and private employers could look to for leadership.[96]

In a more recent example, President Bush told the heads of executive departments and agencies that, "The Federal Government has always been a model for other employers in the protections and benefits provided for those [civilians] who serve [in the military reserves], and I am committed to ensuring that we continue to set an example for the Nation in this regard."[97]

There are also reasons which argue against the Government taking a leadership role in employment matters. For example, some would say that the most appropriate model for the Federal civil service is that it should *follow* whatever private sector employment practices are most common and uncontroversial, seeking to avoid setting any precedents itself. Similarly, while providing leadership in employment practices may be a fine concept in theory, if the cost benefit ratio cannot be vividly demonstrated, it is by no means assured that American taxpayers would consider this the best use of their tax dollars.

## Federal Agency and OPM Perspectives:

From the point of view of agency personnel directors, most believe the Government should have an influence on the employment practices of other employers. In response to the question, "To what extent do you believe that the Government has a leadership role in setting an example through its employment practices that other employers might be drawn to follow?," 17 agencies replied "To a moderate extent" or "To a great extent," while only 1 said "To no extent." (Four said "Don't know/ Can't judge.")

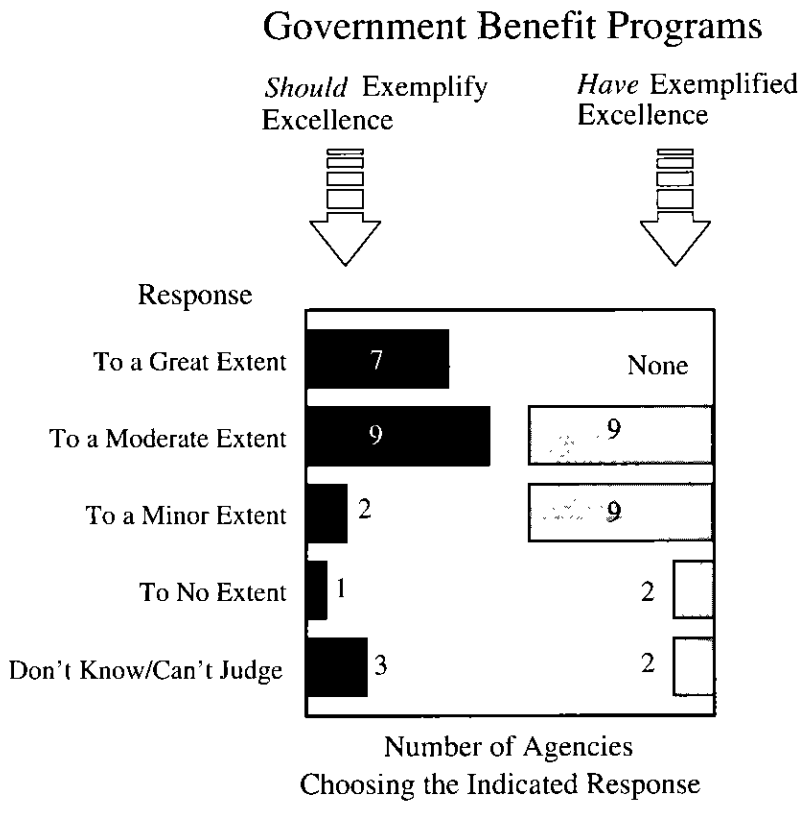
Of course, it's easy for agencies to project such a role in the abstract, but more difficult to accomplish in the real world, particularly when leadership may cost time and money, or result in vulnerability to criticism. In order to gain further insight into agency thinking, we defined one type of leadership (equating it with the Government having benefit programs which "exemplify excellence in human resource management practices"), and asked agencies two follow-up questions:

- "To what extent should the Government's benefit programs be designed to exemplify *excellence* in human resource management practices, given that such practices may have initial costs which exceed their initial tangible benefits?" and

- "To what extent have these Federal benefit programs exemplified *excellence* in human resource management practices?"

A compilation of the responses agencies gave us on these questions is graphically displayed in figure 6:

**Figure 6.**
**Agency Responses to MSPB Questions Concerning Whether Government Benefit Programs Should and Do Exemplify *Excellence* in Human Resource Management Practices**




As the above figure illustrates, there is a dichotomy between what many agencies think the Federal Government should be doing, versus what it has done, to exemplify excellence in its personnel practices. In their narrative responses, several agencies indicated that they thought the Government should make more of an effort to fulfill a leadership role, including the following:

> *"Government should be an agent of enlightened change."*
> Department of Education
>
> *"Inasmuch as the Federal Government passes and executes legislation on social issues, e.g., equal opportunity, hiring the handicapped, child labor laws, etc., the Federal Government must set an example in the areas in which it legislates; it must set an example for others to follow in these areas."*
> Department of Justice

Not all agency opinions were unhesitatingly positive, however, as this comment from the Department of Commerce illustrates:

> The idea of Federal Government as a leader in employment practices is antiquated—left over from the New Deal and World War II. Today, Government is viewed as one among many service industries. There is a national preoccupation with governmental fiscal restraint which militates against such a leadership role.

On balance, perhaps OPM's analysis best bridged the gap between the conflicting pressures which the above comments surface:

> Although it is not our primary focus, setting an example for non-Federal employers can, of course, be a valuable contribution by OPM, as long as doing so neither detracts from meeting the needs of Federal agencies as employers nor results in inappropriate use of scarce Federal resources. Accordingly, OPM is committed to setting an example within the context of its overall Governmental responsibilities.

## Establishing the Government as a Model Work and Family-Friendly Employer:

If we take OPM's description cited above as the benchmark of what Governmental leadership in this area should be, the next obvious questions to answer are, "When and how should the Government accomplish these?" Clearly, some areas are more appropriate for Federal leadership than others.

For example, consider the policy decision inherent in the Federal Employees Pay Comparability Act of 1990. That act sets out to achieve effective comparability between Federal civilian and private sector white-collar pay, but does not set as a goal to ever pay *more* than the private sector. It is therefore apparent that the Federal Government does not (and perhaps should not) seek to be a trend setter when it comes to establishing salary ranges. On the other hand, it may well be that work and family policies are an area ripe for Federal leadership.

With a supportive management structure, for example, many of the work and family programs which involve relatively little direct cost (AWS programs, part-time, flexiplace, cafeteria benefits) could be made more widely available to employees and applicants. Such an action could give the Government a competitive edge in recruiting, retaining, and motivating quality employees, making the Government into more of an "employer of choice."

Where competitive pressures from other employers require it, or just as importantly, where public policy considerations justify it, the Government could also implement work and family programs with larger up-front costs (like subsidized day care or flexible spending accounts). In measuring the costs and benefits of such programs, it would be incumbent on OPM and agency managers (to say nothing of policymakers and legislators) to consider the longer term benefits of taking action, as well as *all* the costs of *inaction*.

This is important, since many of the costs and benefits of these issues are indirect, or not immediately apparent to the casual observer, and thus difficult to measure. The expenses of recruiting and training replacements, for example, or the lost productivity while positions are vacant, are real but often hidden. Similarly, an inability to attract top candidates because the Government is not viewed as a progressive employer can also be a major cost.

Just as costs can be hidden, so can benefits. Consider the following quote from the book "In Search of Excellence":

> We often argue that the excellent companies are the way they are because they are organized to obtain extraordinary effort from ordinary human beings. It is hard to imagine that billion-dollar companies are populated with people much different from the norm for the population as a whole.[98]

Thus, if Government efforts to establish and project a model work and family employer image succeed in even some small way, we should certainly not dismiss the possibility that the amount of "extraordinary effort from ordinary human beings" which the Government's 2-million plus civilian employees achieve would increase. Given this possibility, we believe such an approach has merit.

Having said this, however, two additional things also need to be said. First, we would stress that this conclusion is applicable in a targeted way, not as a general prescription. While it may be very desirable for the Federal Government to lead in some work and family programs, this does not mean that it should or must do this in all benefit programs, in all locations, all the time.

Agencies need to assess the needs of their employees *on a local basis*, and with maximum delegated flexibility from OPM and higher echelon management, provide programs which will meet the work and family needs of employees at each post of duty, within available resources. While priorities must be set at the lowest possible level, management support must come from the highest levels.

Second, given the Government's tarnished image as an employer, the risks of inaction seem higher than those of action at this time. Therefore, the Board encourages OPM and agencies to take some risks, looking for creative and cost effective ways to position the Government as a work- and family-friendly employer.

The nature of these risks might be to aggressively experiment with work and family programs in a proactive way, before all the evidence may be in to *conclusively* prove their desirability. Perhaps the criteria for starting a new program which appears to meet an employee need might be a perceived lack of significant additional cost, rather than a demonstrated savings or productivity enhancement.

Without such a strategy, the Government may be at an unacceptable disadvantage in the emerging job market of the year 2000. Therefore, the Board believes the time to act is now, and recommends that OPM and agencies work together to strategically position the Federal civil service as a model work and family employer.

# CONCLUSIONS AND RECOMMENDATIONS

In previous chapters, a number of the choices and options which make up the universe of work and family benefits were reviewed. While insights about these individual programs were drawn, and in some cases, recommendations for program-specific changes made, it is also important not to lose sight of the broader picture. As we view that broader picture, a number of overarching themes and conclusions emerge, which in turn lead to some broad-scope recommendations.

To begin with, work and family benefits are not a new phenomenon in the Federal civil service. The Government has a long tradition of providing certain kinds of family-friendly benefits, including some which are not typically available in the private sector (e.g., enhanced job security). It may even have been a leader in certain benefit areas which other employers have since come to adopt (e.g., leave for maternity purposes).

However, the Government can not rest on its laurels, as its past successes are insufficient to make it an employer of choice in today's (and tomorrow's) job markets. In addition, even if it has state-of-the-art programs available, if the Government fails to properly communicate to current and prospective employees about the existence of these programs (e.g., as has happened with alternative work schedules), their effectiveness is lessened.

RECOMMENDATION:

» **OPM needs to build on its successes in the area of work and family benefits and exert renewed leadership on those work and family issues on which the Government may be at a competitive disadvantage in the marketplace. Potential areas of emphasis (some of which were mentioned earlier) include:**

- Developing a broader and deeper spectrum of child care benefit programs from which agencies might choose to offer benefits to their employees on an "as needed" basis;
- Encouraging agencies to examine whether their mission accomplishments would be enhanced if they further subsidized the operating expenses of onsite child care centers, and where this is found to be so, facilitating whatever actions may be needed to more formally accredit such agency subsidies (e.g., initiating demonstration projects, securing precedent rulings from GAO, proposing legislation);
- Expanding Federal sick leave regulations to permit at least some usage of sick leave by employees who are caring for sick or elderly dependents;

- Developing programs which would expand part-time job opportunities across the Government, and working with other Federal agencies to communicate the availability of such jobs to targeted pools of job candidates (e.g., mothers with school-age children, and retired people who have skills needed for hard-to-fill jobs);

- Determining what barriers have inhibited agency and employee participation in the test of flexiplace, and working with agencies to reduce these barriers. In addition, incorporating a focus in the pilot program which would evaluate the implications of working at satellite offices (rather than at home);

- Initiating action to develop and provide short-term disability insurance at group rates to Federal employees who might want this insurance and are willing to pay the full cost of the coverage;

- Highlighting information about work and family benefits in Governmentwide recruitment literature, and encouraging agencies to better market to current and prospective employees the work and family programs which the agencies offer;

- Monitoring emerging trends in the area of work and family benefit programs, in order to proactively provide (or assist agencies in providing) those benefits which are useful in becoming a competitive employer and which foster increased efficiency and effectiveness in the Federal workforce; and

- Taking greater initiative to encourage agencies to make the most beneficial use of the work and family benefit programs which are available, including the possible use of internal marketing plans or other program management tools, to ensure that work and family benefits are considered on their merits.

**RECOMMENDATION:**

» **Strong consideration should be given to the adoption of a cafeteria benefits approach within the Government. Although a flexible spending account option would be preferable in a Federal cafeteria benefits approach, it need *not be seen as a necessary condition to implementation of that cafeteria approach.***

Two of the key watch words for work and family benefits in the future are going to be *equity* and *flexibility*. This is because individual work and family programs have limited applicability—any one or several of the approaches discussed in this report may be a part of the solution for any given employee; none, however, constitutes a miracle drug filling all needs for all employees. Clearly, as OPM put it, "One size does not fit all—not all agencies, or even all installations, much less all employees."

Thus, different employees will avail themselves of different kinds and levels of work and family benefits. Assuming these benefits have some economic value, this creates a potential inequity among those employees who use the benefits and those who don't. It also creates a need for flexibility on the part of the Government, because a rigid benefits schedule necessitates giving benefits to some employees who do not want or need them, while not meeting the needs of some other employees.

RECOMMENDATION:

» **Individual Federal departments and agencies need to engage in more active needs assessments among their respective employees in order to make informed decisions about the work and family benefits that can and should be offered.**

Following on the previous recommendation, a part of the flexibility which is needed must come in the way work and family benefits are made available and managed within the Government. Specifically, delegation and decentralization are critical to this process, since the appropriateness of work and family benefit programs at a given post of duty can best be determined by officials knowledgeable about local circumstances. Thus, agencies must delegate the authority and responsibility for managing these programs to the lowest appropriate organizational level.

Also, needs assessments are integral to a sound benefits program—local offices must assess the requirements of their employees before informed decisions can be made about what benefits can and should be offered. The programs actually offered may have been developed locally or at higher echelons, but the decision about what is optimally needed can only be made locally, after appropriate input from employees and their representatives.

RECOMMENDATION:

» **As OPM and individual Federal agencies engage in training and development activities for Federal managers, efforts should be made to specifically expand the managers' knowledge and understanding of the alternatives available in the way of work and family programs. Emphasis should be placed on the utility of these programs as a potential method of increasing workforce efficiency and effectiveness.**

Active management involvement and support are also critical to success—without these, old ways of thinking will inhibit both employees and management from realizing the benefits from work and family programs. Most work and family benefits require the employee to initiate a request in order to participate in the benefit. Since traditional business values (including the Government's) taught employees that their careers would be hurt if "personal" issues interfered with their jobs, employees may be reticent to avail themselves of these benefits.

To overcome this attitude, management must go beyond ensuring that work environments are not hostile to work and family concerns, but rather must create environments which are proactively supportive. Otherwise, work and family benefit programs will not achieve their desired results—losing the potential benefits to both employees and the Government.

Changing management value systems is not going to be an easy task, as it can be a big leap for old-school managers to embrace a new work ethic. This was well illustrated in a recent article that presented the views of a chief executive of a consulting firm as he spoke about the next 20 years:

> * * * a 'normal career' will be replaced by 'multiple paths that people will take trying to be good workers and good parents.' Companies will operate like ski resorts [according to the executive], with multiple starting points, paths, and ending points at the bottom of the mountain. 'Even the idea of stopping half way down the mountain for lunch seems applicable to a career.'[99]

Managers who can't adapt to this new culture are apt to find themselves losing the workers they have, while being unable to recruit suitable replacements. Moreover, managers who judge the needs of their employees based on their own "Ozzie and Harriet" experiences may be setting themselves up for failure.

**RECOMMENDATION:**

» **In framing the debate over the future of work and family benefits, strong consideration should be given to the adoption of a "Federal Government as a Model Employer" orientation. This would be in keeping with the goals and objectives of a merit-based personnel system and consistent with the statutory merit system principles.**

The Government has an important leadership opportunity in work and family benefits—while there are many practical reasons why an employer might want to improve its benefits package (e.g., to attract and retain a qualified workforce), there can also be philosophical reasons. For the Federal Government, we believe one such reason should be that the civil service has a responsibility to try to be a model employer, offering state-of-the-art human resource programs in order to create a humane working environment.

As OPM suggested, this goal is only appropriate when it complements the Government's primary duty; that is, to accomplish its mission in a fiscally responsible way. However, since these are not mutually exclusive objectives, the possibility of the Government seeing this as a proper role for itself should be encouraged.

Finally, given factors such as changing demographics, competition in the job market, and the hidden costs of both excessive turnover and lowered productivity by those who are at work but not working (because of work and family worries), it is important to note that there is a real cost to not responding to work and family needs. OPM has an important role to play in this process, but ultimately it is the Federal agencies whose mission accomplishment is at stake who must respond.

Many of the responses needed are already available, waiting to be employed by agencies. Some are *un*used, while others are *under*used. Virtually all are not well marketed. Moreover, many can be implemented at little or no direct cost. Where there is a cost, that cost must be evaluated against the true cost of *not* acting, rather than looked at in isolation.

Fortunately, it's not too late to respond to the needs of both prospective and current employees, providing them with appropriate work and family benefit options. The Government needs to do this if it wants to compete in the job marketplace for qualified employees. As a matter of policy, the Board also believes the Government should want to do this, wherever it can be accomplished in a fiscally responsible manner.

# ENDNOTES

[1] The 22 departments and agencies in our sample were: Agriculture, Air Force, Army, Commerce, Defense (Office of the Secretary), Education, Energy, Environmental Protection Agency, General Services Administration, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, National Aeronautics and Space Administration, Navy, Office of Personnel Management, Small Business Administration, State, Transportation, Treasury, and Veterans Affairs.

[2] Robert E. Allen, "It Pays to Invest in Tomorrow's Work Force," Wall Street Journal, Nov. 6, 1989, p. A16.

[3] Research data originally compiled by the Roper Organization in a survey for Virginia Slims, July 22-August 12, 1989. The article containing extracts from the survey was published in the American Enterprise, vol. 1, No. 5, September/October 1990, p. 91.

[4] Research data originally compiled by Yankelovich Clancy Shulman for Time and Cable News Network, October 23 - 25, 1989. The article containing extracts from the survey was published in the American Enterprise, vol. 1, No. 5, September/October 1990, p. 91.

[5] James A. Levine, "Fathers and the Corporation," which appeared in "Across The Board," the Conference Board Magazine, vol. XXIII, No. 3, March 1986, p. 8.

[6] William J. Wiatrowski, "Family-Related Benefits in the Workplace," Monthly Labor Review, Bureau of Labor Statistics, U.S. Department of Labor, March 1990, p. 32.

[7] U.S. Chamber Research Center, "Employee Benefits—Survey Data from Benefit Year 1989," U.S. Chamber of Commerce, Washington, DC, December 1990, p. 2.

[8] Robert W. Keidel, "Quality of Working Life in the Private Sector: An Overview and a Developmental Perspective," Workforce Effectiveness and Development Group, U. S. Office of Personnel Management, September 1980, pp. 4-6.

[9] Hudson Institute and Towers Perrin, "Workforce 2000—Competing in a Seller's Market: Is Corporate America Prepared?," August 1990, p. 2.

[10] U.S. Office of Personnel Management, "Report to the President: Helping Federal Employees Balance Work and Family Life," OPM Doc. 149-79-9, October 1988, p. 1.

[11] Secretary of Defense Frank C. Carlucci, as quoted by Sandra Evans, "Pentagon Breaks Ground For Child Care Facility," Washington Post, Jan. 12, 1989, p. D3.

[12] Fran Sussner Rodgers and Charles Rodgers, "Business and the Facts of Family Life," Harvard Business Review, November-December 1989, No. 6, p. 123.

[13] Extract of a quote from Morton Goldfein, Senior Vice President, Law and Public Affairs, Hartz Mountain Industries, printed in a brochure entitled "Child Care: A Solution for New Jersey Employers," published by the Task Force on Employer Supported Child Care, State of New Jersey, fifth edition, Trenton, NJ, March 1990, p. 2.

[14] Memorandum for Heads of Departments and Agencies from Constance Horner, Director, U.S. Office of Personnel Management, June 28, 1988, Subject: "Addressing the Dependent Care Needs of Federal Employees."

[15] Carlise Cornelius, "Day Care Program Fits Needs of Parents, Kids," Washington Times, Feb. 8, 1989, p. B5.

[16] The Bureau of National Affairs, Inc., "Latchkey Children: A Guide for Employers," National Report on Work & Family, Special Report 11, Washington, DC, November 1988, p. 4.

[17] Dana Friedman, Ellen Galinsky, and Margaret King, "Work and Family Life: An Introduction," as synopsized in Options for Child Care Initiatives, a pamphlet prepared by the New Jersey Division of Youth and Family Services, p. 1.

[18] R.Y. Magid, "Childcare Initiatives for Working Parents: Why Employers Get Involved," American Management Association, New York, 1983, p. 39, as quoted in Fernandez, John P., "Child Care and Corporate Productivity," Lexington Books, Lexington, MA, 1986, p. 41.

[19] Flexible spending accounts are authorized by the Internal Revenue Code. They permit an employer to reduce an employee's salary by an agreed-upon amount and then use these funds to pay for certain child care, dependent care, or medical expenses of the employee. The employee benefits from such an arrangement because the expenses paid from the flexible spending account are paid for using pretax funds rather than after-tax funds—in effect, making the expenses into tax-free fringe benefits.

[20] U.S. Office of Personnel Management, "Dependent Care Programs at Federal Installations," OPM GWR 90-6, Personnel Systems and Oversight Group, April 1990, pp. 7-11.

[21] Alison N. Starr, ed., "Federal Child Care Centers: More Than Before—But Still Not Enough And Still Costly," Employee Benefits Review, vol. 3, No. 3, Washington, DC, March 1990, p. 1.

[22] 40 U.S.C. 490b. From 1985 until 1988, the Trible amendment was contained in a series of uncodified provisions in continuing resolutions.

[23] Alison N. Starr, ed., op. cit.

[24] Linda Thiede Thomas and James E. Thomas, "The ABCs of Child Care: Building Blocks of Competitive Advantage," Sloan Management Review, vol. 31, No. 2, Winter 1990, p. 36.

[25] Fran Sussner Rodgers and Charles Rodgers, op. cit., p. 124.

[26] Alison N. Starr, ed., op. cit.

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[77] Letter dated July 12, 1988, from Constance Horner, Director, OPM, to Hon. John C. Stennis, Chairman, Committee on Appropriations, U.S. Senate, providing a report to the Congress on the results of a limited test of voluntary leave transfer programs, as required by Public Law 99-500 and Public Law 99-591 and Executive Order 12589, dated Mar. 18, 1987.

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[80] Letter to the IRS was from Hugh Hewitt, OPM General Counsel, dated Dec. 8, 1987, addressed to William F. Nelson, IRS Chief Counsel. Response from IRS was from James J. McGovern, Director, Employee Plans and Exempt Organizations Division, dated Dec. 29, 1987, addressed to Jacqueline Young, Esq., N.L.R.B. Professional Association, with a cc: to OPM.

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[82] President's Council on Management Improvement, undated document outlining a "Proposal for a PCMI Human Resource Committee Study of the Federal Benefits Program," p. 1.

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[85] Betsy Rubiner, "Kids in the Office—The Workplace & the Child-Care Dilemma," Washington Post, July 24, 1989, p. B5.

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[87] Willa M. Bruce and Christine M. Reed, "Dual Career Couples in the Public Sector: A Management Guide for Human Resource Professionals," Quorum Books, 1991, p. 53.

[88] H. Cris Collie, "Two Salaries, One Relocation: What's a Company To Do," Personnel Administrator, September 1989. Quote from Dr. Marvin Cetron, p. 57. Research results, p. 55. Research was conducted by Dr. Cetron of Forecasting International, Ltd., in 1988. His study, "Impact of the Changing Family on Employee Relocation: Implications of Spouse Employment," was commissioned by the Employee Relocation Council.

[89] Proposed bill H.R. 1386, 102d Cong., 1st sess., would amend title 5 U.S.C. to provide for the reimbursement of expenses incurred by a Federal employee in the adoption of a child. Proposed bill H.R. 1387, 102d Cong., 1st sess., would amend title 5 U.S.C. to allow Federal employees to take parental leave for purposes of participating in or attending certain education-related activities. Proposed bill S. 38, 101st Congress, 1st Session, titled "Federal Employees Long-Term Care Insurance Act of 1989" would establish long-term care benefits for Federal employees.

[90] Cover letter signed by OPM Director Constance Horner, which introduced a pamphlet entitled "Helping Federal Employees Balance Work and Family Life—Dependent Care Policy in the Federal Government," Personnel Systems and Oversight Group, U.S. Office of Personnel Management, Oct. 7, 1988, p. 1.

[91] Letter from Constance Berry Newman, Director, OPM, to the Honorable Daniel R. Levinson, Chairman, MSPB, dated Sept. 19, 1989, concerning significant actions of OPM which MSPB might find appropriate to study, p. 10.

[92] U.S. Merit Systems Protection Board, "U.S. Office of Personnel Management and the Merit System: A Retrospective Assessment," June 1, 1989, p. 7.

[93] Statement of Senator Robert Dole introducing S. 472, the Women's Equal Opportunity Act of 1991, as quoted in the Congressional Record—Senate, Feb. 21, 1991, p. S2192.

[94] Testimony of Robert Tobias, President, National Treasury Employees Union, at a hearing on "Child Care in Federal Buildings: GSA Oversight," conducted by the Government Activities and Transportation Subcommittee, Committee on Government Operations, U.S. House of Representatives, Mar. 8, 1989.

[95] G. Jerry Shaw and William L. Bransford, "From Disabled to Enabled—New Law Extends Rights of Handicapped in Employment," ABA Journal, February 1991, pp. 70-72.

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[97] Memorandum from President Bush to the Heads of Executive Departments and Agencies, dated Mar. 8, 1991, subject, "Return of Desert Shield/Desert Storm Participants to Federal Civilian Employment."

[98] Thomas J. Peters and Robert H. Waterman, Jr., "In Search of Excellence," Harper & Row, New York, 1982, p. 81.

[99] Cathy Trost and Carol Hymowitz, "Careers Start Giving In to Family Needs," Wall Street Journal, June 18, 1990, p. B4.

Text of Letter from OPM's Director, providing comments to MSPB on a draft of this report:

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

OFFICE OF THE DIRECTOR

September 25, 1991

Ms. Evangeline W. Swift
Director, Policy and Evaluations
U.S. Merit Systems Protection Board
1120 Vermont Avenue, N.W.
Washington, DC 20419

Dear Ms. Swift:

We appreciate the opportunity to comment on your draft report titled "Balancing Work Responsibilities and Family Needs: The Federal Civil Service Response." Overall we found the report to be an interesting and informative contribution to our understanding of this important area of human resources management in today's environment.

At the staff level we have been in touch regarding a number of concerns and technical questions about your analysis, and we understand those problems are being resolved.

We share your interest in work and family issues, and we are pursuing a number of the ideas developed in your study. However, we believe additional research is needed in some areas before reaching conclusions about what approaches and programs will be most responsive to employee needs, while taking cost and mission-accomplishment objectives into consideration.

As noted in your study, there is a striking lack of information available on what employees need to help them balance work and family obligations as well as the extent to which various flexibilities are in use in the workplace. To help fill this void and expand upon your research in the work and family area, we have recently initiated two projects.

1. We are collecting and analyzing information on 1990 leave usage by some 225,000 employees based on data from USDA's National Finance Center which serves a number of agencies or parts of agencies, including Agriculture, Treasury, Commerce, Small Business Administration, Federal Emergency Management Agency, and a number of smaller agencies. Matching this data with CPDF will allow us to analyze demographic variables in leave use, including gender, grade level, and length of service.

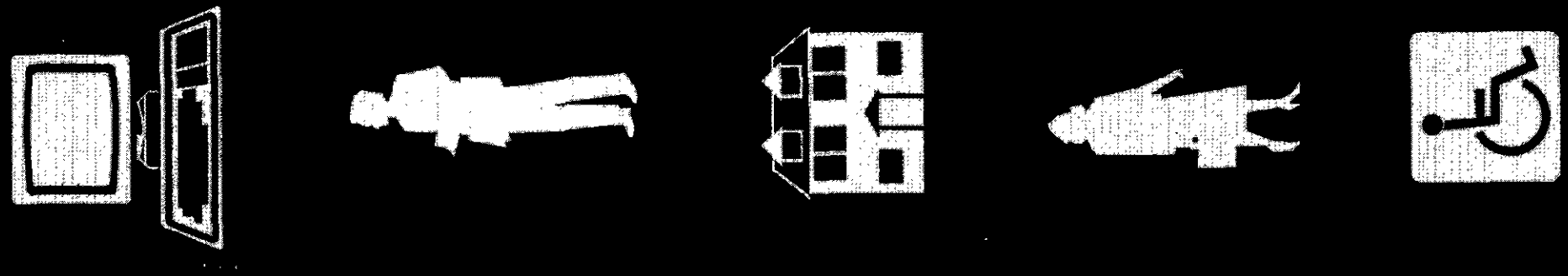
Ms. Evangeline W. Swift 2.

2. In November of this year, we will administer an extensive survey to a random sample of 53,000 Federal employees nationwide. This Survey of Federal Employees includes a number of questions important to work and family issues.

Your study has been useful to us, of course, in developing these research initiatives. We look forward to continued discussions with you and your staff as our work progresses.

Sincerely,

Constance Berry Newman
Director



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**A Report to the President and the Congress of the United States by the U.S. Merit Systems Protection Board**