



Wider Opportunities for Women

Elder Economic Security Initiative Weekly Update – January 24, 2008

On the Hill

House lawmakers returned to Washington last week amid a deepening economic slowdown, causing lawmakers in both chambers and in both parties to pledge to work together and with the Administration to develop an economic stimulus package that is “timely, targeted and temporary.” Among the items under discussion are tax rebates, extension of unemployment and food stamp benefits, home heating assistance, perhaps aid to state and local governments, and perhaps some assistance to distressed homeowners facing foreclosure. Democratic leaders hope to have a package ready for adoption by President’s Day.

Last week, the House of Representatives passed an eight-year renewal of a program to rehabilitate or replace dilapidated public housing, despite Bush administration assertions that it is inefficient and obsolete. After rejecting several amendments aimed at gutting the bill’s core provisions, the House passed the measure (HR 3524) by 271-130. The legislation would add tenant protections and a one-for-one replacement requirement for all public housing units proposed for demolition under HOPE VI program grants. Before approving the bill the House adopted a manager’s amendment by bill sponsor Rep. Maxine Waters (D-Calif.) and Financial Services Chairman Barney Frank (D-Mass.) that applied the one-for-one replacement requirement to all units in existence as of Jan. 1, 2005 — a bid to help New Orleans public housing residents driven from their homes by Hurricane Katrina in August 2005. The amendment also would allow a limited waiver of the one-for-one replacement requirement, extend from one year to 4½ the amount of time developers have to replace demolished units, and clarify that existing rules deny financial assistance to illegal immigrants. The bill would require public housing agencies to create mixed-income housing on the sites of demolished low-income housing. Other units developed to replace demolished public housing would have to be built in areas with low concentrations of poverty, to avoid concentrating public housing in low-income neighborhoods. Two additional amendments were adopted by voice vote — one to safeguard elderly and disabled HOPE VI tenants from eviction, and another to retain a set-aside for the Main Street grant program, which gives money to smaller communities to develop affordable housing in conjunction with a Main Street revitalization effort.

The Senate returned this week and the Finance Committee met yesterday, January 22nd to review the Congressional Budget Office Report, “Options for Responding to Short-Term Economic Weakness,” which may be found at http://www.cbo.gov/ftpdocs/89xx/doc8916/01-15-Econ_Stimulus.pdf. The House Education and Labor Committee held a hearing January 23rd on “Investing in Early Education: Paths to Improving Children's Success.” The Senate Health, Education, Labor and Pensions Committee will hold a hearing on Thursday on S. 1843, the Fair

Pay Restoration Act, which would overturn the Ledbetter v Goodyear Tire and Rubber ruling by the Supreme Court.

In the Administration

President Bush and Federal Reserve Chairman Ben S. Bernanke endorsed the idea of an economic stimulus package to boost the flagging economy, as Bush began discussions with congressional leaders on the next steps. Although Federal Reserve Chairman Bernanke refused to endorse specific proposals for the stimulus package in testimony before the House Budget Committee last week, he did say that there was evidence to suggest that money targeted to low- and moderate-income people would be more likely to be spent in the short term.

This week, House Speaker Nancy Pelosi (D, CA) and Senate Majority Leader Harry Reid (D, NV) met with President Bush and came to a bipartisan agreement on the terms of an economic stimulus package. The agreement would include a roughly \$145 billion economic stimulus package that would quickly send payments to poor and middle-class workers while offering businesses one-time incentives to invest in new equipment and write off tax losses. Advocates are still not sure about the details of the plan. Many are concerned that the tax relief may not reach our most vulnerable seniors – those relying solely upon Social Security.

Resources

A Consumer Guide to State Health Reform

As the coverage gaps and affordability crisis in our health care system continue to worsen, many states are working to expand health coverage to uninsured residents and to find ways to control health costs. Community Catalyst and Families USA are working with health care advocates in states across the nation to expand access to affordable quality health care to as many citizens as possible.

This guide will help advocates design health coverage expansions that build upon the current system of public programs, employer-sponsored insurance and private market options. Start by laying a strong foundation through Medicaid and State Children's Health Insurance (CHIP) coverage; then by regulating the private insurance market; next by building subsidy programs and pooling mechanisms; by ensuring adequate benefits and access to services; and finally by finding sustainable financing.

For more information please visit: [the Community Catalyst project website](#)

Civic Ventures Purpose Prize

Civic Ventures has opened nominations for the 2008 Purpose Prize. The Prize provides five \$100,000 and ten \$10,000 awards to U.S. residents over 60 who are creating innovation solutions to address society's most pressing problems – domestically and abroad.

They are looking for adults in the second half of life who are combining their creativity and experience to tackle some of the world's biggest challenges. Innovators like Phil Borges, who is using technology to expand cultural understanding among students worldwide took prizes in 2007.

Now's the time to nominate someone you know over 60 who is changing the world! Civic Ventures is accepting nominations, including self-nominations, at www.PurposePrize.org until March 1st.

Please help spread the word by posting information about the prize in newsletters, listservs, blogs, or by emailing your friends and colleagues. Resources available at <http://www.purposeprize.org/partners/downloads.cfm>

Press Release

Poor Families Face Home Energy Crises State Energy Directors Call on the President to Release Emergency Funds

Contact: Mark Wolfe, NEADA, 202-237-5199, cell 202-320-9046

The State directors of the Low Income Home Energy Assistance Program (LIHEAP) are calling upon the President to immediately release \$590.3 million in emergency funds for LIHEAP. The funds will be used to help poor families stay warm this winter and to adjust grants to reflect rising home energy prices, especially for those families that use heating oil and propane. The funds will also be used this summer to help poor families in the south and southwestern states pay the high cost of cooling this summer as a result of rising electricity prices.

The additional emergency fund authority was approved last week by the Congress as part of the Omnibus spending bill and signed into law yesterday by the President. The Act increases the President's FY 2008 emergency spending authority for LIHEAP to \$590.3 million in FY 2008, an increase of \$408.6 million over the \$181.17 million provided in FY 2007. The Act also maintains the program's basic grant at \$1.8 billion, the same as last year's level.

According to Jo-Ann Choate, Chair of NEADA, "many states will begin to run out of funds by the end of next month and will not be able to help the working poor, elderly and disabled. In my state of Maine, for example, the number of households applying for help is expected to reach record levels, possibly 30 percent higher than last year. With the cost of home heating reaching up to \$2,800, the average benefit is only enough to pay for half a tank of oil."

Mark Wolfe, Executive Director of NEADA added that, "the release of the \$590.3 million in emergency funds will allow states to provide additional benefits to poor families to pay the rising cost of home heating fuels. The fund will also allow states to reach out to the elderly and disabled who have receive an average increase of only \$24 a month in their Social Security payments – far less than they will need to pay the increase in their home heating costs."

The US Energy Information Administration's Short Term Outlook is projecting record heating oil and propane prices this winter. According to the report, in comparison to last winter, the cost to heat a home with home heating oil increase by \$375 to \$1,841, propane by \$273 to \$1,622 and natural gas by \$87 to \$900.

A typical tank of heating oil holds 275 gallons. The cost for one fill is approaching \$900 and lasts less than half a winter heating season. The average LIHEAP grant is now less than \$400.

The National Energy Assistance Directors' Association represents the LIHEAP directors.

In the News

Advocacy group is all aboard anything to help area seniors

By Robert Mitchum, Tribune reporter

January 22, 2008

While Illinois lawmakers were approving a transit bill that granted free rides to senior citizens Thursday, some of those who would benefit passionately argued in a South Loop church over its impact.

Marcia Trawinski, 59, stood haltingly amid the clamor, gestured firmly with her cane, and argued on behalf of paratransit riders.

"We are paying more [in taxes,] but other people are getting free rides. How do you think that makes us feel?" Trawinski said, as others shouted their support and opposition in a din worthy of a campus protest.

This was a monthly gathering of retirees, church-group delegates and late-blooming activists for what many call Chicago's most vocal senior citizen advocacy group, Metro Seniors in Action.

An organization that claims more than 10,000 members in the Chicago area, Metro Seniors has been campaigning on issues important to the Chicago elderly for 34 years. By lobbying politicians and organizing protests on issues like public transit, health care, pedestrian safety, and other topics, the group has carved out an identity as an outspoken and influential voice.

That status was emphasized last week when the group's former president, Beryl Clemens, 75, made several appearances alongside Gov. Rod Blagojevich while the governor promoted his plan to give free rides on mass transit to seniors. Clemens minced no words in front of TV cameras or her colleagues at the Metro Seniors in Action delegates meeting last Thursday.

"If you get to be 65 and live in the state of Illinois, you've paid your dues ... you've paid every

kind of tax," Clemens said. "You are deserving of a free ride."

Another topic of conversation at the meeting was what seniors could do about bicyclists riding on the sidewalk. Trawinski, who chairs the pedestrian-safety committee, reminded the crowd that such behavior is illegal, before outlining her own personal philosophy on intrusive bikers.

"Most of you know my cane's name is Fred," Trawinski said. "One day you're going to see Fred going through the spokes of one of those bicycles. If they cut me off, it's over."

That aggressive spirit is not foreign to Metro Seniors in Action, which has a history of protests more abrasive than might be expected from older people.

Legendary in the organization is a 1989 protest against U.S. Rep. Dan Rostenkowski that climaxed with the elderly protesters, angered over a federal health insurance hike, draping themselves across the hood of the congressman's car. More recently, the group has staged protests outside Pace board meetings with a coffin meant to represent the death of the paratransit monthly pass.

Ald. Joe Moore (49th), who has worked with the group on transit and the living-wage ordinance, said that area politicians take notice of the voting-booth power Metro Seniors wields.

"I take them very seriously," Moore said. "They definitely garner a lot of attention and respect from elected officials."

But some questioned whether the group truly helped advance the transit bill, or was merely used as a face for Blagojevich's plan.

"Perhaps the governor has decided to use them as a convenient political prop," said Cook County Commissioner Tony Peraica, "to try and hide the fact that he has increased taxes by half a billion dollars with this sleight of hand involving free rides for seniors."

Clemens, however, had no illusions about the governor's political motivations for giving senior citizens the gift of free transportation.

"I was shocked and delighted" about the governor's amendment, Clemens said. "But I knew exactly what he was doing."

Justices Add More Cases on Job Discrimination

By LINDA GREENHOUSE

WASHINGTON — The Supreme Court on Friday added two new employment discrimination cases to a docket on which such cases are already well represented.

One case concerns protection for employees against retaliation for reporting the discriminatory actions of a supervisor. The other involves age discrimination suits when the employer says that it took an action like laying off a worker for legitimate reasons not related to age.

The justices acted after asking the Bush administration for its views in both cases. The solicitor general's office, reflecting the policies of the Equal Employment Opportunity Commission, urged the court to grant the cases and to rule for the employees in both.

Employment law has been an unusually active area for the court in recent years. The new age discrimination case is the fifth such case the court has accepted this term, a high number given that the justices will decide fewer than 70 cases.

Whether this trend simply reflects an aging workplace, or new pressures employers are placing on older workers to move out and make room for the young, is unclear. But surprisingly, important questions about how the Age Discrimination in Employment Act is supposed to work remain unanswered, 33 years after the act's passage.

The statute, which protects employees against age-related discrimination beginning at age 40, permits employers to take action that falls unequally on older workers as long as "the differentiation is based on reasonable factors other than age."

The question in the new case, *Meacham v. Knolls Atomic Power Laboratory*, No. 06-1505, is which side bears the burden of proof on the existence of a reasonable business justification. Does the employer have to prove its existence, or does the employee have to prove its nonexistence? The allocation of the burden of proof can have a huge impact on the outcome of such a case.

In this case, a federal research laboratory in upstate New York carried out a reduction in force and dismissed 31 employees, all but one of whom were over 40. The employees filed suit, alleging age discrimination. The suit focused on the criteria that the managers used to evaluate employees for retention or dismissal, including the employee's "flexibility" and the "criticality" of their skills.

The employees won a jury trial, but the federal appeals court in New York eventually overturned the verdict on the ground that the employees had failed to carry their burden of showing that the evaluation system was unreasonable. In their Supreme Court appeal, supported by a brief filed by the AARP Foundation, the employees are arguing that the structure of the statute makes clear that the employer must prove reasonableness of an action that would otherwise be prohibited.

The question in the other discrimination case the court accepted Friday is whether employees are protected against retaliation for accusations of discrimination or harassment that they make during an internal company investigation.

Title VII of the Civil Rights Act of 1964 protects against retaliation, but some lower courts have interpreted that protection narrowly. In this case, *Crawford v. Metropolitan Government of Nashville*, No. 06-1595, the United States Court of Appeals for the Sixth Circuit ruled that the protection did not apply to charges made during an internal investigation.

The plaintiff in the case, Vicky S. Crawford, who had worked for 30 years as a payroll coordinator for the Nashville government, had not made a complaint about her supervisor, Gene Hughes. But when complaints by other women led the office to open an investigation, Ms. Crawford answered questions and described behavior that she characterized as harassment. No action was taken against Mr. Hughes, but Ms. Crawford and two other women who had testified were soon dismissed.

Urging the justices to hear Ms. Crawford's appeal, Solicitor General Paul D. Clement said the appeals court's interpretation "creates an unjustified gap in Title VII's protection against retaliation." The government's brief added, "Internal investigations are an integral aspect of Title VII, and there is no reason to leave cooperating witnesses unprotected."

Under the appeals court's analysis, protection against retaliation is available only to those employees who themselves initiate a complaint about discrimination or harassment, or who have made a formal charge with the Equal Employment Opportunity Commission.

The justices did not indicate Friday whether they would schedule the new cases for argument in April, in time to decide them in this term, or whether they would be argued at the start of the next term in October.

Medicare | *USA Today* Examines Future of Medicare, Social Security Benefits for Aging Baby Boomers Amid 'Projected Long-Term Explosion of Health Care Costs'

[Jan 17, 2008]

USA Today on Thursday examined how a "projected long-term explosion of health care costs could force sweeping changes" in Medicare, private health insurance and Social Security, as part of a series on the effects of the retirement of baby boomers.

The Congressional Budget Office estimates that combined spending on Medicare and Medicaid likely will account for 19% of gross domestic product by 2082, compared with 4% today, without changes to the programs. According to the American Academy of Actuaries, elimination of the expected Medicare deficit over 75 years would require a 122% increase in the Medicare payroll tax, a 51% reduction in benefits or a combination of the two.

CBO Director Peter Orszag said of the long-term financial problems with Medicare, "I'm an optimist," adding, "There are opportunities to remove costs from the system without harming health care," such as targeted reimbursements for the most effective treatments. Changes in "how Medicare pays health providers could reduce spending" and "prompt other changes in the broader health care system," and "steps by Congress to reform the broader health care system by moving toward government-mandated insurance or greater use of tax incentives could also affect Medicare," *USA Today* reports.

Tricia Neuman, a Kaiser Family Foundation vice president and director of the Medicare Policy Project at the foundation, said, "There are wide-ranging options," adding, "There are changes that could directly affect beneficiaries ... providers, doctors, hospitals; there are changes that could affect insurers. And there are more structural changes" that could affect health care for all U.S. residents. In addition, she said, "Changes are on the long-term horizon, but it doesn't appear that major changes are imminent in the short term," adding, "The good news for people who are approaching Medicare age is that there is now a drug benefit" (Kirchhoff, *USA Today*, 1/17).

Washingtonpost.com

It Might Take 10 to 12 Times Salary for Retirement

By Martha M. Hamilton
Sunday, January 13, 2008; F01

This year I've resolved to help my daughter get started on saving for retirement. She hasn't worked the types of jobs that have employer-provided savings plans, and a broken jaw and Hurricane Katrina meant a couple of prolonged periods without any work at all.

My plan is to get her into a Roth IRA. A Roth is different from a typical individual retirement account. With a Roth you pay taxes on the money as you put it away but it grows tax-free forever after. Other IRAs don't tax you up front but take a bite after you start drawing out your savings. Since my daughter pays very little in taxes, a Roth is probably a good bet for her.

She has a good chance of never having a traditional pension. As 401(k)s have taken off, the number of private-sector U.S. workers who can count on monthly checks from pension plans after retirement has dropped to 18 percent in 2005 from 39 percent in 1980, according to the Employee Benefit Research Institute. That's why it's critical for all of us to save enough to fund our daily lives after our paychecks disappear.

But how much do you need? One group, the Retirement Solutions Foundation, says you have to put away 10 to 12 times your salary at retirement to have financial security after your working

days are over. But I don't know that there is a single right answer to the question. It depends on how much you spend, how long you live and how much you have.

The grimmest fact, however, is that most of us, my daughter included, are a long way away from having enough set aside for a secure retirement.

As many as 35 percent of all workers have less than \$10,000 in total savings and investments, excluding the value of their homes and any traditional pension, and 48 percent have less than \$25,000 socked away, according to most recent assessment from the Employee Benefit Research Institute.

The numbers are worse for young workers -- 50 percent of those age 25 to 34 have less than \$10,000 put aside. At least they still have time to catch up. That's the good news for my 31-year-old kid.

If you're among the 26 percent of workers 55 and older with less than \$10,000, I hope you have a traditional pension.

Only 7 percent of workers have more than \$500,000 saved -- among workers 55 and older the figure was 17 percent. At the other end of the spectrum, 4 percent of workers aged 25 to 34 had more than half a million dollars in savings.

The low savings level and the widespread absence of workplace savings programs have prompted some changes. Rules governing retirement savings plans have been improved and proposals have been put forward to make the plans more widely available.

More companies are automating enrollment in workplace plans, allowing workers to opt out rather than requiring them to opt in, according to Hewitt Associates, which advises companies on plan design. Automatic enrollment is one of the fixes expected to increase worker savings. About a third of all companies now use automatic enrollment. The participation rate, which is the percentage of salary deducted from the worker's check, is set at 3 percent of salary in most of the plans. Many companies also automatically increase the amount with each year of employment.

Almost all the employers in the Hewitt survey said they contributed to their workplace savings plan. The most common type of match is 50 cents for every dollar the worker saves, usually up to 6 percent of pay. Most also offer a variety of investment options, including target date funds. These funds invest with a specific retirement date in mind, and shift from riskier but potentially more rewarding investments, such as stocks, to more conservative ones as the employee draws closer to retirement.

Fewer companies are using only their own company stock to match employee savings, instead allowing workers greater investment diversification with a broader array of options. Companies that restrict options to their own stock have declined to 23 percent, down from 36 percent in 2005.

Another survey showed that workers on the leading edge of the baby boom have made progress in preparing for retirement. MetLife's Mature Market Institute surveyed 1,000 folks who are

turning 62 in 2008 and found that their net worth (excluding home value) averaged \$257,800. Their average annual income was about \$71,400.

Thirty-one percent plan to apply for Social Security when they turn 62, while another 32 percent say they will wait until age 66 or beyond when they can receive full benefits. Forty-seven percent say they are covered by a traditional pension plan, a benefit of working through an earlier era. Half have a 401(k) plan, and half have an IRA.

Most -- 85 percent -- own their homes which have an average value of \$297,900. A quarter plan to move to another area for retirement, and 22 percent have long-term care insurance.

"They're comfortable being identified as a baby boomer, and, contrary to claims that they're not ready to retire, only 18 percent dislike the term 'retirement' to describe their next transition," said Sandra Timmermann, director of the MetLife Mature Market Institute.

On the other hand, she noted, "On average, as far as they're concerned, they're not really going to be 'old' for another 17 years."

Age 79? Trust me, when we get there, it will be the new 60.

New Yorkers Pay More to Keep Their Homes Warm

By PATRICK MCGEEHAN

New York residents are being hit with an unusual combination this week: unseasonably warm weather and maddeningly large heating bills.

After receiving a bill for nearly \$1,200 on Monday, Maxine Simpson turned off her hot-water heater to conserve oil. Ms. Simpson said that she had been taking just 100 gallons at a time from her dealer — enough to heat her three-family house in Brooklyn for about three weeks — but that those deliveries were costing more than \$330 each.

“It’s hard to just cut back. I’m doing the very best that I can,” said Ms. Simpson, 74, who said that on warm days she ran her water heater for just one hour each morning and one hour each evening.

Despite a relatively mild winter so far, New Yorkers are paying more than ever to heat their homes, largely because of a surge in the prices of oil and natural gas. At an average price of \$3.50 a gallon statewide, the price of heating oil has risen by more than one-third in the past year.

Already, 658,000 low-income households in the state have received federal assistance to help cover their heating costs this winter, said David A. Hansell, commissioner of the State Office of

Temporary and Disability Assistance. That number is down slightly from a year ago, but because of prices, the amount of assistance handed out is higher this year, he said.

Mr. Hansell said state officials had prepared for a significant rise in oil prices, but even a conservative approach had underestimated the surge.

Mr. Hansell's office, which administers the state's allocation of federal heating assistance, raised the maximum benefit a New York household could receive to \$540 this winter from \$440 last year. But that increase, of nearly one-fourth, will buy less than 30 gallons of additional heating oil in New York City, where the average price exceeds \$3.50 a gallon. Assuming that each household uses about 800 gallons of oil, Mr. Hansell estimated that the typical homeowner could spend \$2,400 on fuel this winter, up from about \$2,100 last year.

Federal officials are unlikely to employ emergency measures, like releasing petroleum or heating oil from strategic reserves, because the rise in oil prices was not caused by a disruption of supply or unusually high demand, state officials and oil industry executives said.

"Right now we don't have a supply and demand issue," said John Maniscalco, executive vice president of the New York Heating Oil Association, a group representing fuel dealers and related businesses. "We've barely even had a winter."

Mr. Maniscalco said the high prices — crude oil has been trading for more than \$95 a barrel after briefly cracking the \$100 level for the first time last week — were due to "runaway" speculation by commodities traders. His group has been lobbying Congress to tighten the rules on commodities trading to reduce the effect of speculation.

With the price of oil so high, many aid recipients have already used up their federal allotments for this winter, state and local officials said. This has spurred Gov. Eliot Spitzer and several legislators, including Senator Charles E. Schumer, a New York Democrat, to call on President Bush to release \$586 million in contingency funds that would supplement the federal assistance. A spokesman for Mr. Schumer said on Wednesday that the senator had received no response to his appeal to the president, made two months ago.

The contingency funds are intended to help victims of heat waves as well as cold spells, so the president often does not release them until the end of the summer.

“New Yorkers are in for real sticker shock when they get their home heating bills this month,” Mr. Schumer said. “High home heating prices particularly hurt senior citizens who are on a fixed income and are forced to make tough choices when the prices spike.”

Ruby Lindsey Roberts recalls paying just 16 cents a gallon for the oil that heated her house in Crown Heights in 1956. Half a century later, Ms. Roberts said she feared that she would not be able to afford any more oil.

“I’m about three days from freezing,” said Ms. Roberts, who estimated her age at 86. “Thank God for these hot days.”

Ms. Roberts said that her oil dealer had already received \$420 in federal aid on her behalf, up from \$400 last year. She said the company, which has supplied her oil for 51 years, had generously supplied her with 100 gallons recently but warned her that it could not deliver any more without an additional payment.

On Tuesday, Ms. Roberts was trying to arrange an emergency subsidy to cover her next delivery.

Under the federal program, households with less than a 10-day supply of fuel and no means to pay for more can receive an emergency grant of \$600, said Phyllis Morris, director of the state’s energy assistance program. That amount was meant to cover an additional 200 gallons when calculations were made in the summer, Ms. Morris said, but now it will pay for only 175 gallons or less.

Some customers of utilities that supply natural gas also are feeling the squeeze.

“We’ve been using electric space heaters and keeping the thermostat at 58 degrees, and my bill still doubled,” said Katie Abbott, who shares a two-bedroom apartment in Tonawanda, north of Buffalo, with her boyfriend. “I sleep with a couple of blankets, a down comforter, and it’s still cold.”

A customer of National Fuel Gas, Ms. Abbott, 25, said the December bill was \$368, nearly double the \$190 they paid in November and about \$100 more than they paid for December 2006. On Tuesday afternoon, Ms. Abbott applied for a Heating Energy Assistance Program grant at the county agency that administers the federal program in downtown Buffalo.

Despite Ms. Abbott's experience, a spokeswoman for National Fuel Gas, Julie Cox Coppola, said the company had forecast that its customers' bills would rise by just 6.5 percent from November 2007 to March 2008.

In the New York metropolitan area, Con Edison supplies about 300,000 customers with natural gas for heating, said Elizabeth Clark, a spokeswoman for Con Ed. On average, those customers' bills will rise this winter by about \$18 a month, or 3.6 percent, because the company is spreading a rate increase over three years and has bought hedges against the rising cost of gas in the commodities markets, she said.

Finding Day Care -- For Your Parents

Choices Grow for Increasing Numbers Of Baby Boomers Who Have Frail Relatives They Are Reluctant to Leave Alone

By **JEFF D. OPDYKE**
January 10, 2008

On any given day, Luther Manor, in the suburbs of Milwaukee, provides day-care services for 58 people. Demand has grown in recent years, and the center has no more slots. Now it's looking to build a satellite campus.

But the people left in Luther Manor's care every morning by commuters aren't children, they're adults -- the parents of the folks rushing off to work.

It's a scene played out every day at more than 3,500 day-care centers across the U.S., as baby boomers and others seek quality care for frail parents unable to stay at home alone. Some are looking for relief from the care they're providing around the clock. Others want an option that lets them go to work but is more affordable, reliable and stimulating than hiring a home health-care aide.

The result is that adult day care, an industry that began in church basements with bingo and bag lunches, is becoming an increasingly important player in the burgeoning business of elder care.

National data are sketchy, but individual facilities around the country report demand is growing at between 5% and 15% a year, depending on location. The National Adult Day Services Association, a trade group, reports that these centers care for about 150,000 residents daily. But the actual number enrolled is much higher, since not every person enrolled in a program attends each day. By some industry estimates, adult day care serves at least 400,000 people nationally.

Granted, the numbers remain relatively small. That's largely because "there's still a stigma attached to 'day care,' " says Sue Meier, administrator at Landmark Home Healthcare, which serves Pennsylvania's Allegheny County, home to one of the oldest populations in the country. "People think, 'day care,' and think this is childlike care -- and it's not."

The federal Centers for Medicare & Medicaid Services last year began a three-year pilot program that allows a portion of Medicare home health-care benefits to go toward adult day care. Under the program, Medicare gets a 5% discount on what it otherwise would pay for a patient's home-health costs. Medicare, the federal insurance program for the elderly and disabled, otherwise doesn't cover adult day care.

Metropolitan Life Insurance Co. found that the national average cost for adult day care is about \$61 a day. The hourly rate for a home health aide -- who generally provides custodial care -- is \$19 or \$114 to \$152 for a six- to eight-hour day.

Of course, day care can turn into a nightmare. The Texas Department of Aging and Disability Services in 2006 found that among the 10 most frequent complaints are neglect, mental and physical abuse and theft.

Medicare officials say the results of its pilot program have been encouraging, though.

At Landmark Home Healthcare, in Allison Park, Pa., one of five Medicare pilot sites, hospital readmission rates for participants in the pilot project are less than half that for the population not participating. And at Neighborly Care Network, a not-for-profit operator of four adult day-care facilities in the St. Petersburg, Fla., area, 47% of the Medicare participants re-enroll after their Medicare dollars run out -- an indication that attendees and their family members increasingly see the benefit of adult day care.

In a nod to the aging of the population, MetLife last fall for the first time included adult day care as a distinct category in its annual report on costs in the long-term care industry. Adult day care "is becoming increasingly recognized within the long-term care community for the array of services available," says Kathy O'Brien, senior gerontologist with MetLife's Mature Market Institute.

The industry also has spawned franchising. Sarah Adult Day Services Inc., based in Canton, Ohio, had six centers before it began franchising its 22-year-old operation in 2004. Now it has 54 SarahCare Adult Daycare Centers either open or in some level of development in about a dozen states. Each center serves between 40 and 50 people a day, and offers day-spa services such as salons.

"We were getting a lot of requests from agencies that fund us and from our own families saying they wished we had a SarahCare" in more communities, says Chief Executive Merle Griff.

Next Up for Guitar Hero?

At its core, adult day care is custodial care for seniors who cannot care for themselves at home. It usually goes beyond a glorified sitter service, though, offering everything from medication management and physical therapy, to nursing care, exercise and grooming. States generally require that adult day-care centers be registered or licensed in some fashion, though laws vary. Most centers will have a registered nurse available during the day, particularly at centers providing medical treatments.

Activities range from cognitive games for dementia patients to baking and art classes. The Milwaukee area's Luther Manor has a German Club run by a local college student. The Foundation for Senior Living, a Catholic charity in Phoenix, is installing Nintendo Wii videogame consoles to entertain attendees and keep their minds and bodies active.

The foundation, which cares for about 600 participants in six centers around Phoenix each day, is set to open three or four more facilities over the next 18 months because of growing demand across the region. "Many seniors are living with family members, so we're offering in an adult day-care setting the kinds of services they'd find" at a nursing home or assisted-living center, says Guy Mikkelsen, the foundation's CEO.

Three years ago, Grace Tatum, in Milwaukee, left her job at FedEx Corp. to care for her mother, who has Alzheimer's disease. Ms. Tatum enrolled her mother at Luther Manor for four hours a day, five days a week, partly for the activities her mom needs and partly because of cost.

Security Questions

"I can't afford to have someone come in and sit with my mother for all those hours," Ms. Tatum says. Having her mother in a day-care facility also avoids security issues that might arise at home.

Medicaid, the state and federal program for the needy, generally will pay for custodial needs such as adult day care. But many elderly people have too high an income to qualify for Medicaid. "There's a growing demand among people who pay privately, and whose parents live with them, and who see this as a way to afford the care their parents need," says Sara Myers, executive director at the Washington Adult Day Services Association, a local industry coalition in Seattle.

Jan Nestler, executive director at Elder and Adult Day Services, a Bellevue, Wash., not-for-profit that operates four day-care centers around Seattle, says that in the past five years, private payment has grown to about 30% of the business from 20%. Enrollment growth has been so robust -- 10% to 12% a year -- that the group is closing a center that routinely hits its 40-person daily capacity and is opening a center that can accommodate 70 people a day. "We expect the new place will be filled in about three years," so the agency already is planning for another facility, Ms. Nestler says.

Sharpening the Mind

On a recent Friday morning at Francis House, in Baton Rouge, La., the day begins for its 30 or so participants as early as 7 a.m. Caregivers lead the group in the Pledge of Allegiance and in singing "God Bless America," trying to assess each person's mental acuity, which can change day to day.

A light breakfast of grits, fruit or cereal is served at 9 a.m., and a hot lunch arrives early afternoon. The rest of the day is filled with activities. In one part of the 8,000-square-foot facility, a worker stands in front of a white board quizzing 15 dementia patients about words that

start with the letter "P" -- a way to stimulate recall abilities. Elsewhere, a Bible-study class is under way, while those in the "walking club" use the corridors as a track. A nurse makes rounds to check on health issues.

By 6 p.m., the last of the day's attendees heads home. The cost: around \$60 for a day that can stretch to 11 hours, compared with local rates of \$12 to \$17 an hour for an in-home health aide trained to handle personal care and meal preparation.

Anna Lea, a computer analyst at a Baton Rouge hospital, brings her 84-year-old mother to Francis House each morning and picks her up by 5 p.m. Ms. Lea and her mother, who is in the late stages of Alzheimer's, live together, and Ms. Lea has no interest in putting her parent in a nursing home -- or at least wants to delay that for as long as possible.

Yet Ms. Lea must work, and her mom "needs more activity than she'd get with someone just watching her at home all day," Ms. Lea says. With adult day care, "I feel secure that she's in good care, and it gives me the opportunity to work and to do my errands before I pick her up."

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