



Child Care Options for Employers

Child Care Solutions:
It's Good Business

Numerous studies have documented that offering child care assistance helps employers recruit and retain workers, reduce absenteeism and turnover, and improve productivity. There are a wide variety of child care benefits and supports that you can offer your employees. All of the options described here can be implemented solely within your company or as part of a larger community initiative. Many of these options can be implemented with little to no cost to the company.

PROVIDING INFORMATION

Employees with child care needs are often unaware or unsure of where to turn for answers to questions about child care. In order to help employees become effective and well-educated consumers, employers can provide information to their employees and/or community.

- **Resource and Referral Services** provide employees information and counseling about available child care arrangements. This service often includes education for parents about what constitutes quality programs and subsidies available for lower-income families. In some cases, resource and referral services provide training and education for providers and help employers plan for and meet the child care needs of their employees.

- **Parenting or Child Care Seminars** inform working parents about available child care resources and parenting supports. Local resource and referral professionals can be invited to make presentations to your employees. Information can also be disseminated through bulletin boards, newsletters, or a library.

Advantages:

- Low cost
- Assists employees with a variety of child care needs
- Can improve quality of care by supporting provider education
- Appropriate for any size company
- Can be provided in a variety of locations
- Provides a good interim step while companies decide what other programs to support
- Can link with resource and referral agencies that have expertise and knowledge

Considerations:

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

FLEX-TIME AND LEAVE POLICIES

In trying to balance work and family responsibilities, time and scheduling problems often arise. Parents' work schedules are interrupted by child care breakdowns, illnesses, and family needs that cost employers in lost work time. Employers can help avert these conflicts through flex-time and flexible leave policies.

Flex-Time Options

- **Compressed Time:** Full-time work with more hours per day, but fewer days per week.
- **Flexible Scheduling:** Employees adjust their arrival and departure times around designated "core hours" or a certain number of hours per day or week.
- **Job Sharing:** Two or more people share one full-time job.
- **Part-time options:** Part-day, part-week, part-month, or part-year work involving prorated pay and benefits.
- **Telecommuting:** Employees work from home one or more days a week.

Leave Policies

- **Extended Parental Leave:** Time off for the birth or adoption of a child or to care for a child with serious health problems. Leave time may be paid or unpaid and the policy provides

guarantee of same or equivalent job when returning to work.

- **Use of Sick Leave for Family Illness:** Employees who receive a varying number of paid sick days can use these days to care for any ill family member.
- **Personal Leave:** Allows employees a specified number of days (with or without pay) to deal with unexpected, short-term emergencies.

Advantages:

- Reduces employee stress and absenteeism and improves morale and productivity
- Reduces nonproductive work time
- Expands pool of potential employees; enhances recruitment and retention of employees

Considerations:

- May require greater planning and control over work flow on the part of managers and work teams
- May disrupt work flow if not carefully planned
- Administrative costs may be high when an option is first implemented, depending on existing systems
- May require manager training to effectively implement

PROVIDING FINANCIAL ASSISTANCE TO EMPLOYEES

Child care expenses can place severe financial strain on a family. Costs for child care can range from \$1,500 to \$15,000 per year, depending on child care fees and the number of children in a family. Many families spend at least 10% of their income to pay for child care services. In single-parent or low-income families, that percentage can be considerably higher. The high cost of care prevents some families from choosing the highest quality care. As a result, parents may select unstable arrangements that create greater stress and reduce their effectiveness at work, and may compromise their child's development. Employers can help families with child care costs in a number of ways.

- **Dependent Care Spending Assistance Plan (DCAP):** Money is set aside from an employee's gross salary into a nontaxable spending account to pay for child care. Neither the employer nor the employee pays taxes on the amount of salary reduced for child care. The employee is able to pay for child care expenses with tax-free dollars.
- **Flexible Benefit Plans:** Also called a "cafeteria plan," these plans allow employers to offer a range of benefits. Employees choose from a menu of benefits and customize their benefits package. For example, some employees may have health

insurance provided by a spouse's employer and may choose a child care benefit instead.

- **Child Care Vouchers or Reimbursements:** An employer offers workers a child care allowance or subsidy that families can use toward a child care arrangement of their choice. The employer contribution can be a percentage of the total cost of care, a flat amount for all participating employees, or determined by a sliding scale based on a family's income.
- **Child Care Vendor Plan:** An employer or group of employers contracts with a local child care program to reserve slots for company employees. The employers pay a portion of the employee's child care costs directly to a child care program.

Advantages:

- Most options require little administrative responsibility
- Can support and strengthen community services
- Appropriate for any size company
- Does not require capital investment or start-up costs

Considerations:

- Some options can be costly
- Only impacts the cost of care; not a solution for low supply or poor quality.

CREATING AND SUPPORTING CHILD CARE SERVICES

When employers identify a shortage of child care facilities or programs in the community, they can elect to provide or support the creation of those services themselves.

- **On-Site or Near-Site Child Care Center:** An employer develops a new child care center on or near company premises. Employers subsidize the construction and/or operating costs of the center, and it is often run by an outside provider.
- **Partnering with Other Employers:** A group of geographically close companies share the expenses of operating a child care center for their employees. This option is particularly suitable for small companies, downtown businesses, industrial parks, and shopping malls.
- **Family Child Care Network:** Family child care is offered for a small number of children in the provider's own home. Companies can form or fund networks of family child care homes to provide child care for their employees or members of the community. The employer may also recruit and train providers to meet specific child care needs for their company. Such networks are well suited to businesses that require employees to work early, late, or weekend shifts.
- **Back-up or Emergency Care:** Employers provide choices for short-term care of employees' children when normal care arrangements fall through, such as when the provider is sick or during unexpected school closings. Back-up care can be provided on-site or through contracted providers.
- **Sick Child Care:** Employers provide in-home or center-based care for children who are mildly ill or recovering from a health problem that keeps them from attending school or their usual child care arrangement.
- **Odd Hour Care:** Employers provide in-home or center-based care for children during nontraditional hours, such as during a late shift or on weekends.
- **Before/After School Programs:** Employers provide supervised activities for school-age children before school, after school, and during school holidays and vacations. These programs can be housed in various buildings around the community. Many employers also provide transportation between the company, the programs, and the school the child attends.
- **Summer Camp and School Holiday Care:** Employers offer or sponsor programs on-site or in the local community to provide care for children during summer vacation or on school vacation days.

Advantages:

- Can address specific needs and/or shortages, such as after school care or back-up care
- Builds community resources for families
- Can be a very effective recruitment tool
- Cuts absenteeism and tardiness caused by unreliable child care arrangements
- Can adapt hours and programs to employee needs

Considerations:

- Start-up costs can be significant
- Requires long-term financial commitment
- Demand may fluctuate or be difficult to predict
- May take time to build stable enrollment

The bottom line is that our efforts to support employees' work-family priorities are good business. They are neither 'perks' nor 'giveaways.' These tools will help us attract, motivate, and retrain people who are more likely to be more dedicated, more focused, more innovative, and more productive."

***- Randall L. Tobias
Chairman and CEO, Eli Lilly and Co.***

Choosing A Child Care Program or Policy

When choosing a child care assistance program, you should consider the following factors:

1. **Your objectives:** What do you hope to achieve by offering child care assistance?
2. **The needs of your employees:** What are your employees' most pressing child care needs? What types of assistance would address those issues?
3. **Community resources:** What services are already being offered? What service gaps exist that the company could fill?

CHARACTERISTICS OF SUCCESSFUL EMPLOYER-SUPPORTED CHILD CARE PROGRAMS

The National Employer-Supported Child Care Project conducted a survey of various employer-supported child care programs in a variety of industries. An analysis of that survey found that the most successful employer-supported programs shared several characteristics.¹

1. High quality programs.

Companies report that high quality programs—those with well-educated

¹ Burand, Sandra, et al., *Employer-Supported Child Care: Investing in Human Resources*, Auburn House, 1984.

staff, adequate staff-child ratios, and age-appropriate educational programs—have a greater potential to attract and retain workers and to maintain high morale.

2. **Comprehensive programs serving a variety of child care needs.**

Programs that address a wide range of child care needs are more likely to be successful in attracting workers and in reducing turnover and absenteeism. For instance, programs that make child care more affordable, accessible, and available affect the workforce more than those accomplishing only one of those goals.

3. **Programs adequately supported by the company.** Support by the company takes several forms, including financial contributions and in-kind donations of services, space, or products. In many cases, a higher level of support from the company provides more benefits to

parents, improves the quality of programs, and expands the supply of available care.

4. **Programs designed to complement community resources.**

Programs that fill the gaps in community care services, rather than duplicate existing services, offer the greatest benefit to employers.

5. **Programs designed according to employee preference and with employee involvement.** Tailoring programs to accommodate employee preferences generally improves their utilization. Employee involvement in the planning process often reduces the risk of unrealistic expectations about the scope of the program and enhances its value for labor-management relations.

In the 1998 Business Work-Life Study conducted by the Families and Work Institute, many firms, both small and large in size, reported that they are making substantial investments in child care.

- Over 80% of employers surveyed allow new parents to return to work gradually after childbirth or adoption.
- Over two-thirds of firms allow flexibility in the time that employees start and end work; over half allow employees to work at home occasionally.
- Over half of employers allow employees to move from full-time to part-time work while remaining in the same position or level; over one-third allow job-sharing.
- Half of employers offer dependent care assistance plans; more than one-third offer child care resource and referral services.
- One in ten firms offer on-site or near-site care.