

Coloring Outside the Lines

A Creative Guide for
Business Participation
in the Childcare Solution



CHILDCARE TOOLKIT 2020



Resources

BUSINESS RESOURCES

Executives Partnering to Invest in Children (EPIC) coloradoepic.org

“How Some Companies Are Making Child Care Less Stressful for Their Employees”, Harvard Business Review
hbr.org/2017/04/how-some-companies-are-making-child-care-less-stressful-for-their-employees

“Your Complete Guide to 2020 U.S. Small Business Tax Credits”, Freshbooks
freshbooks.com/blog/8-tax-credits-every-small-business-owner-should-know-about

TO LEARN MORE

Child Care Action Council (CCAC) ccacwa.org
Childcare Aware Washington childcareawarewa.org

FIND CHILDCARE

Childcare.gov childcare.gov
Childcarecenter.us childcarecenter.us
Washington State Department of
Child, Youth & Families (DCYF) findchildcarewa.org

Sources

Washington State Child Care Industry Assessment (2020)

Washington Department of Commerce
<https://www.commerce.wa.gov/wp-content/uploads/2020/08/Child-Care-Collaborative-Task-Force-Industry-Assessment-Report.pdf>

The Mounting Costs of Childcare in Washington State (2019)

Association of Washington Business Institute; Child Care Aware of Washington; Children’s Alliance; Department of Commerce; and the U.S. Chamber of Commerce Foundation
<https://www.awb.org/wp-content/uploads/mounting-costs-report-2019.pdf>

The US and the High Price of Child Care: An Examination of a Broken System (2019)

Child Care Aware of America
<https://info.childcareaware.org/hubfs/2019%20Price%20of%20Care%20State%20Sheets/Final-TheUSandtheHighPriceofChildCare-AnExaminationofaBrokenSystem.pdf>

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Background

In Washington, over half of the annual state budget goes toward K-12 education, yet the state spent just over one percent of those funds on childcare and early learning. The industry has been in crisis for decades, with many parents unable to afford the average of \$14,000 annually in daycare costs. At the same time, childcare providers typically earn minimum wage, and workforce turnover is high. Now, the COVID-19 pandemic has forced national attention on an issue too long ignored.

For childcare centers, the most significant impact of COVID-19 has been declining enrollment. Meanwhile, parents are scrambling to find solutions for remote schooling

Across the Pacific Mountain region, we are seeing many organizations come together to address this growing issue. The South Sound YMCA and Boys & Girls Club of Thurston County have modified and expanded their services; Thurston Strong launched a childcare grant program and a microgrant program; United Way of Lewis County has distributed COVID-19 relief funds to local organizations, including Boys & Girls Club of Chehalis; Grays Harbor, Mason, and Thurston counties received \$60,000 from Department of Commerce for their County Child Care Collaborate project; and Pacific Mountain Workforce Development Council is exploring training programs to ‘upskill’ childcare workers to open their own businesses across the region.

In addition, community leaders are looking into subsidies, vouchers for parents and a Co-op model of childcare operations, along with policy changes to provide more significant support for both parents and providers.

In the long run, sustainable solutions will require a partnership between government and business. The Thurston Chamber applauds these efforts because high quality, affordable childcare is essential for a prosperous and healthy economy and community.

Introduction

High-quality, affordable, and accessible childcare plays a crucial role in childhood development, while also having a significant impact on the economic growth and competitiveness of businesses across the nation. Nevertheless, we are facing a childcare crisis that threatens the strength of the workforce of today and quality of the workforce of tomorrow.

In the past, traditional schooling (K-12) has been seen as the start of a child's education. However, we now know that a child's education begins at birth. A comprehensive education system is the foundation of a successful society and economy.

Because we understand the need and importance of early childhood education, the Thurston County Chamber of Commerce is committed to supporting efforts to increase access to quality programs that serve children from birth to age five.

We must ensure that children from birth to age five have access to high-quality programs—whether we call it childcare, preschool, or early education—that support their emotional and cognitive development and lay the critical foundation in the early years that is necessary for success in school and beyond. For young children, every environment facilitates learning.

This toolkit provides resources to empower leaders in the business community to advocate for, and advance access to, high-quality, affordable childcare for employees. This includes the widespread impact that the childcare crisis has on workforce, businesses, and the economy as a whole, as well as best practices and practical advice on how business leaders can engage.

No one sector can solve this challenge alone, but strong leadership from the private sector can change the trajectory of our workforce and our country.

Workforce Impact CURRENT

Over the past fifty years, the structure of work and family has fundamentally shifted. Today, many families cannot afford to live on only one income, so oftentimes both parents are working full-time, making childcare more critical than ever.

61% of Washington children live in homes where all adults work

While men have progressively taken on more of a parental role, women still perform the majority of unpaid parenting duties. Women entering the workforce over the years has resulted in significant economic gains, but women's labor force participation has stagnated in recent years, in part due to a lack of childcare options.

Nearly half (47%) of unemployed parents found childcare issues a barrier to seeking employment—51% among female jobseekers compared to 41% among male jobseekers.

Turnover and missed work due to childcare issues has presented significant challenges for businesses and employees alike. According to Elway research, 18% of employees in Washington with children under age six quit a job in 2019, and an additional 9% were fired because of childcare issues. Not only does this adversely affect employees and their families, but it also leads to high costs for employers to recruit, onboard, and train new hires.

74% of employees in Washington say childcare problems impact work.

A lack of affordable childcare also causes working parents to miss opportunities to advance in their career, obtain higher education, and/or participate in work training programs which would ultimately lead to higher wages and a more skilled workforce.

Nearly one in five (18.3%) parents surveyed by the Washington Department of Commerce turned down a job offer or promotion due to childcare issues, more often among Black and Native American parents.

ADDRESSING THE Economic Impact

It is estimated that Washington’s employers incurred \$2.08 billion in costs due to employee turnover and absenteeism caused by our state’s childcare crisis.

There are many ways that policymakers could tackle this issue. For example, if childcare expenses were capped at 7% of a family’s income, a typical Washington family with an infant would save \$9,159 annually on childcare costs. This would free up 15.8% of their (post-childcare) annual income to spend on other necessities to subsequently invest in Washington’s economy.

This reform alone would expand Washington’s economy by 0.9%; that’s \$4.6 billion of new economic activity.

“Childcare is not just a working parent issue, it’s an economic issue,” said Washington State Department of Commerce Director Dr. Lisa Brown. “In addition to hurting children and families, the lack of access to quality, affordable childcare impacts employers, weighing on the economic vitality and growth that strengthens communities throughout the state.”

2019 Monthly Price of Childcare WA Statewide Median and 75th Percentile

	Childcare Centers		Family Childcare Homes	
	Median	75th Percentile	Median	75th Percentile
Infants	\$1,211	\$1,525	\$920	\$1,178
Toddlers	\$1,040	\$1,332	\$840	\$982
Pre-School	\$923	\$1,200	\$758	\$886
School-Age <small>= 20 hours of care per week</small>	\$550	\$711	\$433	\$607

EFFECTS OF COVID-19 ON

Childcare Providers

Childcare providers in the Pacific Mountain Region were impacted drastically by the COVID-19 pandemic and resulting state closure.

In January of 2020, there were a total of 323 childcare providers throughout the Pacific Mountain Region. As of August, 20 of those sites have closed permanently and an additional 67 have closed temporarily. That leaves a total of 236 operational facilities across Thurston, Mason, Grays Harbor, Lewis and Pacific Counties.

“At the [South Sound] YMCA, we went from providing childcare to 1,000 families pre-COVID-19 to just a little over 200 families during March through June, a volume not even a third of what it was previously.” said Kyle Cronk, President, South Sound YMCA.

Childcare Providers by Type of Care (January 2020)

County	Center	Family Child Care	School Age Only Program	Outdoor Preschool	Grand Total
Grays Harbor	21	32	0	0	53
Lewis	24	14	1	0	39
Mason	12	17	1	1	31
Pacific	4	7	0	0	11
Thurston	62	96	32	0	190

Childcare Providers by Type of Care (August 2020)

County	Center	Family Child Care	School Age Only Program	Outdoor Preschool	Grand Total
Grays Harbor	22	25	0	0	47
Lewis	24	14	1	0	39
Mason	11	16	1	1	29
Pacific	4	5	0	0	9
Thurston	61	86	32	0	179

Current Count of Providers Reporting Temporary Closure Due to COVID (as of 8/21/2020)

County	Center	Family Child Care	School Age Only Program	Outdoor Preschool	Grand Total
Grays Harbor	5	4	0	0	9
Lewis	5	0	0	0	5
Mason	4	3	1	1	9
Pacific	3	0	0	0	3
Thurston	9	9	23	0	41

EMPLOYER-PROVIDED CHILDCARE

Tax Credit

If you are an employer and you provide childcare facilities for your employees either on-site or through a contract or referral program with an outside childcare facility, then you can qualify for an Employer-provided Childcare Tax Credit. It appears most employers don't provide childcare, or, if they do, they haven't taken advantage of this tax incentive.

This credit is for 25% of the amount paid for childcare expenditures (for such things as constructing and maintaining the property) plus 10% of "qualified childcare resources and referral expenditures," with the resulting credit capped at \$150,000 per tax year.



HOW BUSINESSES CAN

Support Employees

When businesses invest in childcare, they see results. Parents who have access to high-quality care are more productive, and businesses that offer childcare and family-friendly policies are better able to attract and retain talent. All employees, no matter their gender, should have access to childcare benefits to ensure equal opportunities for advancement.

Childcare Subsidies

To reduce the cost of childcare, businesses are able to subsidize the employees' incurred expenses. Childcare subsidies are a valuable and relatively inexpensive way to reduce employees' childcare costs. A company that subsidizes half the cost of childcare for a worker with two children under 5 years old will spend roughly \$10,000 per employee each year.

There are two ways to do this:

- 1) Make direct payments to employees with children and workers can spend the money however they see fit.
- 2) Partially subsidize childcare with chosen care centers or certain childcare workers. Employees and companies then share the cost.

Flexible Childcare Spending Accounts

Flexible childcare spending accounts are a childcare benefit that provide employees options and are highly valuable and moderately inexpensive.

A Dependent Care FSA (DCFSA) is a pre-tax benefit account used to pay for eligible dependent care services, such as preschool, summer day camp, before or after school programs, and child or adult daycare. Employers can also offer matching funds.

Back-Up Childcare Assistance

Back-up childcare assistance gives employees a safeguard for when unexpected issues arise.

For businesses, back-up childcare assistance is very effective and moderately inexpensive. With this option, businesses partner with select service providers to offer complimentary emergency childcare at an employee's home or at the provider's local location.

Often, back-up child care is structured similarly to sick days: Employees are entitled to a certain number of days each year, but after using those days are required to pay a partial fee (often \$25 to \$50 per day) to utilize these services.

HOW BUSINESSES CAN

Support Employees

CONTINUED

On-Site Childcare

On-site childcare provides employees a company-funded childcare facility at or near their office. In-office daycare can be offered during and after the school day.

On-site childcare is an extremely useful benefit for parents, but is also very expensive for businesses. Companies should expect to spend at least \$500,000 per year for an on-site childcare program. Generally, this route is for very large corporations.

Options for providing in-home childcare include:

- 1) Contracting childcare services from an outside company
- 2) Operating and managing their own in-house childcare team
- 3) Charging "tuition" or offering complementary services to employees

Despite tax benefits and improvements in employee retention, on-site childcare is a significant investment.

Flexible Employee Schedules

More than 40% of employees say that flexible scheduling is their most valued benefit.

Flexible employee schedules are also an effective and inexpensive childcare benefit because it provides working parents the opportunity to work without missing their children's activities and commitments.

With the rise of telecommuting, more employees can complete their work at home, so businesses typically need to spend nothing to provide their workers flexible schedules.

Predictable Employee Schedules

An unpredictable work schedule can make it difficult for working parents to schedule for their childcare needs. Predictable employee schedules are an effective and inexpensive childcare perk that make child-rearing easier for employees.

IN CONCLUSION, businesses can reduce employee turnover and improve worker performance by considering the costs and benefits of different childcare options and choosing to offer the programs that make the most sense for their employees' lives and their company's budget.

How 11 Large Companies

HELP THEIR EMPLOYEES PAY FOR CHILDCARE

1) Clif Bar & Company “Base Camp” is an aptly named, on-site childcare center for Clif Bar & Company. This facility is still costly for families—prices range from around \$500 a month for preschoolers to around \$1,200 for infants—but having a guaranteed spot at an employer-run center addresses the shortage of available childcare center placements.

2) Aflac This insurance company offers on-site childcare at its headquarters and on- or near-site backup childcare at the rest of its offices across the country.

3) Patagonia This outdoor clothing company has been providing on-site childcare for 33 years. Babies and toddlers are welcome, as are school-aged children who are bussed to the site afterschool.

4) General Mills At the General Mills headquarters, both on-site and backup daycare are available for workers throughout the organization.

5) Goldman Sachs Workers at its New York and Jersey City locations receive 40 days of free on-site childcare as part of the organization’s infant transition program. Most of its other locations have backup childcare facilities, including one center with a child-sized rock-climbing wall.

6) Publix This Florida-based grocery store empire provides on-site childcare at its corporate headquarters with comparable pricing to childcare facilities nearby. Parents are even encouraged to take time each day to pop into the center and have lunch with their kids.

7) Citi Bank Though this financial institution doesn’t provide full-time, on-site childcare, it offers backup childcare for up to 15 days per year at some of its locations. Rates start at \$25 per child, per visit and cap at \$45 per family, per visit.

8) SAS Institute Employees of this software company’s North Carolina headquarters and some regional offices are eligible for paid on-site childcare after one year of service. The company is so kid-friendly it even offers octopus-shaped hot dogs in the cafeteria.

9) Intuit This personal finance software company’s employees have a couple of options when it comes to childcare: it offers backup care for last-minute needs and ongoing childcare if you need it for the long haul, as well as a tax-free, company-based flexible spending account.

10) The Summit Center One of the largest human service organizations in western New York, this nonprofit takes childcare seriously. Some locations offer on-site daycare, and the organization also offers “other benefits that promote a family-friendly environment.”

11) Intel Though its childcare facilities are off site, this tech company partners with local childcare centers to give employees priority slots at nearby childcare centers. They also offer prepaid backup care, access to summer camps and tax deferral options to help pay for it all.

How Business Leaders

CAN AFFECT CHANGE

1) Learn the Facts

Understand why early education matters to your business' bottom line and the American economy and make the case for high-quality childcare when speaking with business colleagues and policymakers.

2) Get Involved Locally

Join or create an early childhood business coalition to educate the public and your peers. Business leaders often hold unique influence in local communities and can rally support of public investment in effective early care and learning programs.

3) Lead by Example

Develop policies that support employees who have young children. Establish a childcare benefits program and consider creating an on-site childcare center.

4) Initiate Local Innovation

Create a team of local business, community and childcare leaders to identify new partnerships, and develop community-wide strategies for improving access to and delivery of high-quality childcare.

5) Be Philanthropic

Use corporate social responsibility funds for programs and initiatives that support high-quality childcare. Invest philanthropic dollars in organizations and providers that support early care and learning programs for low-income children. Donate materials like books and art supplies to under-resourced local childcare providers.

“Increased investment from the state and federal government, as well as from one of the primary beneficiaries of childcare – the business community – would go a long way toward alleviating the childcare crisis.”

- Ryan Pricco, Director of Advocacy and Policy at CCA of WA



CASE STUDY PROVIDED BY THE U.S. CHAMBER

The Home Depot

A Case Study of Employer-Supported Childcare



Put customers and associates first and the rest will take care of itself. Companies that offer an array of childcare support services for their employees see decreased absenteeism and increased productivity and are better able to attract and retain talent. For example, studies have shown that when companies provide childcare, employee absences decrease by up to 30% and job turnover declines by as much as 60%.

It's these types of returns that made creating a range of childcare support benefits – from on-site childcare to backup care – a no-brainer for The Home Depot. This case study looks at how The Home Depot decided to implement these programs, what design elements were essentials, and the success of the programs.

In the Beginning

Headquartered in Atlanta, Georgia, The Home Depot employs more than 400,000 people nationwide. Since the beginning, the company has followed a simple premise from its founders: Put customers and associates first and the rest will take care of itself. Today, almost 40 years after the company began, this spirit remains alive and well, with corporate headquarters referred to as the “Store Support Center” (SSC) – meaning everything it does supports its retail locations and the associates working there.

So, when the leadership team was approached about childcare by a group of interested parents, The Home Depot benefits team believed that taking a look at the spectrum of care solutions was a no-brainer. Not only did the idea follow the vision of its founders, but the team also saw this as key to investing in the future of the company and as a mechanism to attract the very best and brightest talent. The inherent appeal of the idea was obvious, but the question was: Could some of the common roadblocks such as finding space, financing, and liability be overcome?

Key Takeaways

Childcare benefits should be seen as an investment in your workforce and bottom line, not a cost. Parent groups – either formal or informal – can be a great generator of ideas and are a way to make workers feel valued and, in turn, engender loyalty to the company. If you don't already have a parent group, create one, or foster an existing one.



U.S. Chamber of Commerce

(continued)

From Idea to Delivery

CFO and Executive Vice President of Corporate Services Carol Tomé championed the effort and created a cross-functional team led by the Benefits Department with participation from Finance, Tax, Legal, Building Services, IT, Security and more to bring the programs to life. In considering the implementation of the program, the team looked for a partner that could help provide the best options for the associates, both at the corporate office as well as in the more than 2,000 U.S. retail locations. The team decided to partner with Bright Horizons, a company that offers employer-sponsored childcare, early education, and work/life solutions. From concept to rollout, the process took about two years.

The Solution

The Home Depot created a suite of childcare support service options to meet the range of employee needs.

- **On Site Childcare** A childcare facility that offers 278 full-time spots for any of The Home Depot associates in the Atlanta area and is available to children ages 6 weeks to 5 years old.
- There are an additional 48 spots for school-aged children during summer and school breaks.
- **Backup Care** While the logistics of providing on-site childcare for all the retail stores proved to be unworkable, The Home Depot decided to offer eligible associates backup care when they need to be at work and their regular child or adult/elder care is unavailable.
- All associates who have been with the company at least one year have access to backup care. The care is available 24/7 and up to 10 days of care per calendar year.
- To maximize support for all kinds of caregiving needs and recognizing that nearly half of middle-age Americans are part of the sandwich generation.

Influencing Factors

- A childcare solution fit The Home Depot culture and underscored its commitment to taking care of its associates – from the corporate office to retail workers.
- An internal survey found that associates were extremely enthusiastic about the possibility of a childcare center.
- There is an abundance of research and data regarding access to childcare benefits and ROI.

Key Takeaways

Designing the right solution requires leadership from the top as well as a cross-functional team to get the job done.

Even if you move fast and are motivated, it can take time to get everything up and running. Be patient and stay committed.

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