



National Child Care Information Center

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EMPLOYER-SUPPORTED CHILD CARE

The following is information about employer-supported child care and the potential benefits for employers, employees and children.

RESEARCH

- “The Economic and Labor Implications of Early Childhood Care and Education,” from *Early Childhood Care and Education: An Investment that Works* (1997), published by the National Conference of State Legislatures, states that child care is [also] a factor in improving workers’ productivity. A variety of studies suggest that child care helps companies recruit and retain workers, improves workers’ productivity, reduces absenteeism and tardiness and can actually save money for companies that provide assistance (page 15). For example:

A 1996 General Accounting Office (GAO) report indicated that a lack of adequate child care affects clients’ ability to complete job training successfully. In a separate 1994 study, the GAO also found that child care subsidies are crucial for successful welfare reform (page 15).

A 1992 survey found that nearly 30 percent of workers knew employees who quit their jobs because of inadequate child care. The same survey indicated that high percentages of workers also experienced lower productivity and higher absenteeism and tardiness because of child care problems (page 15).

Child care issues are cited by employers as causing more problems than any other family-related issue in the workplace, with increases in absenteeism and tardiness, reported in nine out of 10 companies. Eighty percent of the companies surveyed said that work days were cut short because of child care problems (page 15).

A 1994 report identified child care as the top concern of workers when transferred by their employer (page 15).

A 1992 GAO report found that single parents who received child care assistance, either through the federal Job Training Partnership Act (JTPA) or elsewhere, more often successfully completed their training, obtained jobs or experienced other positive outcomes, such as returning to school (page 15).

More and more businesses are responding to these issues by addressing attention to their employees' child care needs. In the first controlled cost-benefit study (*Productivity Impact Study of an On-Site Child Care Center*, Cynthia Ransom and Sandra Burud, 1989) ever conducted on a corporate on-site child care center, the Union Bank in Pasadena, California, saved between \$138,000 and \$232,000 annually in operations, attributed mostly to reduced turnover and absenteeism. Another California company reported \$11,000 in savings in 1992 from an on-site child care center because of reduced turnover and tax credits (page 15).

For additional information, contact the National Conference of State Legislatures (NCSL) at 303-830-2054 or on the Web at <http://www.ncsl.org>.

- *Investing in Child Care: Challenges Facing Working Parents and the Private Sector Response* (1998), published by the U.S. Department of the Treasury, discusses what businesses can do to promote access to affordable, high-quality child care for their employees. The report states:

There are a number of reasons employers may find it beneficial to support child care:

- to improve employee morale;
- to reduce turnover or absenteeism;
- to increase productivity; or
- as part of efforts to benefit their community.

The report finds that for many companies, investment in child care benefits the bottom line (page v).

The report states:

Employers find that child care can have a significant impact on their businesses. Lack of access to affordable, quality child care may make it difficult for businesses to hire qualified employees. Productive and valued employees may leave their jobs because of child care problems, increasing hiring and training costs. Employees may be forced to take time off because of child care problems, or spend time at work handling child care concerns. All of these factors can reduce productivity and profits (page vi).

Employers are also wise to be concerned about child care because today's children are tomorrow's workers. Our changing economy requires a flexible, educated workforce, and there is increasing evidence of the impact of the early childhood development on the future growth of individuals. President Clinton's 1997 White House Conference on Early Child Development and Learning highlighted the importance of brain development in early childhood ... Quality child care is important if these children are to reach their full potential (pages vi-vii).

The report states:

Child care is a significant economic issue for a number of reasons, including the effects of child care on employee productivity; labor force trends, particularly the dramatic increase in the number of working women; and the effects of child care costs on labor supply. The availability of child care removes labor force barriers for some individuals who want to participate in the labor force, helping each individual reach his or her full potential. Many employers have come to recognize the benefits of providing child care assistance for their workers and for the economy as a whole (page 5).

A 1995 Conference Board survey also found that many companies believe that there are substantial benefits from offering child care services:

- 62 percent of respondents reported higher morale;
- 54 percent reported reduced absenteeism;
- 52 percent reported increased productivity;
- 37 percent reported lower turnover (page 6).

Other studies and reports have also pointed out the bottom line benefits of programs to assist working parents.

Lexis-Nexis reduced operating expenses by more than 45 percent through a telecommuting program and flexible work environment. Savings came from higher productivity, fewer facilities, greater geographical hiring pools, and better uses of technology.

First Tennessee Bank reports reduced turnover costs of more than \$1 million annually from work/family programs, including more flexible scheduling.

Johnson & Johnson reports savings of more than \$4 for every \$1 invested in its work/family programs, including child care resource and referral information.

Lancaster Laboratories has a turnover rate one-half the industry average, in part due to an on-site child care center (page 6).

The report also states:

A 1997 study of users of on-site care found beneficial effects for both employers and employees.

With on-site care, parents have less need to take time off because of child care emergencies, increasing attendance and productivity.

On-site centers play an important role in attracting quality employees and increasing retention.

On-site centers are convenient, eliminating the need for extra trips to the baby sitter or child care center, reducing commuting time and stress.

Working parents can visit their children during lunch or breaks; this additional time can also reassure parents about the quality of care that their children are receiving.

On-site centers demonstrate a company's commitment to employees, creating greater employee loyalty (pages 21-22).

Investing in Child Care: Challenges Facing Working Parents and the Private Sector Response is available on-line at <http://www.treas.gov/press/releases/docs/chdcare.pdf>.

- “It’s Good Business to Invest in Child Care,” part of the Child Care Partnership Project’s resource, *Engaging Business Partners: An Employer Toolkit Template*, states:

Child care is central to the economic well-being of families, businesses, and communities. According to recent surveys, businesses with child care programs report workplace improvements and bottom-line savings in the following areas:

Boosting Recruitment: Eighty-five percent of employers report that providing child care services improved employee recruitment. About one in three working parents is willing to change employers or trade salary and benefits for work-family programs that fit their needs.

Damping Turnover: Almost two-thirds of employers found that providing child care services reduced turnover. Depending on the type of child care program offered, businesses reduced turnover by 37% to 60%.

Lowering Absenteeism: Child care breakdowns leading to employee absences cost businesses \$3 billion annually in the United States. Fifty-four percent of employers report that child care services had a positive impact on employee absenteeism, reducing missed workdays by as much as 20% to 30%.

Increasing Productivity: Forty-nine percent of employers report that child care services had helped boost employee productivity.

Strengthening Your Business Image: Communities value and support businesses that address the needs of their employees and the larger needs of the community in general. In one national survey, 85% of employers that offered child care programs reported more positive public relations.

Engaging Business Partners: An Employer Toolkit Template is available on the Child Care Partnership Web site at <http://www.nccic.org/ccpartnerships>.

ORGANIZATIONS

- **Child Care Action Campaign (CCAC)**

330 7th Avenue, 14th Floor

New York, NY 10001

212-239-0138

World Wide Web: <http://www.childcareaction.org>

CCAC is a national coalition of leaders from a wide range of institutions with interests in assuring quality, affordable child care. The May/June 1995 issue of the CCAC newsletter, the *Child Care ActionNews*, "Children and Families: A Wise Investment for Business," highlighted the general short-term and long-term benefits which can accrue to businesses offering child care supports for employees. This issue states:

What has always been clear to the business community is that we must make wise investments with the limited resources we have so that we can get the greatest return on that investment. The same should apply to programs for children and investments in education. The High Scope/Perry Preschool study showed that \$1 invested in a child care program produces a return of \$7.16. A wise investment now can lead to greater rewards down the road: lower social costs, greater creativity, a better educated and employable workforce, increased productivity and competitiveness (page 5).

The July/August 1997 issue, "Employer-Supported Child Care: From Benefit to Business Strategy," highlighted employer-supported child care and emphasized the benefits that can accrue to the company which offers such options for employees. This issue states:

The message we see is full employment, and employers will be seeking more and more creative ways to recruit and keep the best and the brightest (page 5).

Child care is increasingly seen as the amenity of choice by the ideal prospective employee and the productivity gains from child care investments are becoming understood (page 5).

Some growth in employer-supported child care may occur because of the new brain research and its focus on the importance of early child development. This may help underscore the need to address quality child care (page 5).

In summary, companies have reaped significant returns on their investment in child care, and the communities in which they operate have also been positively affected. Parents employed by these companies have benefitted greatly (page 5).

A Message to Working Parents from the Child Care Action Campaign states:

Companies that provide child care benefits see a reduction in tardiness, absenteeism, and job turnover, all of which saves them money. Employees can pay closer attention to their work, and productivity improves (page 1).

- **Families and Work Institute (FWI)**

330 Seventh Avenue, 14th Floor

New York, NY 10001

212-465-2044

World Wide Web: <http://www.familiesandworkinst.org>

The Families and Work Institute is a non-profit research and planning organization committed to developing new approaches for balancing the changing needs of America's families with the continuing need for workplace productivity. The Institute conducts policy research on a broad range of issues related to the changing demographics of the workforce and operates a national clearinghouse on work and family life.

The 1997 National Study of the Changing Workforce (1998) provides a model for understanding how work, family, and personal life fit together. The findings include:

The *quality* of workers' jobs and the *supportiveness* of their workplaces are the most powerful predictors of productivity - job satisfaction, commitment to their employers, and retention. Job and workplace characteristics are far more important predictors than pay and benefits, which are generally competitive with the marketplace. To maximize satisfaction, commitment, and retention, employers need to provide high-quality jobs - whatever the employee's occupation - and supportive workplaces - whatever the industry (Executive Summary, page 1).

The majority of employees - from 74 through 84 percent - have access to traditional fringe benefits: personal health insurance coverage, pension or retirement plan, paid vacation days and holidays, and paid time off for personal illness. However, only a minority have access to dependent-care benefits: child care information and referral services (20 percent), elder care information and referral services (25 percent), on- or near-site child care services (11 percent), financial assistance for purchasing child care services (13 percent), and dependent-care assistance plans (29 percent) (Executive Summary, page 9).

Access to fringe benefits varies according to a number of factors. Employees who work for companies with larger numbers of employees nationwide have greater access than other workers both to traditional and dependent-care benefits. Part-time workers, low-wage workers, and, to a lesser extent, hourly workers have less access than other workers to traditional fringe benefits (Executive Summary, page 10).

Twenty-nine percent of employed parents have had to make other arrangements one or more times in the past three months because their regular child care was unavailable. Those experiencing the fewest child care breakdowns use center-based or parental child care (page 51).

On average, employed parents must make special arrangements about once every three months because their usual child care is not available (page 51).

... employed mothers in dual-earner couples are somewhat more likely to be absent from work because of providing sick-child care - 2.8 days per year - than men in dual-earner couples - 0.9 days per year (page 53).

The 1998 Business Work-Life Study: A Sourcebook (BWLS), developed to complement *The 1997 National Study of the Changing Workforce*, is one of the first and most comprehensive studies of how U.S. companies respond to the work-life needs of their employees. The report states:

Very few companies have actually evaluated return on investments in their child care benefits. However, by combining human resource directors' personal views with reported findings from evaluations, we constructed a global measure of *perceived return on investment* in child care benefits. Overall, 24 percent of companies that offer child care benefits perceive the costs of these benefits as outweighing the benefits, while 40 percent view these benefits as cost-neutral and 36 percent perceive benefits as outweighing costs (Table 38) (page 45).

Companies with larger proportions of top executive positions filled by women, and larger proportions of women in their workforces are more likely than other companies to report positive returns on their investments in child care benefits. Among industry groups, companies in finance/insurance/real estate and professional services are most likely to perceive positive returns on their investments, while companies in the wholesale/retail trades are most likely to perceive costs as outweighing benefits (page 45).

Ahead of the Curve: Why America's Leading Employers Are Addressing the Needs of New and Expectant Parents (1998) draws on a wide range of research and incorporates case studies of businesses in the area of family and work. The report states:

Where it is feasible and desired, child care at the workplace is highly appreciated. It can alleviate worry about children's well-being and result in greater satisfaction with the quality of care children are receiving. Today, 12% of employees with children under the age of six report that they have access to a child care center operated or sponsored by their employers at or near the workplace (Executive Summary, page xviii).

In *Starting Points: Meeting the Needs of Our Youngest Children*, the Carnegie Corporation documents the quiet crisis that is facing America's young children and their families. This research shows that the conditions in which many children now grow up jeopardize their long-term health and development. The report cites the nation's high child poverty rate, the number of children who do not have the benefits of prenatal care or regular health care, the poor quality of most early care and education programs, and the number of children who enter school without school readiness skills (page 13).

In recent years, neuroscientists have established that early brain development hinges to a significant extent on the kinds of experiences children have in the first years of life and the kinds of attachments they form with their parents (or other caregivers). Researchers have shown that early experience does not merely provide a context for a child's development; it directly affects the way the brain's circuitry is wired (page 13).

More and more parents - and their employers - are aware of new research showing that the kind of care young children receive in their early years has a decisive and lasting impact on their development. Adults are now recognizing that giving young children warm and responsive care and arranging for them to have high-quality care while parents or other caregivers are at work are the best possible ways to give them a good start in life (page 13).

In recent years, the fields of neuroscience, cognitive science, and child development have flourished beyond any prior expectation. Thanks to unprecedented scientific and technological breakthroughs, scientists have learned more about human brain development over the last decade than was discovered over the previous several centuries. Their findings are stunning - dramatic enough, in fact, to inspire cover stories in both *Time* and *Newsweek*, coverage by every major news outlet, and a historic conference at the White House that gathered neuroscientists, early childhood educators, and policy makers (page 13).

Ahead of the Curve also reports:

When child care problems are chronic, parents don't just miss work' they may leave their jobs altogether. The Child Care and Employment Turnover study found that mothers who do not have access to a center-based child care program within 10 minutes from home were almost twice as likely to leave their jobs as those who did. The availability of child care appeared to have the greatest effect on mothers earning "moderate" wages - between \$12,942 and \$15,574 per year (page 55).

Reframing the Business Case for Work-Life Initiatives (1998), uses a historical perspective and hard data, and examines the emerging "bottom line" arguments for work-life initiatives as their focus shifts from programs and policies to culture change, the work environment, and connecting with communities.

- **Women's Bureau of the U.S. Department of Labor**

National Resource and Information Center
200 Constitution Avenue, NW, Room S-3311
Washington, DC 20210-0002
800-827-5335 or 202-219-4486
World Wide Web: <http://www.dol.gov/dol/wb>

The Women's Bureau of the U.S. Department of Labor has developed several resources which provide information and contacts for employers interested in developing child care options for employees.

Employer Child Care Resources: A Guide to Developing Effective Child Care Programs and Policies (1998) includes information about employee child care needs and employer benefits from child care. This resource states:

Research shows many working parents sometimes have trouble finding reliable child care, which often poses job problems. For example:

More than four in ten parents surveyed by Global Strategy Group for the YMCA in 1998 said their ability to find reliable child care has either frequently (30 percent) or occasionally (20 percent) affected their job or business (page 1).

Many employers recognize that workers cannot perform their best when they are worried about the care of their children. Many know an investment in child care is not just a nice thing to do - it just makes good business sense. It is a decision that helps them recruit from a much larger talent pool; retain committed and motivated workers; and be more creative and productive. Employers find that effective child care programs can be critical to their success (page 1).

According to a 1995 Conference Board survey, many companies benefitted substantially by offering child care services. For example, 62 percent of employee respondents reported higher morale; 54 percent reported reduced absenteeism; 52 percent reported increased productivity; and 37 percent reported lower turnover (page 1).

Meeting the Needs of Today's Workforce: Child Care Best Practices (1998) highlights innovative child care practices initiated by employers across the country to address the needs of working parents. The initiatives include on-site child care, and the report highlights some exemplary programs. For example:

Trout-Blue Chelan, a Central Washington apple picking cooperative, opened an on-site child care center and experienced an increase in recruitment and retention of workers (page 2).

DuPont Company, the major Delaware-based corporation, surveyed its employees and learned that 80 percent would have missed work if not for its emergency/back-up care program (page 2).

AlliedSignal, Inc. is a Fortune 100 advanced technology and manufacturing firm with 70,500 employees. In 1995, as its Honor Roll Program, the company opened its first on-site child development center at its Morristown headquarters ... AlliedSignal surveyed participating parents at the beginning of the child care program and again after one year to measure its impact on productivity. The results were dramatic. Lost work time had decreased by 89 percent. Parents said they were more focused at work and more productive. In addition, [recent] customer satisfaction ratings indicate a 4.8 out of 5.0, the highest internal customer satisfaction in the company. Company morale also has improved, even among workers who do not use the facility, and many new employees have told management that the center was part of their decision to join the company (page 6).

Care Around the Clock: Developing Child Care Resources Before 9 and After 5 (1995) highlights the response of some employers to the growing needs of their employees for child care during nontraditional work hours. The report states:

Neither employers nor families benefit when the demands of work and family become mutually exclusive (page 16).

Employers who have participated in efforts to expand child care during non-standard hours recognize the mutual benefits of investing in workers and their families, such as attracting the best workers and improving employee morale. Over time, non-standard hours child care may also reduce the costs of absenteeism, recruiting, and retraining, and raise retention rates of valued employees (page 16).

Employers and Child Care: Benefitting Work and Family (1990) states that an on-site child care center:

benefits the employer or union through a positive public image and publicity for sponsoring child care and;

is an enhancement in recruitment efforts and reductions in absenteeism and turnover of those employees using the center (page 14).

- **Work & Family Connection, Inc.**

5197 Beachside Drive

Minnetonka, MN 55343

800-487-7898 or 612-936-789

World Wide Web: <http://www.workfamily.com>

Work and Family Connection is a clearinghouse of information about work-life issues and practices. Their Web site has information on child care, emergency and sick care, telecommuting and job sharing. Their *National Survey on Evaluation of Work-Life Efforts* (1997) summarizes the results of a survey of executives in 153 American organizations to learn how they've been evaluating their work-life programs and practices. The respondents reported:

Almost all of the organization's efforts at helping employees with child care issues was successful at increasing satisfaction and morale.

The practice that seemed to produce the most positive impact in other categories as well is the subsidizing of emergency care, particularly in employees' homes. Helping workers care for children when regular child care isn't available, not only enhanced satisfaction and morale, it scored high in increasing commitment, participation and productivity (page 3).

The National Child Care Information Center does not endorse any organization, publication or resource.