



Indiana Employer Toolkit

**Boost Your Business by Supporting
Employees with Young Children**

2019

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1. EXECUTIVE SUMMARY

This toolkit provides information to employers about investments you can make in benefits for employees who are parents of young children. The toolkit also describes the return on investment you can expect to see in your business as a result.

65% of parents' work schedules are affected by child care challenges an average of 7.5 times over the course of six months. Child care challenges like these cost U.S. employers an estimated \$4.4 billion annually (Parents and the high cost of care, 2016).

5 WAYS TO INVEST IN YOUR EMPLOYEES' YOUNG CHILDREN AND YOUR BOTTOM LINE

These programs can be used together or separately. They vary in cost, so each business can choose the ones that fit your budget.

1. Dependent Care Assistance Plans (DCAPs)
2. Reserved Seats at Local Programs
3. Tuition Scholarships
4. On-Site or Near-Site Program
5. Backup Care

NO-COST RESOURCES FOR YOU AND YOUR EMPLOYEES

In addition to the benefit programs above, you can provide other no-cost resources to your employees, such as talks with local experts and sharing articles and information related to child care and early childhood education. This toolkit contains some resources you can share with employees, as well as tips for how you can assess the needs of your employees who are parents of young children.

2. INTRODUCTION

This toolkit was developed in response to a need in the Indiana workforce. Employers need to attract and retain a qualified workforce. Businesses already have knowledge and expertise regarding much of what it takes to recruit and retain talent. However, many business owners and human resources professionals do not know about potential benefits they can offer to their employees who are parents.

In this toolkit, you will learn about various investments you can make in employee benefits, as well as the return on investment you can expect to see for your company.

Employees have responsibilities outside of work that end up affecting their productivity and performance at work. Businesses have long understood that it is in everyone's interests—their own and their employees'—to respond to this need by providing certain benefits to their employees. Employers provide paid time off in part because their employees need to take care of personal matters or simply need a break. Paid time off also benefits companies because workers come back refreshed, less distracted, and more productive.

Another need that some employers are just beginning to address is that of employees who have young children. Working parents have to figure out where their children are going to be while they are at work. Parents of young children who have not yet started school may need a place for their children for 40+ hours per week.

In Indiana, there are **more than 500,000 young children** ages 0-5. **Two-thirds of children live in a household with either a single working parent or two working parents.** Some parents are able to find and afford high-quality early childhood education for their young children, but for many parents, this is difficult or impossible.

The statewide average tuition for a year of high-quality early childhood education is more than \$8,800, similar to the tuition at state universities. Out of the children who have working parents, only 15% are enrolled in a high-quality program. The rest are in low-quality programs or programs of unknown quality. It is critical for young children to be enrolled in high-quality programs during their first 5 years of life because this is the period of the most rapid brain development. Early experiences build brain architecture and form the foundation for all future learning, behavior, and health.

All parents want what's best for their own children, and what's best for children also impacts all of us. When children have access to high-quality early childhood education, they develop the cognitive and social-emotional skills that make them ready for school and put them on the path to becoming the next generation of talented workers and contributing community members.

BENEFITS OF INVESTING IN EARLY CHILDHOOD EDUCATION

1.

Parents are able to focus on their work while their children are safe and learning.

2.

Employers benefit right now from parents' increased productivity.

3.

Children develop healthy brains. They become ready for school and able to be productive employees.

4.

Employers benefit later from children who grow up to be part of a qualified workforce.

5.

Whole community benefits from a stronger economy with increased individual and corporate earnings.

3. EMPLOYEE BENEFITS: THE RETURN ON INVESTMENT

When businesses invest in benefits that help their employees who have young children, it has a positive impact on productivity, attendance, retention, and recruitment.

IMPROVE EMPLOYEE PRODUCTIVITY & ATTENDANCE

Early childhood education has an immediate impact on the workforce (parents) now! We don't have to wait to see results in 18 years.

- **45% of parents are absent** from work at least once due to child care issues, missing an average of 4.3 days during a six-month period.
- **65% of parents' work schedules** are affected by child care challenges an average of 7.5 times over the course of six months.
- These child care challenges cost U.S. employers an estimated **\$4.4 billion** annually (Parents and the high cost of care, 2016).

Employees find peace of mind knowing that their child is safe and in a high-quality learning environment—allowing them to focus on their work and be more productive.

- **64% of parents worry** about their children's safety every minute of the day (Ball, 2017, October 26).
- **74% believe their jobs have been impacted** because their child care plans have fallen through. This resulted in having to use a sick day (78%), falling behind on work (37%) and even losing a day's pay (28%) (K., 2018, February 26).

INCREASE RETENTION & IMPROVE RECRUITMENT

Employers know that benefits can be a reason that workers decide to stay at their workplace. In turn, the lack of particular benefits can be a reason that good workers leave.

85% of workers wish that their employers would offer child care benefits (K., 2018, February 26).

Offering early childhood education benefits to parents of young children can set your company apart from others—making it possible to recruit the talent you need.

- Employers are **eight times** more likely to offer scholarships or tuition assistance for employees' children than they are to offer child care subsidies (Matos & Galinsky, 2014).

Offering these benefits can also attract more people to the workforce—people who thought they had no choice but to stay home with their young children.

- Access to affordable child care allows women who want to stay in the workforce to make that choice. Women who received assistance with child care costs were **40% more likely to still be employed after two years** (Parents and the high cost of care, 2016). More women in the workforce means a stronger, more diverse business, which can positively impact a company's bottom line (Ball, 2017, October 26).

Employee retention is a key driver of customer retention and sales.

- Studies show an inverse correlation between employee turnover and sales: **the greater the turnover, the weaker the sales.**

By investing in retaining a stable, strong workforce, employers could see an increase in sales (Subramony & Holtom, 2012).



4. WHAT BENEFITS CAN YOU OFFER YOUR EMPLOYEES?

5 WAYS TO INVEST IN YOUR EMPLOYEES' YOUNG CHILDREN AND YOUR BOTTOM LINE

There are several options that employers have to consider when it comes to supporting employees' child care needs and accomplishing your company's goals. The options listed below can be used together or separately. These options vary in cost, so there is an option that fits every budget.

1. Dependent Care Assistance Plans (DCAPs)
2. Reserved Seats at Local Programs
3. Tuition Scholarships
4. On-Site or Near-Site Program
5. Backup Care

COMPARISON OF COSTS AND BENEFITS OF 5 OPTIONS TO EMPLOYERS AND EMPLOYEES

	COST TO EMPLOYER	BENEFITS TO EMPLOYER	BENEFIT TO EMPLOYEE	NOTES
1. Dependent Care Assistance Plans (DCAPs)	Minimal to High	Moderate to High	Minimal to High	Employer pays plan service fee but may save money overall due to savings on payroll taxes
2. Reserved Seats at Local Programs	Minimal to Moderate	Moderate to High	Moderate to High	Employers work with programs to set parameters
3. Tuition Scholarships	Minimal to High	Minimal to High	Minimal to High	Employers choose amount to contribute; receive tax credits
4. On-Site or Near-Site Program	High	Moderate to High	Moderate to High	Typically, very expensive and very positive for HR and PR; not feasible for small or distributed workforces
5. Backup Care	Minimal to Moderate	Minimal to Moderate	Minimal to Moderate	Employer pays to subsidize the cost of backup child care

1. SET UP AND OFFER DCAPs

DCAPs are flexible spending accounts—similar to accounts used for healthcare costs. Employers and employees can both contribute to these accounts, setting aside up to \$5,000 annually in pretax household income for child care expenses.

Employee Contributions

- Employees who have to pay for care at early childhood education programs will see significant savings as a result of the ability to use the tax-free \$5,000 on those expenses. Most employees who work full-time have to spend more than \$5,000 per year for just one young child.
- When employees set aside pretax income in DCAPs, employers see financial savings as well since those funds are subject to employer-paid payroll taxes (FICA, FUTA).

Employer Contributions

- Because DCAPs mean that employers save on payroll taxes while also investing in their business by providing employee benefits, many companies also contribute to their employees' DCAPs.

CASE STUDY

Prudential offers employees a savings of \$5,000 annually in pretax dependent-care accounts with a 25% match.

COST-BENEFIT ANALYSIS OF OFFERING DCAPs

TYPE OF BENEFIT	EMPLOYEE TAKE-HOME PAY	EMPLOYER EXPENSES
None	Salary \$45,000 - Taxes \$9,072 - Care for 1 Child \$8,818 + Dep. Care Tax Credit \$600 <hr/> Total \$27,710	Salary \$45,000 + FICA \$3,443 <hr/> Total \$48,443
DCAP	Salary \$45,000 - DCAP \$5,000 - Taxes \$7,878 - Care for 1 Child \$3,818 <hr/> Total \$28,304	Salary \$45,000 + FICA \$3,060 <hr/> Total \$48,060

2. PARTNER WITH EARLY CHILDHOOD PROGRAMS TO RESERVE SEATS FOR YOUR EMPLOYEES' CHILDREN

You can approach local programs that provide what your employees need—serving a range of ages, located close to your company, offering convenient hours, and providing a high-quality learning environment. Your company and the program(s) can agree to terms that benefit both parties.

Benefits of Reserving Seats

- This is a great benefit for employees to help them quickly find and enroll their children in an early childhood education program.
- It is a strong recruiting tool, especially if you are recruiting talent from out-of-town and your prospective candidates are young individuals and families.
- It also helps early childhood education programs to know that a certain number of their seats will be filled. This allows the programs to operate with financial stability and focus on the education and safety of children.

CASE STUDY

Intel partners with local early childhood education programs throughout the U.S. that are close to its offices. Intel provides support and funding to these programs, and the programs give admission priority to Intel employees' children, as well as offer slots for backup child care.

3. PROVIDE TUITION SCHOLARSHIPS TO HELP OFFSET THE HIGH COST

Employers can offer tuition scholarships to employees whose children are in early childhood education programs, similar to the college scholarships that some employers offer. These scholarship payments are made directly to the early childhood education programs, not made through reimbursements to employees.

Benefits of Offering Tuition Scholarships

- The cost of high-quality early childhood education is very high—comparable to that of college tuition at state universities. Just like many parents struggle to help their children pay for college, parents also struggle to afford high-quality early childhood education programs. In addition, parents of young children are usually at the beginning of their career, earning lower wages, and therefore less equipped to shoulder these high education costs.
- For these reasons, employees may choose to start and remain at a company that offers tuition assistance when their family needs it most.
- In addition, employers can benefit from a federal tax credit that is equal to 25% of the child care expenditures made by the employer, with the credit being limited of \$150,000.

CASE STUDY

Indiana Stamp in Ft. Wayne wanted to retain employees who were expecting children, so the company added a benefit that assisted families with the cost of infant care. If employees enrolled their infant in a Paths to QUALITY™ Level 3 or 4 rated program, then Indiana Stamp would pay 1/3 of the weekly tuition directly to the program. Employees utilized and appreciated the benefit.

TIP:

When considering how to make the most impact with the investment in your employees and their children, one thing to keep in mind is making your benefits only accessible when families enroll their children in high-quality rated programs (not low-quality or programs of unknown quality). This helps your investment go even further by supporting the next generation of workers. See the frequently asked questions at the end of this toolkit for more details.

4. PROVIDE YOUR OWN ON-SITE OR NEAR-SITE EARLY CHILDHOOD EDUCATION PROGRAM

This option would require the greatest investment but might have the greatest return on that investment.

There are two options to consider, which are illustrated by the case studies below.

- Your company could run the program and employ the child care workforce.
- You could contract with a licensed early childhood education program to run it.

Both options make the employer eligible for a federal tax credit of up to 25% of its child care expenditures, up to a credit limit of \$150,000.

Many factors come into play, especially for employers that are not very large (Munro, 2014, July 16):

- It is a significant up-front financial investment and ongoing commitment.
- The building structure is a large expense, often \$1M to \$2M, because of code requirements for kitchens and bathrooms.
- Highly-qualified staff are essential for real success.
- Security and employee privacy (especially regarding sensitive health needs) are important.
- Liability.

Benefits of Offering On-Site or Near-Site Programs

There are several reasons that these programs may attract and retain talent for your business.

- It decreases employees' total commute time since they do not have to travel to a program at another location.
- Employees enjoy the benefits of being able to see their children during their breaks from work.
- If an issue arises with their child, it can be handled quickly, minimizing the time away from work and time spent distracted or worried.

CASE STUDY

Operated by the Company: Patagonia has offered subsidized child care to their employees for more than 30 years. They have two early childhood centers—one at their headquarters and another at a distribution center. The company employs 33 early childhood professionals and serves 80 children. CEO Rose Marcario estimates they are able to recoup 91% of the costs to run the centers through tuition fees, tax breaks, and employee engagement and retention. Program tuition is determined by area market rates and subsidized by Patagonia based on household income.

Operated by a Partner: IU Health Methodist Hospital in Indianapolis partnered with Early Learning Indiana to open and run its Day Early Learning Center at IU Health. The center is located close to the hospital and offers the extended hours that hospital employees need. IU Health is able to benefit from Early Learning Indiana's years of experience operating early childhood education programs.

5. SUBSIDIZE THE COST OF BACKUP CARE WITH A PARTNER ORGANIZATION

Parents need backup care when their regular child care arrangements fall through. This might happen for a variety of reasons, such as their in-home child care provider being sick, their child care center closing due to a holiday or emergency, or their child being sick. Many child care settings do not allow even mildly sick children to attend since their illness may spread to other children and adults in the program. There are several organizations that provide backup care and have programs that enable companies to subsidize the cost of backup care for their employees.

Benefits of Offering Backup Care

- Your company will avoid the production loss that results from employees taking time off to care for their children.
- Employees will be more able to use their time off to relax and recharge, rather than only to provide emergency child care, and they will be more productive at work throughout the year.
- Many child care benefits will be appealing to people who do not yet have children but are planning to have them. Backup child care will be an especially strong recruitment tool for working parents who have already experienced the stress of days without their regular child care.
- Backup care can also create a positive impact on the health of children in the community. If parents have a reliable backup care option for when their child is mildly sick, then they will be less likely to send their sick child to their regular care setting and risk spreading infections.

CASE STUDY

Starbucks partnered with Care.com to provide 10 days of subsidized backup care for its employees. Parents can either pay \$1 per hour for care inside their own home, or \$5 per day per child for up to 10 hours of care in a center. Starbucks also provides a premium membership to Care.com for its employees, so they can speak with the site's senior advisors for free.

5. WHAT ARE OTHER WAYS TO SUPPORT YOUR EMPLOYEES WITH YOUNG CHILDREN?

Connect your employees to the information they need! You may be learning about this for the first time yourself. As you learn, be sure to share your new knowledge with all your employees. Here are a few low- or no-cost **communication strategies**:

- Host **Brown Bag Lunch Talks** with local experts who can explain early childhood education and answer questions for your employees.
- Include **tips and articles** in your staff newsletters, employee website portal, etc. See the resources listed below in frequently asked questions.
- Implement an **Early Childhood Education “Open Enrollment”** each year during which employees are reminded of the benefits you offer and encouraged to come to management with their questions. You could partner with your local Child Care Resource & Referral Agency to staff this event and answer questions.
- Add information about your benefits and the broader early childhood education system to your new hire **orientation packet**.
- Post articles and flyers on your staff **bulletin boards**.
- Add informational slides or a video to your **electronic monitors**.



6. HOW CAN YOU ASSESS YOUR EMPLOYEES' NEEDS?

Before you decide which types of benefits you want to implement, you can first survey your employees to learn about their specific needs. This will ensure that you invest where it matters most to your employees and your business. When surveying your employees, you can ask them questions that cover the following areas:

- Ages of their children
- Type of child care they currently use
- Days and times they need child care
- Top priorities when choosing child care
- Top barriers when looking for child care
- The ways lack of child care may have affected their work or education
- The types of assistance with child care that they would prefer

Once you understand your employees' needs, you can determine your next steps. If you need help, reach out to your local early learning coalition or Child Care Resource & Referral (CCR&R) agency. Or contact other businesses you know that have already implemented these benefits!



7. WHAT ARE SOME RESOURCES ON EARLY CHILDHOOD EDUCATION?

Navigating the world of early childhood education can be daunting for parents, and it can be difficult for companies to stay current and informed. Here are some frequently asked questions, along with answers and resources, that you can share with your employees to help them on their journey.

1. HOW CAN I FIND A HIGH-QUALITY EARLY CHILDHOOD EDUCATION PROGRAM FOR MY CHILD?

- In Indiana, you can search for child care online here: <http://www.in.gov/fssa/childcarefinder/>. You can filter the options based on the location, the hours you need, the age of your child, and the type of program. Your search results will tell you the Paths to QUALITY™ level rating of each program. You can even search along your route from home to work.
- You can call the state Child Care Hotline to speak with someone who will help you complete your child care search for free at 1-800-299-1627.
- You can contact your local Child Care Resource & Referral (CCR&R) agency. There are 5 CCR&R agencies spread across Indiana, collectively covering each of Indiana's 92 counties. Families can get customized referrals to early childhood education programs from CCR&R staff. Find your CCR&R here: <http://brighterfuturesindiana.org/local-help-for-finding-child-care-2/>

2. HOW CAN I TELL IF AN EARLY CHILDHOOD EDUCATION PROGRAM IS HIGH-QUALITY?

- The definition of "high-quality" in Indiana is a program that is Level 3 or 4 on Paths to QUALITY™ or nationally accredited by an approved body. Paths to QUALITY™ is Indiana's statewide quality rating system. The system is voluntary, meaning that if a program has no rating, then it is of unknown quality—possibly low or high quality. Programs can earn ratings of 1 through 4. You can find more information on Paths to QUALITY™ here: <http://childcareindiana.org/>

3. I CAN'T AFFORD TO ENROLL MY CHILD IN HIGH-QUALITY EARLY CHILDHOOD EDUCATION PROGRAM. CAN I GET HELP?

If your income is less than a certain amount, you could be eligible for government assistance. (See the chart on the next page to determine if you meet the income guidelines.)

- If your gross family income is at or below 127% of the Federal Poverty Level (FPL), and all parents in your household are either working or in school, then you can apply for a Child Care and Development Fund (CCDF) child care voucher. You can find more information here: <http://brighterfuturesindiana.org/help-paying-for-child-care-indiana-voucher-scholarship/>
- If your child is 4 years old, all parents are working or in school, and your income is below 127%, you can apply for On My Way Pre-K (OMW). www.onmywayprek.org

- If your gross income is at or below 100% FPL, then you can apply for a spot in an Early Head Start or Head Start program. You can find more information here: www.acf.hhs.gov/ohs

Check with your local public school system to see if they offer free or discounted preschool and to see if your family is eligible. www.doe.in.gov. For additional information, contact your local Child Care Resource & Referral agency. <http://brighterfuturesindiana.org/local-help-for-finding-child-care-2/>

4. WHAT IS THE FEDERAL POVERTY LEVEL (FPL)?

FPL guidelines are based on your annual gross income (before taxes) and on the number of people in your family.

HOUSEHOLD SIZE	100%	127%
Program(s)	Head Start	CCDF, OMW
1	\$12,490	\$15,862
2	\$16,910	\$21,475
3	\$21,330	\$27,089
4	\$25,750	\$32,702
5	\$30,170	\$38,315
6	\$34,590	\$43,929

5. I AM CONCERNED ABOUT HOW MY CHILD IS DEVELOPING. HOW CAN I FIND HELP, AND DOES IT COST ANYTHING?

Indiana has resources for children to support their positive development. The eligibility is NOT restricted by income guidelines. Parents, teachers, and doctors can make a referral for an assessment.

- If your child is under the age of 3, then contact First Steps to request a free assessment. www.indianafirststeps.org
- If your child is 3 or older, then contact your local public school system or the Indiana Department of Education to request a free assessment. www.doe.in.gov/specialed

6. WHAT OTHER RESOURCES ARE AVAILABLE FOR FAMILIES WITH CHILDREN WITH SPECIAL NEEDS?

- IN*SOURCE is an Indiana-based organization that provides information and resources to parents who have children with special needs. You can contact them and find a variety of resources on their website. <http://insource.org/>

- About Special Kids (ASK) is Indiana's Parent-to-Parent organization that gives support, answers questions, and provides information and resources to families of children with special needs. <http://www.aboutspecialkids.org/>

7. HOW CAN I LEARN MORE ABOUT THE IMPORTANCE OF DEVELOPMENT IN YOUNG CHILDREN?

Here are some helpful resources:

- **Experiences Build Brain Architecture** from the Center on the Developing Child at Harvard University
<https://www.youtube.com/watch?v=VNNsNglJkws>
- **How Brains are Built: The Core Story of Brain Development** from the Alberta Family Wellness Initiative
<https://www.youtube.com/watch?v=LmVWOe1ky8s>
- **10 Things Every Parent Should Know About Play** from the National Association for the Education of Young Children
<https://www.naeyc.org/our-work/families/10-things-every-parent-play>
- **Ages and Stages** from Zero to Three
<https://www.zerotothree.org/early-development/ages-and-stages>
- **Closing the Opportunity Gap for Babies and Families: ZERO TO THREE's Road Map to Reach America's Potential**
<https://www.zerotothree.org/resources/727-closing-the-opportunity-gap-for-babies-and-families-zero-to-three-s-road-map-to-reach-america-s-potential>
- **Disability Terms and Definitions** from the Council for Exceptional Children
<https://www.cec.sped.org/Special-Ed-Topics/Who-Are-Exceptional-Learners>
- **Vroom** - provides tips that boosts children's learning
<https://www.vroom.org/>
- **Bloom Bright** - a service that sends you texts with ideas for simple and fun learning to engage in with your child
<http://brighterfuturesindiana.org/bloom-bright-text-service-families-indiana-free/>

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