Employers’ Guide to Childcare Solutions

Child First

Making quality childcare everyone’s business
A Summary of Employers’ Child Care Solutions

Plan #1: Flexible Work Arrangements

**Flextime**—Employees can choose which hours to work, but are still required to put in a standard number of hours within a given period.

**Compressed Work Week**—Employees work more than 8 hours a day, and fewer than 5 days a week.

**Paid and Unpaid Leave**—Reasons for leave without loss of employment can be paternity/maternity, adoption, or extended illness for self or family member.

**Combined Sick and Personal Leave**—“Sick” days are changed to “personal” days and can be used to stay home with a sick child, attend child’s school or child care center for teacher conferences or other events, or other personal business. Some companies offer “earned time”, when a set number of days off are “earned” for each month of employment to be used for any reason. This would be in addition to paid holidays.

**Telecommuting**—Employees work from home or from another location.

**Job Sharing**—Two employees share the work and responsibility of one full time job with pro-rated salary and benefits.

**Part-Time Opportunities**—Employees have a regular reduced work schedule with pro-rated salary and benefits.

**Floating Holidays**—Allows employees to select or substitute holiday days off to meet family responsibilities.

**Community Volunteer Time**—Allows employees to take off a set number of paid days per year to volunteer in their child’s school or child care center.

**Benefits of Flexible Work Schedules**—
- Reduced employee absenteeism and tardiness because workers do not commute during peak hours and have more time for personal appointments.
- Enhances employee recruitment and retention.
- Increased productivity.
- Improved employee commitment and morale.
- Extended hours of service and production become possible by staggering employee hours.
- Expanded use of equipment can occur because of longer work days and off-hour use.

**Challenges of Flexible Work Schedules:**
- Can create communication gaps if not carefully planned.
- May require additional record keeping.
- Can require revising employee handbooks and other written materials.
- Does not address the supply, cost, or quality of dependent care.
- May not be suitable for all positions or for very small businesses.
Plan #2: Enhancing Child Care in Your Community

Southwestern Community Services Child Care Resource and Referral Service

Child Care Resource and Referral Agencies assist parents to find child care that meets their needs. They also improve the supply of quality early care and education in the community by providing educational materials and information to parents and child care providers, and by offering training opportunities and workshops. As a business you may use and support these efforts. You may be able to contract with this agency to offer specialized consultations to your employees. Contact SWCS Child Care Resource and Referral at 352-7512 x 163. You can further support this agency by publicizing its existence to your employees. Call them and request that they send you informational materials for your employees.

Invite Child First to provide an on-site presentation on how to recognize quality early care and education. Contact Child First at 358-0111.

Benefits of Child Care Resource and Referral Services—

- Low cost services for employees are cost effective for employers.
- Addresses all child care needs from birth through school-age care.
- Can direct low-income employees to additional financial resources.
- Can recruit child care providers in areas where the supply is inadequate.

Challenges of Child Care Resource and Referral Services— Needs to be adequately publicized to employees in order for the agency to be used.

Adopting an Existing Center— Financial, or technical, assistance can be offered to a center, or family child care provider. Businesses can donate space, money, expertise, materials, or equipment. An employer could also ensure the availability of child care for some of his or her employees by reserving slots at a quality center of his or her choice. Another business might “adopt” a family child care provider by offsetting some of the costs of child care, or by paying for the provider’s health benefits, in exchange for available child care openings for the business’s employees. Employers can choose to adopt licensed centers/providers only with the intent to support an increase in quality of care in the Keene area. Contact Child First at 358-0111 for more information.

Sick Child Care— The simplest, and most developmentally appropriate, way to help employees with sick child care is to allow them to use their own sick or personal time freely to care for their sick children.

School-Age Child Care— Businesses can improve the availability and quality of school-age programs by financially assisting after school programs. Some businesses provide an on-site space for children for before and after school hours. (Liability issues would have to be carefully researched and assessed.)
Plan #3: Financial Assistance Programs for Employee Child Care Needs

Flexible Spending Account Plan—With a flexible spending account, a core package of benefits is offered, and a spending account is created, consisting of taxable and/or non-taxable benefits. The account may include an employer contribution, but is usually funded through a program of employee salary reduction. This enables employees to purchase child care with pre-tax dollars. Anticipated expenses must be calculated carefully, as the unused amount set aside is lost.

Dependent Care Assistance Plan (DCAP)—This is one type of flexible spending account. A DCAP is offered in the form of a salary reduction plan under which employees set aside a specified amount of pre-tax dollars each month for dependent care. Employees can set aside up to $5,000 per year ($2,500 if married and filing separate tax returns) in accordance with section 129 if the Internal Revenue Code. A DCAP makes child care expenses tax-free for the employee. Employers also receive a tax advantage in that FICA (Social Security), federal employment, and most state payroll taxes do not have to be paid on amounts provided for dependent care.

Benefits of a Flexible Spending Account—
- Assists employees with a wide range of dependent care needs.
- Offers tax advantages to both the employee and the employer.
- Payroll reduction is easy to administer.
- Gives employees flexibility.
- Employees can use both the dependent care account and the federal tax credit if dependent care expenses claimed total less than $4,800.

Challenges of a Flexible Spending Account—
- Unused funds set aside are lost by the employee.
- A prompt reimbursement system is crucial to employee participation in the program.

Benefits Cafeteria Plan—A cafeteria plan allows employees to choose among taxable or non-taxable benefits as desired. An employer offers a core package of benefits, such as medical, disability, and life insurance. Employees are given flexible credits, (under the provisions of Section 125 of the Internal Revenue Code) based on their salary and service, which can be used to purchase additional units of core benefits or select other options including child care.

Benefits of a Cafeteria Plan—
- Employees are given a wide range of dependent care needs.
- Avoids inequity issues associated with programs that address only the needs of working parents.

Challenges of a Cafeteria Plan—Costs can be high to administer and implement.
Voucher Program—in a voucher program, the employer offers employees vouchers to cover all or part of their child care expenses. The employer can choose to specify the kinds of child care arrangements eligible for the voucher, mandating that the care giver must be licensed, etc., and can set the voucher at a flat fee rate or a percentage of child care expenses. Specifying that the voucher can only be used by a licensed family child care provider or center ensures that at least a minimum standard of quality care will be met.

Vendor System—a vendor system is one in which an employer contracts with child care providers to purchase enrollment spaces in a child care center or family child care and then re-sells these to employees at a reduced price. This system helps support both the employee and the care provider.

Discounts—employers might be able to negotiate discounts with child care providers in exchange for regular referral of employees to that facility or other in-kind donations.

Benefits of Voucher, Vendor, or Discount Systems—
- Assists employees with the high cost of early care and education.
- Less costly to institute than operating an on-site child care center.

Challenges of Voucher, Vendor, or Discount Systems—does not support employees unless appropriate child care is available in the community.
Plan #4: Establishing On-site or Near-site Child Care

Research has shown that this is the ideal option for working parents. If you are a larger employer, your community needs assessment indicates that there is a shortage of quality care in your community, and your employees would be enthusiastic about an on-site or near-site child care, you may want to explore this option further. If you are a smaller business, you may want to collaborate with other near by businesses to establish this type of childcare for your employees.

Benefits of On-site or Near-site Child Care—
- Is the most effective option for increasing worker productivity.
- Savings in tax deductions can offset some of the costs associated with the center.
- Parents can spend time with their children during lunch time and on breaks.
- New mothers are more likely to return to work sooner if there is quality infant care on or near site.
- Employee stress is reduced, morale is boosted, and employees are better able to balance their work and family responsibilities.

Challenges of On-site or Near-site Child Care—
- On-site child care is the most costly child care support option.
- Start-up time for a child care center is lengthy.
- Insuring quality child care staff requires additional management time.

Collaborative On-site or Near-site Child Care—A group of businesses can share the costs and benefits of operating a child care center. If you are considering this option, it is wise to hire an expert to help plan the consortium and clarify the legal and contractual issues.

Benefits of Collaborations—
- Smaller communities can accomplish more collectively than they can alone.
- Resources, liabilities, and costs are shared.
- The combined labor pool of participating companies will lessen the possibility of under-enrollment.
- Research indicates that on-site or near-site child care is the most effective option for increasing worker productivity.
- Savings in tax deductions can offset some of the costs associated with the center.

Challenges of Collaborations—
- Start-up time is lengthy.
- If the combined labor pool is large, there may not be sufficient slots for all employees.
- Companies that withdraw from the collaboration will leave added financial and legal burdens for remaining participants.
- Is a long-term financial commitment.
Partnering with Near-site Family Child Care Provider

Family child care providers care for a small number of children in their private homes. This type of child care is popular with parents of children younger than three years who prefer the homelike setting and the small numbers of children that family child care provides. It also enables siblings to be cared for together thus strengthening the family bond and reducing the amount of child care arrangements that parents must make. Family child care is often the form of care best able to respond to the needs of school-age children and employees who work non-traditional hours.

Through collaboration with Southwestern Community Services Child Care Resource & Referral, Child First can help you identify family child care providers near your business.

Businesses can “adopt” or sponsor a family child care provider by assisting with licensing and/or accreditation costs, providing scholarships for professional development, purchasing a health benefits plan for the provider, and in several other ways, not all of which are financial. This support can be in exchange for child care openings for your employees. By sponsoring a family child care provider, or network of providers, employers can guarantee that the provider serve the employees’ children either on an exclusive or priority basis, offer flexible schedules, care for mildly sick children, and meet high safety and quality standards. Child First can help facilitate these partnerships.
Summary of Low Cost Ways to Help Employees with Child Care

The ideas listed below have relatively minimal start-up costs, but can return considerable value in terms of reduced staff absenteeism, turn-over, and improved productivity.

• Individualized flexible work schedules.
• Allow employees to use sick leave to care for sick children.
• Offer work-at-home options.
• Offer part-time employment options to parents.
• Provide private spaces for mothers who are breast feeding.
• Offer two or more paid personal days off a year for parents to attend an event at their child’s school or child care center.
• Inform your employees of the Family and Medical Leave Act and encourage them to use leaves.
• Regularly distribute information from Southwestern Community Services Child Care Resource and Referral to employees.
• Organize a parent group to meet regularly to discuss members’ individual challenges, and solutions, regarding child care. Invite Child First to present a workshop on recognizing quality child care.
• Join with other businesses to sponsor a child care and vacation camp information fair.
• Encourage parents to identify back up care in advance.
• Suggest shared caregivers for school vacation days and over-time work periods.
• Allow children to occasionally accompany their parents to work if there are no safety concerns.

Which of these options could you offer your employees?