

Child Care is Good Business

Solano Constructing
Connections
Collaborative
April 27, 2007



Presentation Overview

- Benefits of business child care involvement (for economy, women, employers)
- Challenges to supportive policies and programs
- Model programs

Economic Benefits of Child Care

- Nobel prize-winning economist James Heckman argues quality early education could brighten America's economic prospects ("The Productivity Argument for Investing in Young Children" www.ced.org)
- California child care generates \$4.7-\$5.4 billion in revenue and employs 123,000 workers

Economic Benefits of Child Care

- Research shows that investments in early education produce a rate of return of about 16 percent per year—far more than traditional economic development projects such as job incubators, stadiums, and **business tax incentives.**

(Arthur Rolnick and Rob Grunewald: “Early Childhood Development: Economic Development with a High Public Return,” Federal Gazette, March, 2003).

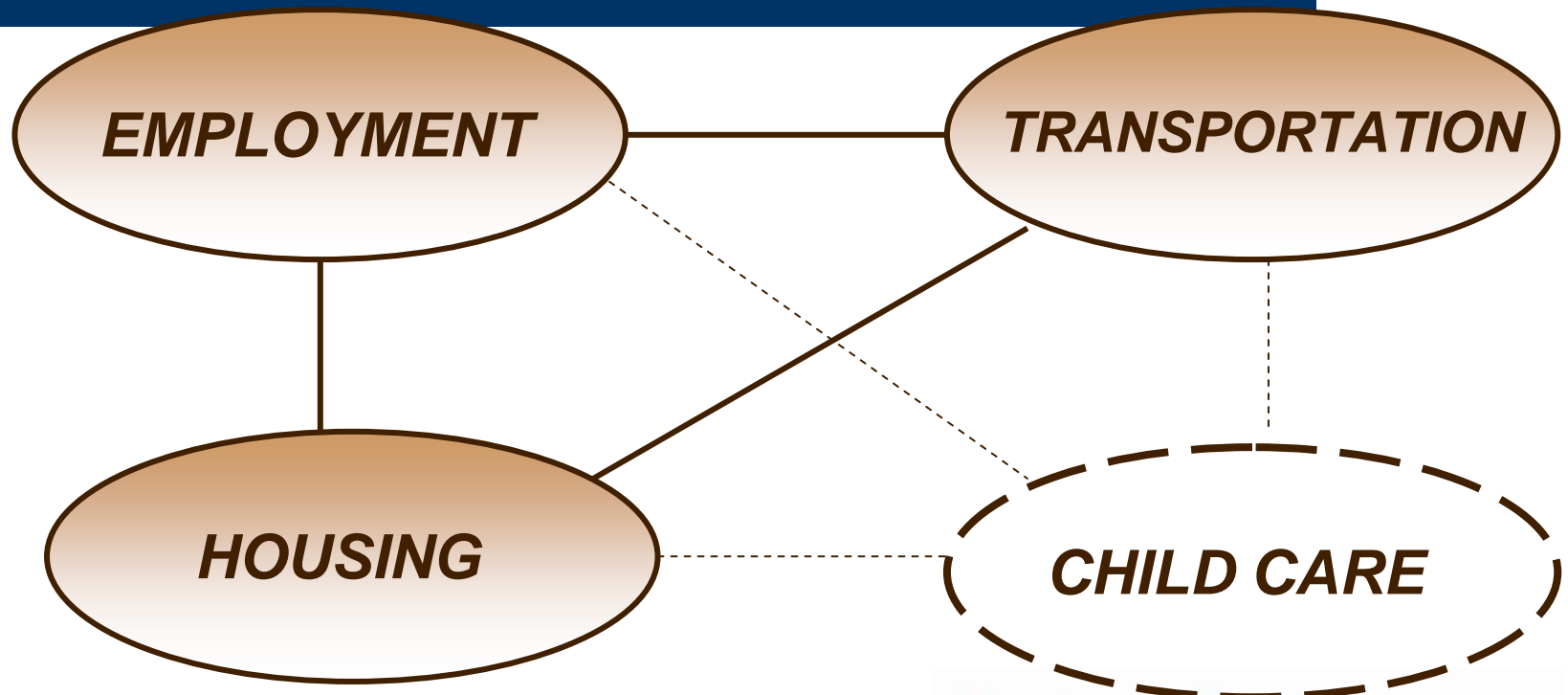
Economic Benefits of Child Care

- March, 2007: Business leaders, economists, and philanthropists unveiled a ten year project, Partnership for America's Economic Success, to make child care and early education a top US economic priority
- “You want to growth the economy? Invest in kids.” (Partnership for America's Economic Success: Chair Rub DUGger, managing director of Tudor Investment Corporation, a financial services company, quoted in Education Week March 14, 2007).





Child Care is a Key Yet Overlooked Component of Community Development



Women and Families Benefit from Child Care

- Two thirds of American women with preschool children, including more than one half of those with a child less than a year old, are working. (Future of Children, David and Lucile Packard Foundation, 2001)
- The number one reason cited by women (36%) as a significant barrier to advancement in their job or career is “family and child care responsibilities.”



Socially Responsible Businesses Are Well Received by Public

Almost eight in ten Americans today (79%) believe that companies have a responsibility to support causes—up from 65% in March, 2001. The study emphasizes that Americans expect companies to adopt this social role regardless of the economic climate.

(2001 Cone/Roper Corporate Citizenship Study, as quoted in Cone press release. National cross section of 1,020 adults by Roper ASW.)



More Businesses Are Getting Involved in Child Care Due to ..

The Bottom Line

“The bottom line is that our efforts to support employees’ work-family priorities are good business. They are neither ‘perks’ nor ‘giveaways.’” - Randall L. Tobias, Chairman and CEO, Eli Lilly & Co.





Bottom Line Benefits Include:

- Recruitment and Retention
- Reduced Absenteeism
- Loyalty and Productivity

Child Care Problems Result in Serious Work Disruptions

- Work Interruptions
 - 30% of employees cut work back on at least 1 day per week
 - 12% cut back 2+ days
 - 5% cut back 3+ days

Source: Harvard University Study, 2002

Business Bottom Line Benefits From Employer Child Care

- One comprehensive study showed during first year of operations of an on-site center:
 - Participants missed 1.7 fewer days of work than parents who did not use the center
 - Maternity leaves were 1.2 weeks shorter
 - 2.2 employee turnover rate vs. 9.5 for non center parents

Business Bottom Line Benefits From Employer Child Care

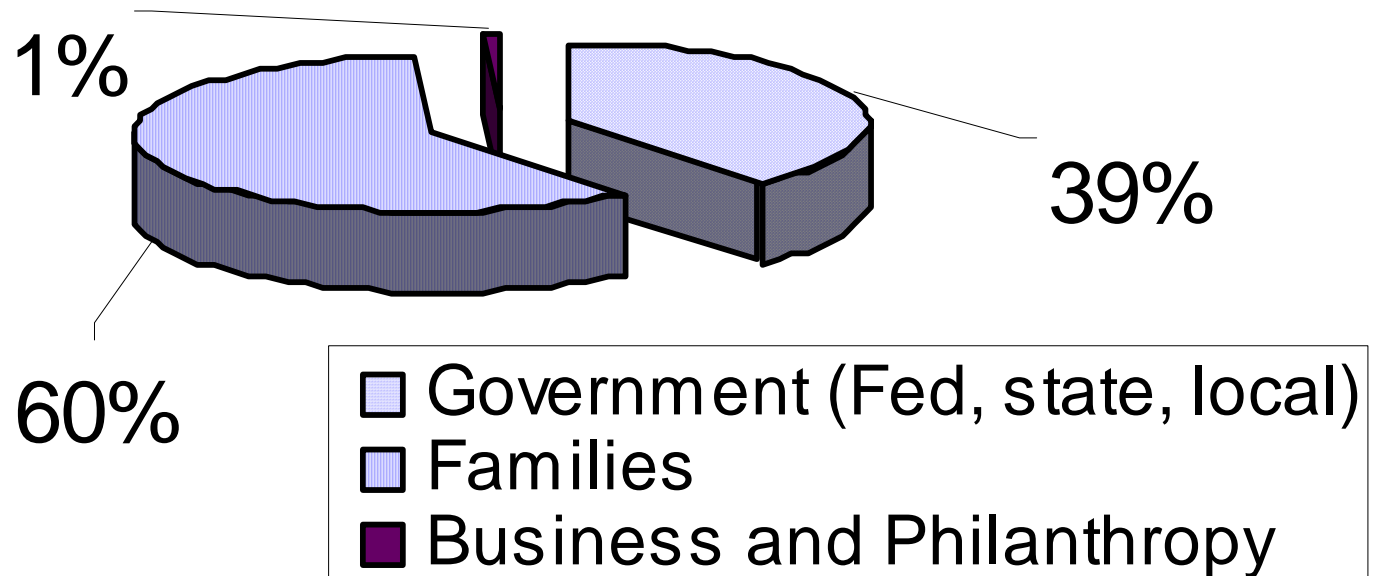
- 61% of potential hires said center would be a factor in their decision*
- In industry with labor shortage such as biotechnology, child care can help attract and retain employees

(*Linking Development and Child Care: A Toolkit for Developers and Local Governments," 2005)



Challenge: Business Underinvests Nationally In Child Care Relative to Families And Government

Major Revenue Sources for Early Care and Education*



Even With Economic Challenges

- “In a slowdown, companies need more than ever tomaximize employee performance, maintain the culture that brought success....”

(Sandra Burud, “Beyond ROI, A Contemporary Case for Work/Life”)

Child Care Options for Business

The following strategies can apply to small, medium and large businesses.

- **Flexible Personnel Policies/Flex Times/Flex Place**
- **Job Sharing**
- **Back-up Child Care** - short term or emergency care when regular child care arrangements fall through (e.g., a child falls ill);
- **Before/After School Care** - Typically a school or community-based program;



Child Care Options for Business

- **Dependent Care Assistance Plan**
- **On or Near Site Centers** (Genentech, Gateway biotech cluster in South SF, and even small business such as The Benjamin Group, a Campbell public relations firm for its 90 employees)
- **Sick Child Care**



Employer Child Care Program Options

- **Child Care Center Slots** - Some employers give financial assistance to child care providers in exchange for guaranteed employee slots;
- **Child Care Guidebook** - Some employers provide company booklets on choosing child care and balancing work/family responsibilities;

Employer Child Care Program Options

- **Community Contributions to improve the Quality/Supply of Dependent Care** - Company support of community efforts to recruit and train providers or for child care facilities funds;
- **Dependent Care Flexible Spending Account** - A program under IRC Sections 125 and 129 which allows employers to provide employees with tax-favored dependent care assistance;

Employer Child Care Program Options

- **Discounts at Local Centers** - Employers who take advantage of economies of scale can get discounts for their employees at child care centers;
- **Lunchtime Seminars** - Sessions designed to educate employees on child care topics, balancing work and families, etc.;
- **Family Day Care Network** - Licensed in-home day care providers; employer forms a network of homes for employees' child care or contracts for services;

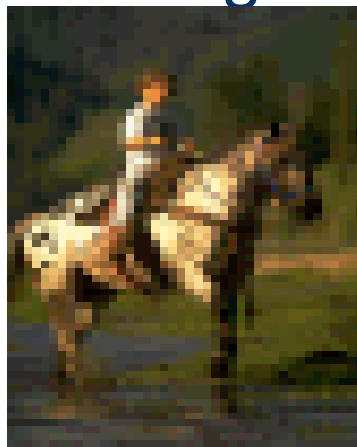
Employer Child Care Program Options

- **School Holiday/Summer Camp Activities -**
Company arranged activities either in-house or through a local community program;
- **Resource & Referral Program -**
Contracting for or adding employer services;
- **Worksite Information Fair -**
Company benefits program event for employees.



Employer Child Care Program Options

- Subscribe to a working parent newsletter for interested employees.
- **Transportation** - Offer transportation (shuttle bus, vans, etc.) between the worksite and the child care setting.



Employer Child Care Program Options

- **Child Care Subsidy** – This may be through a voucher program whereby an employer subsidizes the cost of child care on a sliding scale, usually with a licensed provider, or other means.

Employer Child Care Program Options

- **Donate to enhance an existing child care program:** A company contributes goods, funds, or services to a child care program for the purpose of improving the quality, affordability, or accessibility of program.

Employer Child Care Program Options

- Adopt a family child care home that will offer special hours or preferred access for employees in exchange for financial or in-kind support from the employer.
- Join with other business in offering a child care program for employees.

Resources

- Alameda County: Child Care Planning Council
website: www.acgov.org/business
- <http://www.nccic.org/ccpartnerships/profiles/employers.htm>
- Committee on Economic Development www.ced.org

