

EMPLOYER OPTIONS FOR CHILD CARE • PARENT SEMINARS  
RESOURCE AND REFERRAL SERVICES • ALTERNATIVE WORK  
SCHEDULES • PARENTAL LEAVE POLICIES • DEPENDENT CARE  
ASSISTANCE PLAN • VOUCHER OR REIMBURSEMENT SYSTEM  
PURCHASE OF SPACE/DISCOUNT PROGRAM • SCHOOL-AGE CARE  
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# *Employer Options for Child Care*

EFFECTIVE STRATEGIES  
FOR RECRUITMENT  
AND RETENTION

PENNSSTATE



College of Agricultural Sciences  
Cooperative Extension

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This manual is based on two earlier publications:

*Child Care Options for the 90s*, by James G. Beierlein, James E. Van Horn, and Lyn C. Horning, Department of Agricultural Economics and Rural Sociology, The Pennsylvania State University

*Employer Options for Child Care*, by Abby Baucom and Charles A. Smith, Kansas State University

# Employer Options for Child Care

Help for employers is here: What you can do to attract and retain the best employees

We live in a changing world. Families look different today than they did a generation ago.

- In 1947, 25 percent of mothers with school-age children were in the workforce; by 1996, their labor force participation had tripled.
- More than two-thirds of women with children under age 18 are now in the workforce—the traditional family consisting of a working father and a stay-at-home mother makes up just over a quarter of all U.S. households.
- Women are expected to account for more than 60 percent of new labor force entrants between 1994 and 2005.

Parents in the workforce are concerned about who will take care of their children. When your employees have trouble with child care, they are less effective in the workplace—and that affects your bottom line.

Studies show that child care problems can lead to

- Increased tardiness and absenteeism
- Higher turnover rates
- Higher recruiting and training costs

Clearly, any of these can jeopardize

- Productivity
- Work quality
- Your profitability

This handbook can serve as a tool to help you keep your employees happy and productive.

## How this handbook can help

Businesses that enforce family-oriented work policies

- Raise productivity
- Boost morale
- Increase commitment
- Reduce absenteeism and tardiness
- Reduce turnover

A commitment to supporting the child care needs of employees can improve your workplace effectiveness and serve as a recruitment tool to attract skilled workers. *Employer Options for Child Care* is designed to help you choose a child care strategy that fits your business and responds to your employees' needs.

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**“Knowing that my employer cares about my child care needs makes a real difference in how I feel about my job.”**

.....

**“I have two children, and during my job search, companies with family-friendly policies were at the top of my list.”**

.....

**“ As the owner of a small business, I know that happy employees are more productive and more likely to stay on board.”**

### Information in this handbook

The introduction provides general information on the impact of workplace-friendly employment policies, the changing workforce, and business challenges.

The main text outlines twelve child care options in a detailed, step-by-step format. The options are arranged from least to most directly supportive of employee child care needs. Studies have shown that the more directly a program supports employee child care needs, the greater the impact it has on workers' morale, productivity, and commitment.

Appendices include a guide to strategic planning, an employee needs assessment survey, a guide to cost/benefit analyses, and local and state resources available to support your business as you establish family-friendly policies in the workplace.

# Introduction

## Today's labor market

Until recently, a company's most valuable assets were its plants, properties, processes, and equipment. Senior corporate executives could sleep soundly knowing that these assets were locked up securely each night and would be there the next morning. Today, these executives are keenly aware that their firm's most valuable asset is the brainpower of its employees, who leave each day and may not return. Today's tight labor markets, nearly equal numbers of men and women in the workforce, and portable corporate assets (e.g., workers' brainpower) require new approaches to human resource management. The old approach of thinking of labor as a cost that must be minimized has been replaced with a new approach: labor is a resource that you need to manage for your business to succeed.

Nearly twenty years of economic prosperity have made workers want more from their jobs than a paycheck to buy food, shelter, and clothing. They are seeking challenging work and a sense that what they do matters and makes the world a better place. To hang onto their most valued asset, their workers' minds, an increasing number of businesses have begun to offer their workers employer-sponsored programs such as additional education, flextime, compressed work weeks, and child care.

.....

**“ My daughter has one ear infection after another, and I'm constantly missing work to take her to the doctor. It seems that if I'm not at the doctor's office with her, I'm at work worrying about her.”**

## The Effect of Child Care Problems on the Workplace

In a survey of 5,000 employees at five companies, 57 percent of women and 33 percent of men with children under 6 years old reported that they spend unproductive time at work because of child care concerns. Seventy-seven percent of women and 73 percent of men with children under 18 dealt with family issues during work hours (Women's Bureau).

In a survey conducted by the National Conference of State Legislators, 80 percent of employers reported that child care problems force employees to lose work time (Bond, Galinsky, and Swanbert, 1998).

Employed mothers of children under 6 miss an average of 8.5 days per year due to family-related issues; employed fathers of children under 6 miss an average of 5 days per year (Families and Work Institute, 1998a).

Employed mothers are nearly four times more likely to take time off from work to resolve child or family issues than their employed spouses (Bond, Galinsky, and Swanbert, 1998).

One-third of parents with children under the age of 6 have child care arrangements that fall apart within 3 months (Galinsky and Johnson, 1998).

## Making a business case

As an employer, one of your greatest challenges is to see your business benefit from the best your employees have to offer. Workers with more supportive workplaces and reasonable job demands experience less negative spillover from home, less job burnout, less stress, and more effective coping, which in turn promote better performance on the job (Families and Work Institute, 1998a). More and more, employers are developing programs and policies to reduce the stresses of balancing work and family commitments. This effort is not a frill or a substitute for social services—it makes good business sense. DuPont Company, the major Delaware-based corporation, surveyed its employees and learned that 80 percent would have missed work if not for the company's emergency/backup child care program (U.S. Department of Labor).

Productive workers make for happy customers who help a firm keep its competitive edge in the market. The 2000 edition of *Fortune Magazine's 100 Best Companies to Work For* showed that such efforts bring financial rewards. Over the past three years, firms on the list had an average rise in their stock value of 37 percent, versus an average rise of 25 percent for the general stock market (as measured by the Standard and Poor 500 index). One of the biggest increases in benefits was the rise in businesses offering child care assistance. On the first list in 1984, only one firm had a child care program; the current list includes twenty-nine firms offering child care.

Support of workplace-friendly policies is an investment that clearly affects the bottom line of all businesses. Employee absenteeism, low morale, indifference, and turnover carry significant costs to employers. In contrast, employee commitment, high morale, enthusiasm, and a personal investment in their work translate into significant benefits for employers and their customers.

### Did You Know? . . .

Employed mothers with children under 13 miss an average of 6.4 days per year because of family-related issues, such as sick children; employed fathers with children under 13 miss an average of 3.9 days per year (Bond, Galinsky, and Swanbert, 1998).

Employed parents who experience fewer disruptions in their child care arrangements are less stressed, better at coping, and more satisfied with their jobs in general. (Galinsky and Johnson, 1998).

Child care costs are often so high that they create an impediment to work. Child care costs consume an average of 7.5 percent of the total family income. For low-income families, however, these costs rise to more than 25 percent of total income (U.S. Department of the Treasury, 1998).

## Child Care as an Investment

Of employers offering one or more flexible work arrangements, 46 percent perceived a positive return on their investment, while 36 percent perceived the programs as cost-neutral. Forty-two percent of employers who allow employees to take some paid time off to care for mildly ill children perceive these programs as a positive return on the investment, while an additional 42 percent perceive them as cost-neutral (Families and Work Institute, 1998b).

Aetna estimated the savings realized from parental leave policies to be about \$1 million per year. The company cut post-childbirth turnover by 50 percent by extending parental leave to six months, allowing a part-time return, and training supervisors to manage leaves (Galinsky and Johnson, 1998).

Lexis-Nexis reduced operating expenses by more than 45 percent through a telecommuting program and a flexible work environment. Savings came from higher productivity, fewer facilities, greater geographical hiring pools, and better use of technology (U.S. Department of the Treasury, 1998).

First Tennessee Bank reports reduced turnover costs of more than \$1 million annually from work/family programs, including flexible scheduling (U.S. Department of the Treasury, 1998).

Johnson & Johnson reported savings of more than \$4 for every \$1 invested in its work/family programs, including child care resource and referral information (U.S. Department of the Treasury, 1998).

Lancaster Laboratories' turnover rate is one-half of the industry average, in part due to an on-site child care center (U.S. Department of the Treasury, 1998).

Workers who believe that their employer supports their personal needs tend to be

- Less stressed
- More successful in balancing work and family life
- More loyal to the company
- More committed to their employers
- More satisfied with their jobs
- More likely to want to remain with their employers

(Families and Work Institute, 1998b). (See sidebar, "The Effect of Child Care Problems on the Workplace," page 3.)

An increasing number of businesses have found that employer-assisted child care is an effective way to attract and retain quality workers. A recent U.S. Department of Labor publication, *Meeting the Needs of Today's Workforce: Child Care Best Practices* (1998), highlights forty success stories in employer-assisted child care. The forty cases are unique solutions that work because they are tailored to fit specific situations. This list includes Fortune 500 firms such as AlliedSignal, Johnson & Johnson, American Home Products, Texas Instruments, and DuPont. Several corporations in the publication were also



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**“ In the coming century, the organization that responds to the realities of employees’ day-to-day lives will be ahead of the curve. The ‘as-if’ organization—the company that continues to operate as if its employees had no outside lives—will be history.”**

*Families and Work Institute, 1998*

in *Fortune Magazine’s 100 Best Companies to Work For*. Successful employers expect the best effort from their employees and, in turn, give their best to their employees.

Employee effectiveness can be strengthened through a business plan that responds to the child care needs of employees. Incorporating support for child care in your strategic plan can strengthen your business and make it more competitive and profitable.

#### Support for child care as an investment

Business support of child care programs is a clear bottom-line investment. *See sidebar, “Child Care as an Investment,” page 5*. Such support often results in immediate benefits through significant increases in employee productivity, motivation, and dedication, as well as decreases in turnover and absenteeism. In addition to experiencing lower labor turnover rates and higher labor productivity, firms that have instituted child care help for their employees have a better chance of recruiting employees. A good child care program can also serve as a marketing tool for improved community relations (U.S. Department of the Treasury, 1998).

#### Family stress goes to work

Employees who are under stress as a result of family changes are less productive at work. Dramatic increases in the divorce rate have raised the number of single parents with young children. Nearly 25 percent of employed parents are single, up from less than 10 percent in 1960 (U.S. Department of the Treasury, 1998). Families headed by single parents are especially susceptible to financial stress that can affect workplace performance.

Families today are also more mobile, as parents relocate to pursue educational and employment opportunities. This trend has placed an additional burden on parents who no longer live near extended family members, the traditional providers of informal support.

One of the greatest worries of parents in the workplace involves school-age children, who are often left to care for themselves before and after school. Each week, nearly 5 million children are home alone after school during the afternoon hours, when juvenile crime peaks (Children’s Defense Fund, 1998b). A survey of 8,121 workers in Oregon, conducted by Portland State University, found that mothers and fathers whose children cared for themselves were the workers most affected on the job by missed days, lateness, interruptions, and early departures. In fact, the highest absentee rate for all employees was for men whose children were caring for themselves at home (Emland and Koren, 1984).

Employees are under continued and increasing pressure to succeed in the workplace. Pressures at work have the potential to spill over into the home. The reverse may be true as well.



## Conclusions

When employees feel that their employers are supporting their family lives, they are more satisfied with their jobs, more loyal to their company, more committed to its success, and more likely to remain with the company (Bond, Galinsky, and Swanbert, 1998).

Providing support for the child care needs of employees makes good business sense. The type of support you provide depends on the size of your business and the nature of your workforce. There is no “one-size-fits-all” solution. Every business should make a careful assessment of its needs, and of the types and availability of local resources that could be integrated into a child care plan.

Support of workplace-friendly policies is an investment that clearly affects the bottom line of all businesses.

# Option 1: Parent Seminars

Virtually all parents can benefit from information that helps them understand their children's physical, intellectual, and emotional growth, particularly in the early years when development proceeds at such a dizzying pace.

*(Families and Work Institute, 1998a)*

## Definition

Parent seminars are programs designed to provide information and resources to parents, and/or to assess the family support and child care needs of working parents in the company.

Parent seminars typically take the following forms:

- *Single-topic workshops* on a wide variety of topics related to parenting, child development, or balancing work and family issues.
- *Information fairs* with representatives and/or information from local organizations to inform working parents about resources in the community.
- *Regularly scheduled workshop sessions* that explore a topic or a series of topics in depth.
- *Informal group meetings* in which parents can voice concerns, share information, or support each other.

The seminar format, as well as the type and amount of information offered through this option, will vary with the needs of parents.

## Goals

- To provide basic information about parenting, child care, and/or community resources designed to support parents and young children.
- To assess the needs of working parents in the company, in preparation for developing other child care services.
- To supplement another child care option, such as reimbursement or information and referral, by offering the information parents need in a structured way.

## Advantages and disadvantages

### ADVANTAGES

- Relatively inexpensive, requiring only a small amount of staff time, a group leader, space (conference room), and time off for employees.
- Can be adapted to reflect parent and company concerns.
- Can supplement other company programs, such as employee assistance or employee relations efforts.
- Can send a visible message that the company is sensitive to employee needs.
- Can foster collective problem solving and generate a variety of responses and solutions to stressful situations.

- Can be used as an interim step for companies considering other child care services.
- Can reduce employee stress and improve performance and morale.

#### DISADVANTAGES

- Not a direct child care service.
- Participation may not be widespread.

### Steps in developing a parent seminar

#### 1. CONDUCT A NEEDS ASSESSMENT.

You should conduct a needs assessment among employees to determine interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

#### 2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO PLAN THE PROGRAM OR SERVICE.

A joint management-employee committee may be useful in developing the program. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

#### 3. DESIGN THE PROGRAM.

These initial considerations should go into designing educational programs and seminars:

- Type of format (seminar, fair, workshop)
- Type of presentation (written, lecture, discussion)
- Scheduling the sessions (consider work schedules and employee needs)
- Size of the group (depends on format)
- Whether to provide handouts and how they will be prepared (reprints of articles, lists of resources, outlines)
- Breadth of topics (may evolve from parent input)
- Follow-up strategy (individual contact, forms for participants to complete)

#### 4. DECIDE WHO WILL PRESENT THE PROGRAM.

You might want to contact your local Penn State Cooperative Extension office (see Appendix B), local colleges, advocate groups for children and teens, or other employers for recommendations. You should interview potential program presenters, check their credentials, discuss your company's goals, and collaborate to ensure that the presentations work toward those goals.

#### 5. REVIEW A WRITTEN OUTLINE OF THE SESSIONS WITH THE PRESENTER.

An introductory overview session open to everyone is a good way to begin the educational programs. Organization of subsequent workshops should be in accord with outlined goals.

**6. REVIEW THE PRINTED MATERIAL.**

The employer and presenter should jointly review all handouts to ensure that they reinforce the company's goals and do not lead readers to expect service that the company doesn't plan to offer.

**7. PUBLICIZE THE SEMINAR OR WORKSHOP WELL IN ADVANCE.**

Publicity should begin at least one month in advance, using regular in-house methods, such as e-mail, bulletin boards, newsletters, and interoffice memos. Consider changing publicity methods if employees don't learn about the seminars at all or do not find out about them in enough time to arrange to attend. A few days before the event, make phone calls or send memos as reminders.

**8. CONDUCT AN EVALUATION.**

Immediately after the session, participants should be asked to complete evaluation forms that survey their reactions to the seminar. These forms should ask for ideas for future sessions and solicit general comments. Management may request a report on the survey results and on the range of issues discussed.

**9. MAKE LONG-TERM PLANS.**

Issues raised during seminar and workshop discussions can supplement information gained through written surveys. You should develop a long-term plan to address the needs parents raise in both forums. The schedule, format, and regularity of the seminars will depend on your employees' needs and your organizational resources.

**10. CONSIDER THE FINANCIAL COSTS INVOLVED.**

Parent seminars are a relatively inexpensive option for employers. They can be planned as a package to cover a broad range of topics, or each session can be based on discussions from a prior session. The needs assessment also will provide information on topics employees would like to have addressed.

Presenter fees will vary depending on the number and format of programs to be presented. The level and type of expertise required of the presenter for each topic will also influence cost, as will preparation of handout materials, whether they are provided by the presenter, the guest expert, or the company. Time off for employees to attend the sessions also will contribute to the overall cost.

**Technical assistance needed**

Programs are sometimes managed using in-house staff from personnel, human resources, or employee assistance departments. You may also develop or manage programs under contract with outside experts or a consultant, child care agency, human services agency, or college or other educational institution. The state or local government also may help.

You may want to consult your local Penn State Cooperative Extension office to help determine child care needs. Cooperative Extension agents also could present educational programs on child care, parenting, and other work and family concerns.

You also should consider others in your community who could help: nursery school teachers; day care center staff or director; child care resource and referral agencies; local cooperative extension agents; retired persons with child development backgrounds; vocational technical schools with a child care curriculum; community colleges; and local child care sponsoring agencies.

## Examples

A bank offers a series of “Learn at Lunch” parent seminars for its employees on such topics as “How to Work and Parent Successfully,” “How to Select Child care,” “How to Monitor Your Child’s Care,” and “Time Management for Working Parents.”

An aircraft manufacturer gives parent employees 90 minutes off once a month to attend optional seminars on balancing work and family commitments.

A group of employers in a downtown area sponsors an employee information fair on local resources and programs for children and families.

## Option 2: Resource and Referral Services

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

*U.S. Department of the Treasury, 1998*

### Definition

Resource and referral services help parents locate and select child care during all work shifts. They work to improve the quality and supply of child care through a number of different strategies. Employers can contract with resource and referral agencies to provide specific services for employees.

### Goals

- To help employees with the process of finding child care.
- To provide parents with information on high-quality care.
- To enhance the quality and availability of child care in the area by collaborating with the local resource and referral agency.

### Advantages and disadvantages

#### ADVANTAGES

- Personalized parent counseling and child care referral is provided.
- Costs to companies can be relatively low or, in the case of simply providing employees with information about resource and referral agencies in their area, negligible.
- Companies do not need to be directly involved in choosing or providing child care.
- Support services are offered to child care providers.
- Resource and referral agencies provide referrals to a wide range of child care settings, ensuring greater parental choice.
- Increased access to child care reduces stress and enhances morale among workers who are parents.
- Companies can use a resource and referral agency as an interim step while they decide what other coverage to provide for their employees.

#### DISADVANTAGES

- Resource and referral services do not make child care more affordable and are not a guarantee of quality.
- Problems may remain in areas where there is a shortage of child care facilities.

### Steps in using a resource and referral service

#### 1. CONDUCT A NEEDS ASSESSMENT.

You should conduct a needs assessment among employees to determine the

interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

**2. DETERMINE THE LEVEL OF INVOLVEMENT WITH THE RESOURCE AND REFERRAL AGENCY.**

As an employer, you should determine the amount of resource and referral service you would like to use. You can contract with a resource and referral agency either to provide information to employees, allowing the employees make the contacts and pay any fees themselves; or to provide services directly to employees. The extent of these services can vary, based on the needs of the employees.

**3. NEGOTIATE SERVICES AND FEES.**

If your company decides to limit its involvement to providing information, the next step is to contact the local resource and referral agency and ask them to provide materials on the services they offer.

If your company decides to contract with a resource and referral agency, you should contact the local agency to learn about the services offered and negotiate a contract.

### Technical assistance needed

Your local Child Care Information Services (CCIS) or resource and referral agency can provide a range of services that will be individually tailored to meet the needs of your organization.

### Examples

- An employer distributes information on the local CCIS to employees.
- A business purchases resource and referral services for employees as part of an employee benefits package; all employees receive enhanced referrals free of charge.
- A business donates money or awards grants to local child care programs and support groups as a way of improving the quality and availability of the child care offered in their area.



## Option 3: Alternative Work Schedules

Only 18 percent of the companies offering one or more flexible work arrangements perceive the costs of those investments as outweighing benefits, 36 percent perceive the programs as cost-neutral, and 46 percent perceive a positive return on the investment.

*Families and Work Institute,  
1998b*

### Definition

Employees adjust their arrival and departure times to meet their individual needs instead of working a traditional 8 A.M. to 5 P.M. day or a five-day week.

### Goals

- To give working parents flexibility to balance work and family commitments.
- To allow parents to adjust their work schedules to meet the individual needs of their families.
- To help parents match their work schedule with their child care services or local school schedule through flexible arrival/departure times.

### Advantages and disadvantages

#### ADVANTAGES

- Employees have better morale and less stress.
- Productivity increases.
- Absenteeism and tardiness decrease.
- Commuting time can be reduced.
- Overtime costs are reduced.
- Recruitment is enhanced, particularly for those employees who might not be available for a traditional work schedule.
- Business hours can be extended through the flextime and compressed workweek options.
- Flexible schedules allow for more economical use of office space and equipment.
- Through job sharing, two employees can be scheduled during peak business hours to increase efficiency.

#### DISADVANTAGES

- Supervisors and employees may not work the same hours, requiring greater planning and control of work flow.
- Administrative problems may arise with timekeeping or with the way benefits are assigned, prorated, or split.
- Administrative costs may be high when an option is first implemented, depending on existing systems and how quickly they can be adjusted.
- Workplace coverage may be a problem with some options.

## Steps in developing alternative work schedules

### **1. CONDUCT A NEEDS ASSESSMENT.**

You should conduct a needs assessment among employees to determine the interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

### **2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.**

A joint management-employee committee might be useful in developing the program to be offered. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

### **3. DECIDE WHICH ALTERNATIVE WORK SCHEDULE OPTION YOUR BUSINESS WILL IMPLEMENT.**

You should base your decision on the results of the needs assessment and input from the management-employee committee. Your decision should also reflect company goals. Small companies may find that offering part-time employment is more cost-efficient and beneficial, as well as more responsive to their employees' needs. Larger companies may find flextime, telecommuting, or a combination of options to be better suited to both company and workforce needs.

### **4. ADVERTISE THE SELECTED ALTERNATIVE WORK SCHEDULE.**

Employees should be made aware of the alternative work schedule option being considered and how it will meet their specific needs. Managers and supervisors should also be made aware of the option and how it will affect personnel decisions in their respective units. You can publicize the available option through e-mail messages, seminars, meetings, flyers, bulletin board notices, and articles in the company's newsletter. Follow-up should ensure that all employees have been informed about the option available and understand how to make use of it. This can be achieved through supervisor/staff meetings, direct calls to employees, or follow-up surveys.

### **5. IMPLEMENT NECESSARY POLICY AND ADMINISTRATIVE CHANGES.**

You should ensure that appropriate policy changes are made and disseminated throughout the organization. Changes to administrative systems should be monitored carefully to ensure both that the transition is smooth and that employees are not disadvantaged by the impending change. For example, when an employer is switching from traditional sick and annual leave systems to a flexible leave approach, careful monitoring is necessary to ensure that employees' accrual rates are accurately recorded and equivalent to what they were earning before implementation of the new system. Employees who manage the administrative systems should receive training to ensure that they are comfortable with implementing and explaining the changes to other employees.

Part-time employment may force workers to sacrifice benefits and advancement opportunities in exchange for the reduced hours, making it a less attractive option for many parents who wish to continue their careers. This negative aspect can be avoided by establishing part-time positions with prorated benefits and an adjusted ladder for advancement.

**6. DESIGN AND ESTABLISH A REPORTING MECHANISM.**

A reporting mechanism should be designed to allow for accurate tracking of hours worked, benefits due, and other administrative provisions that may have been altered by the institution of an alternative work schedule. Costs can be tracked to determine cost effectiveness to the employer.

### Technical assistance needed

A company's benefits manager should be involved in setting up any alternative work schedule options. Companies considering options that affect workers' benefits should seek legal counsel to ensure that employees suffer no negative effects.

To gain insight into the pros and cons of a specific option, you might want to talk with other employers, either in the same area or in the same industry, who have already implemented alternative work schedules.

## Examples

- *Flextime*: The employee is required to be at the workplace during specified "core" hours; all other hours are flexibly scheduled so that the employee works a prescribed number of hours per pay period.
- *Compressed work week*: Employees work longer hours each day but fewer days a week. The equivalent of a full week is worked in fewer than five full work days or, for employees on biweekly pay schedules, the equivalent of two weeks is worked in fewer than ten full work days.
- *Telecommuting*: Employees work out of their homes or at a satellite work site instead of in the office; they are usually connected to the office by computer and/or telephone.
- *Flexible leave policies*: Accrued sick and annual leave are combined for employees to use as they choose. Policies also may include paid or unpaid "personal leave" time.
- *Parental leave*: Sometimes called "family leave," this is a flexible policy that provides time off for mothers or fathers after the birth of a baby, an adoption, or a foster care placement.
- *Job sharing*: Two (or more) workers share the duties of one full-time job, each working part-time; or two or more workers who have unrelated part-time assignments share the same budget line.
- *Part-time employment*: This can refer to portions of days, weeks, months, or years worked by temporary or permanent workers.

- *Voluntary reduced work time:* Employees reduce their work time and salary by a specified amount (usually 5–50 percent) either for a specified period (usually 6–12 months) or permanently, while retaining benefits and seniority on a prorated basis.

- *Phased retirement:* Employees gradually make a transition from full-time work to retirement with an interim period of part-time work, during which the employee may train the replacement worker.

Flextime is the most commonly known of the alternative work schedule options. The federal government began flextime on an experimental basis in 1979; Congress permanently authorized the program in 1985. The private sector also has increased its use of flextime, not just to help employees balance their work and family lives, but also for sound business reasons, such as better use of equipment and buildings; decreased traffic congestion; and improved attendance, punctuality, and productivity among employees.

Part-time employment has been used for a number of years by both the public and private sectors. Some of the other options for alternative work schedules discussed above are much newer, but where reports have been prepared, they have proven to be successful.

## Did You Know? . . .

In recent years, more companies have recognized that flexible scheduling does not cut productivity. In many cases it allows working parents to be more focused and efficient on the job. Today, according to the 1997 National Study of the Changing Workforce, 44 percent of employed parents with young children have access to traditional flextime: They are allowed to select their starting and quitting times within a specified range of hours. Fewer working parents (26 percent) can change their starting and quitting times on a daily basis. (Families and Work Institute, 1998)

## Option 4: Parental Leave Policies

The high cost of employee recruitment and training has a significant impact on a company's bottom line. The costs of replacing an employee on parental leave are estimated to be three to four times the costs of holding the job open for the employee's return.

*Friedman, Galinsky, and Plowden, 1993*

### Definition

There are policies for parents that allow them to take time off from work for family concerns without jeopardizing their jobs.

In 1993, Congress passed the Family and Medical Leave Act (FMLA), which extended the right to unpaid leave to all workers and expanded the reasons for which such leave might be taken. It entitles eligible employees of either sex to take up to twelve weeks of unpaid job-protected leave each year for specified family and medical reasons, including birth of a child, placement of an adopted or foster child in the home, or the serious illness of a family member. The law applies to all public agencies and to private sector employers who employ fifty or more people for at least twenty work weeks during the year.

Under the Pregnancy Discrimination Act (1978), the same procedures used in determining the ability of employees to work should be used to determine the ability of employees temporarily disabled by pregnancy to work (for example, a doctor's statement). In general, mothers need six to eight weeks to recover from childbirth.

Parental leave policies fall into two basic categories:

- Extended leave for either parent for predetermined family reasons, such as the birth of a child, an adoption, or the placement of a foster child in the home. The leave can be paid, unpaid, or "partially paid."
- Short-term leave that lets parents take time off periodically to care for their children. For example, parents may need to take a child to a medical appointment, stay home with a sick child, attend parent-teacher conferences, or attend a child's school performance.

### Goals

- Parental leave policies allow workers to balance the needs of work and family without having to choose between the two.
- Maternity leave time lets the mother recuperate from childbirth.
- Post-childbirth leave gives parents time to adjust to caring for their newborn child and to make suitable child care arrangements for the infant before returning to work.
- Allowing parents to take short periods of time off work to attend to family needs greatly reduces parental stress, increases commitment to the company, and increases productivity.

## Advantages and disadvantages

### ADVANTAGES

- Employees are less stressed about becoming new parents. They have time to find child care and to adjust to their new roles as parents.
- Parental leave can be an effective recruitment tool, particularly for employers with large female workforces.
- Turnover is reduced, and the employer's training investment is preserved.
- Employees can take time to attend to family emergencies without fear of losing their jobs.

### DISADVANTAGES

- Smaller companies may find it costly to hold jobs open for too long a period of time; other employees may be burdened with handling the leave-taker's work.
- Providing paid benefits to employees on parental leave may raise the employers' costs.

## Steps in developing parental leave policies

### 1. CONDUCT A NEEDS ASSESSMENT.

You should conduct a needs assessment among employees to determine the interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

### 2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.

A joint management-employee committee might be useful in developing the program or service. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

### 3. EXPLORE THE BEST MATERNITY AND PATERNITY LEAVE ALTERNATIVES.

Explore maternity leave options in relation to requirements of the 1978 Pregnancy Discrimination Act and the 1995 Family and Medical Leave Act. Also explore the best parental leave alternatives for new fathers, new adoptive or foster parents, and parents with seriously ill children, as stipulated in the Family and Medical Leave Act. You should base your decision on the results of the needs assessment and the input from the management-employee committee. Company goals should also be a factor in determining the most appropriate maternity leave benefit.

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**Only 17 percent of companies think that the costs of leave programs exceed the benefits, while 42 percent think leave programs are cost-neutral and another 42 percent perceive a positive return on investments in these programs.**

*Families and Work Institute,  
1998b*

**4. ESTABLISH GUIDELINES FOR PARTICIPATION IN THE PARENTAL LEAVE PROGRAM.** The following are some examples of participation requirements instituted by employers:

- Time allotted for maternity leave determined by length of service and/or a physician's opinion.
- Paid leave granted for the hours accrued by the employee under the company's sick and personal leave policies, unpaid leave granted for any additional time.

**5. PUBLICIZE THE NEW POLICY.**

Parental leave policies should be announced to all employees through e-mail, flyers, bulletin board notices, articles in the company newsletter, amendments to administrative handbooks, staff meetings, or any other communication method the company uses.

#### Technical assistance needed

The company's human resources specialist or department can help conduct a needs assessment and determine the most appropriate parental leave benefit. A legal adviser can help to establish and interpret leave policies. Consult the Pennsylvania Department of Labor about any state requirements that your individual business must meet.



## Examples

### **Maternity/Paternity Leave Policies**

- Leave with pay for the entire twelve-week period.
- Leave without pay for the twelve-week period.
- Leave for the twelve-week period with a partial salary reimbursement.
- A combination of leave with pay, leave without pay, or a partial salary reimbursement for the twelve-week period.
- Part-time scheduling to facilitate a mother or father's return to work after the leave period.
- Disability leave with full or partial salary reimbursement.
- For those companies not bound by the Family and Medical Leave Act, a shorter period of parental leave (with or without pay).

### **Flexible Leave Policies**

- For short periods of time away from work to attend to family needs, employers let employees work overtime, usually within the same pay period, to compensate for the lost work hours.
- Leave policies are arranged so that employees can take leave by the hour rather than by the day.
- Employee sick leave can be used to care for sick children or other family members.
- Rather than separating sick and personal leave time, flexible leave policies allow parents to take accrued leave for whatever reason they choose.

# Option 5: Dependent Care Assistance Plan

## Definition

Dependent Care Assistance Plans (DCAPs) for child care take three primary forms:

- A voluntary salary reduction plan in which the employer and employee agree to reduce the employee's income by a certain amount, up to \$5,000 per year of pre-tax earnings, which is placed in a flexible spending account to pay for eligible child care expenses.
- Employers place money into individual accounts for employees to offset the costs of child care, in addition to an employee's current salary and benefits.
- A combination of both of the above.

The child care services allowed under a dependent care assistance program include care at the parent's home, at another person's home, or at a child care center for children under 15 years of age. If the child care program is in another person's home or in a child care center, it must be either registered/licensed by the Pennsylvania Department of Public Welfare or specially exempt from license.

## Goals

- To set money aside in an account to help cover the costs of child care expenses.
- To reduce tax liability for both the employer and employee. Employers are not required to pay Social Security or unemployment taxes on the funds placed in the account, nor are employees required to pay federal or Social Security taxes on the salary put in the account. DCAPs are viewed by the Internal Revenue Service (IRS) as a benefit and therefore are not included in the employee's taxable income, as long as the employer qualifies as a Dependent Care Assistance Program provider as described in Section 129 of the Internal Revenue Code.

## Advantages and disadvantages

### ADVANTAGES

- The plan allows the employer to budget expenses.
- The plan ensures that funds are available to meet employees' child care expenses.
- The plan is a good public relations tool and improves employee relations.
- The plan provides potential tax advantages for employer and employee.

### DISADVANTAGES

- The "use it or lose it" policy could adversely affect employee morale.

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According to the 1997 National Study of the Changing Workforce, 12 percent of working parents with young children receive direct financial assistance with child care fees from employers: vouchers, cash, or scholarships. Thirty percent have access to Dependent Care Assistance Plans: Employees deposit part of their pre-tax wages into an account that can be used to reimburse child care costs.

*(Families and Work Institute, 1998a)*

## Steps in Developing a Dependent Care Assistance Plan

### 1. CONDUCT A NEEDS ASSESSMENT.

You should conduct a needs assessment among employees to determine the interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

Employee benefits from DCAP accounts depend on individuals' child care costs and specific tax situations. You should implement DCAP only after ensuring employees will derive more benefits from it than the child care tax credit. The gross income of interested employees should be evaluated; families with relatively low dependent care expenses and incomes under \$22,000 per year usually do not benefit from this program. If part of the workforce consists of minimum-wage or low-income employees who would not benefit from a salary reduction agreement, you might provide a subsidy to help these parents with their child care expenses and provide a DCAP, through a salary reduction agreement, for higher-income employees.

### 2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.

A joint employee-management committee might be useful in developing the program or service. It can foster a sense of program ownership among employees and provide a forum for employees to give input into the design features of the program or service.

### 3. ENSURE THE SALARY REDUCTION PLAN MEETS LEGAL REQUIREMENTS.

Before a salary reduction plan or DCAP can be established, steps must be taken to conform the plan to IRS guidelines. The plan must meet the legal requirements of a Dependent Care Assistance Program and a Flexible Benefits Program as described in Section 129 of the Internal Revenue Code. Confer with your legal counsel or tax consultant to ensure these requirements are met.

At the beginning of the plan year, the employee and employer must agree on the specified amount to be placed in the employee's DCAP account each month for use in paying eligible child care expenses. Employees cannot change or revoke participation in the plan unless there is a change in their family status. Conservative estimates of child care costs should be used, since unused portions of the money set aside in the DCAP account will be forfeited. Child care costs that are not covered by the DCAP account can be reported for the child care tax credit.

Although nondiscrimination guidelines require that the plan cannot discriminate in favor of highly paid employees, the plan can favor low-income employees and provide extra subsidies for those parents who have the most difficulty covering their child care costs. As the employer, you also can provide funds to cover any eligible services the parent might choose.

Employers can exclude employees covered by a collective bargaining agreement as long as child care benefits were negotiated in good faith with the union by the employer. Employer programs that do not involve actual care for the child, such as parent seminars or information and referral services, would not qualify as DCAPs.

#### 4. DECIDE HOW THE COMPANY WILL FINANCE THE BENEFIT.

The following are examples of options employers have for financing the DCAP allowance:

- Underwriting the cost of the program as an add-on above and beyond an employee's present salary and benefits.
- The salary deduction plan discussed above.
- A combination of both.

A company's legal, tax, and benefits personnel are invaluable resources to use in deciding what alternative is best.

#### 5. DECIDE HOW THE COMPANY WILL REIMBURSE BENEFITS.

Under the DCAP, your business has three options to choose from in establishing a reimbursement system:

- To provide the child care.
- To contract with a third party or parties for child care service for employees.
- To reimburse employees for child care expenses based on the submission of receipts or canceled checks.

The expertise of legal, tax, and benefits consultants will prove useful in determining the most appropriate option of reimbursement.

#### 6. COMMUNICATE WITH EMPLOYEES.

Because the details of this type of program can be complicated, employees may not want to enroll initially. Clear and comprehensive explanations of the program are crucial to ensure enrollment.

The law requires that an employer provide employees with reasonable notice of the program's terms and eligibility requirements. The notice must include a description of the child care tax credit available to employees and a statement of circumstances under which the tax credit is more advantageous to employees than exclusion from taxes under the DCAP.

The DCAP also must, by law, meet one of two nondiscrimination tests:

- The average benefit provided to employees who are not highly compensated is at least 55 percent of the average benefits provided to highly compensated employees. If the DCAP is a salary reduction agreement, employees whose wages are below \$25,000 will be disregarded for this test.

OR

- The percentage required is 75 percent, rather than 55 percent, but three eligibility requirements are added.

Use the professional advice of your company's legal counsel, tax consultant, and benefits personnel to ensure that your DCAP meets the nondiscrimination requirements.

To let your employees know about this program, use seminars and meetings, flyers, notices on bulletin boards, articles in the company's newsletters, and other communication vehicles used by your company. Human resources and/

or personnel staff should be trained to explain the program to employees and answer any questions that may arise.

**7. DESIGN AND ESTABLISH A REPORTING MECHANISM.**

As an employer, you are required by law to report to both the employees and the Internal Revenue Service on the financial status of a DCAP. Therefore, you should design a reporting mechanism that lets you do so quickly and accurately. You can get reporting requirements from the IRS.

**8. DEVELOP AN EVALUATION MECHANISM.**

Once the program is in place, you should evaluate its adequacy and usefulness. The evaluation should include a monthly review of the budget-versus-costs reports, usage figures, quality control standards and measures, and an annual program review.

## Examples

- An employer and an employee both make monthly deposits of pre-tax earnings into a DCAP account established to offset the employee's child care costs. The employee chooses child care at a local family child care provider and uses the money in the DCAP account to pay the child care costs.
- An employer establishes DCAP accounts based on employees' pre-tax earnings and subsidizes the cost of child care for employees below a specific income level through vouchers (see Option 6).

# Option 6: Voucher or Reimbursement System

Nearly all studies on the topic find that reducing child care costs reduces labor market barriers for parents who want or need to work. These studies find that a 10 percent reduction in the cost of care increases the probability that a married mother will work by 2 to 8 percent.

*U.S. Department of the Treasury, 1998*

## Definition

*Voucher:* Employers contract with child care providers or child care centers in the community for services for their employees. Parents are given vouchers for all or part of their child care costs and the child care programs redeem the vouchers for payment through the employer.

*Reimbursement:* Employees choose the child care arrangement best suited to their needs (child care center, family child care home, after-school program) and then receive a reimbursement from the company for some portion of the costs.

## Goals

- Vouchers or reimbursements give employees considerable latitude in providing a good fit between their child care needs and the available child care services.
- Employees have individualized choice in selecting a child care agency that meets personal criteria for location, hours of operation, and quality of child care.
- The voucher or reimbursement option requires less direct involvement in the business of child care. In this system, the care of children is placed in the hands of child care professionals and is essentially a bookkeeping function for the employer.

## Advantages and disadvantages

### ADVANTAGES

- Low start-up cost.
- Can serve a wide age group of children.
- Offers a wide range of choices and allows parents to make their own arrangements.
- Almost all of the money spent goes directly into providing child care services.
- Uses existing resources in the community.
- Employer does not get involved in the child care business.
- Involves relatively little employer liability.
- Useful to an employer with many business locations or a very small or very large workforce.

## DISADVANTAGES

- Child care may not be available at hours that match employees' work schedules.
- Low visibility for the company; less effective as a recruitment tool than a direct service.
- The company may end up supporting a child care program that is not of high quality, which may create exposure to liability.
- Directly affects only the cost of care. Not a far-reaching solution in a community that has additional child care problems, such as low supply, low visibility, or poor quality.

## Steps in developing a voucher/reimbursement system

### 1. CONDUCT A NEEDS ASSESSMENT.

You should conduct a needs assessment among employees to determine the interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

### 2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.

A joint management-employee committee can be useful in developing the program. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

### 3. DETERMINE THE GROUP TO BE SERVED AND ELIGIBILITY CRITERIA.

You should establish eligibility criteria with the advice of a tax specialist who understands the provisions of Section 129 of the Internal Revenue Code, which applies if the reimbursement is to be a nontaxable benefit.

You, the employer, also need to decide whether part-time employees are eligible and whether to provide an adjusted voucher/reimbursement program for them. You should also address other eligibility concerns, such as how many hours a week employees must work in order to be eligible. In determining the income cutoff for eligible employees, keep in mind that the cost of child care presents problems for both moderate-income and low-income employees.

### 4. DECIDE ON THE AMOUNT OF SUBSIDY AND METHOD OF PAYMENT.

You may pay a flat amount to all eligible employees, a consistent percentage of the cost of the care, or an individual rate determined on a sliding scale. You'll need to decide whether to pay directly to the parents, directly to the child care center, or on an annual basis to the program or the center.

### 5. DETERMINE ELIGIBLE CHILD CARE PROGRAMS.

Companies have several choices to make regarding the types of care that should be considered eligible for reimbursement. Section 129 of the Internal Revenue Code specifies and defines a "qualified care plan"; check with your tax consultant



on the applicability of this definition for your company. Some employers allow the use of care that does not need to be licensed (e.g., relatives, neighbors). Others allow the use of only licensed or registered child care providers or only providers that meet certain employer requirements for location, quality, or service. You will need to determine the number of choices to be offered according to the assessed needs of your employees. Your local Child Care Information Services (CCIS) agency can help you make these decisions (see Appendix A).

**6. DECIDE ON PROGRAM MANAGEMENT.**

The company needs to decide whether to administer the program in-house or hire an outside firm.

**7. PLAN A MARKETING STRATEGY.**

As the employer, you should make certain that employees understand how the voucher/reimbursement system works. In-house management could be handled by a child care coordinator or by employment benefits, public relations, community affairs, strategic planning, personnel, or recruitment staff. Information on the program can be distributed via e-mail, seminars or meetings, informational flyers, bulletin board notices, or articles in the company's newsletter.

**8. DESIGN A RECORD-KEEPING SYSTEM.**

Regular monthly records of child care expenses should be kept, depending on the type of program established. Paperwork is generally minimal. In some programs, coordination between the child care center or family child care provider and the company may be necessary to keep track of the number of hours used each month.

**9. MAKE FINANCIAL DECISIONS.**

Employers with voucher/reimbursement programs typically set a maximum limit for the amount they will contribute to child care costs. This amount is based either on family income or the cost of care. Companies may limit eligibility to certain income groups or to employees with children that are within a certain age range.

The simplest approach to vouchers is a flat-rate reimbursement to all employees (or those within a specified income range), regardless of the cost of care or family income. However, many companies base their vouchers on a fixed percentage of total costs, establishing a maximum limit on the cost of care for which reimbursement may be received. Any maximum ceiling should be high enough not to discourage participation in quality programs.

Administrative costs are relatively low because existing staff usually can manage the program along with their other responsibilities. Other than the subsidy payments, there is no real cost to the employer because the child care program start-up fee is usually minimal. The voucher is also a deductible business expense for the company if earmarked for the employee.

The costs will vary depending on the programs chosen and administration of payment. The income restrictions on eligibility may help keep the overall costs low, but they also may prevent higher-paid staff from participating in the program.

A cost-benefit analysis should be conducted to compare short-term costs and long-term operating costs with the productivity, absenteeism, and turnover advantages that voucher or reimbursement assistance provides (see Appendix C).

#### **10. DEVELOP AN EVALUATION MECHANISM.**

Once the program is in place, you should evaluate its adequacy and usefulness. The evaluation should include a monthly review of the budget versus costs reports, usage figures, quality control standards and measures, and an annual program review.

#### Technical assistance needed

You may want to consult an attorney to help you clarify this option to the employee, so that you don't bear responsibility for any injuries to the child that occur while child care services are being rendered. A management service might be hired to handle the paperwork.

### Examples

#### **Eligibility for employees**

- The employer offers a voucher/reimbursement plan that is available to all employees up to a certain income level. This is the most common form of voucher/reimbursement program.
- A company has a voucher program designed specifically for new parents to reduce the amount of maternity leave taken by female employees. This policy helps new parents afford the high costs of infant care and provides an incentive to return from maternity leave.
- The reimbursement/voucher system is directed to specific employee groups, such as those who are difficult to recruit or are at a specific work site.

#### **Amount of reimbursement**

- The employer provides reimbursement for a percentage of the total cost of child care.
- The employer provides a flat amount for all participating employees.
- The employer reimburses employees for child care costs on a sliding scale (usually according to the family's annual income).
- The employer provides tiered reimbursement amounts based on the quality of care offered. A basic reimbursement level is provided for a registered family child care provider, a higher level of reimbursement is provided for registered family child care homes and centers, a third level is provided for accredited family child care homes and centers, and the fourth and highest level is provided for programs seeking reaccreditation. Research shows that the higher quality the care, the more stable the child care arrangement, reducing the likelihood that child care problems will affect work attendance and productivity.

### Methods of reimbursement

- Vouchers or reimbursements are added to an employee's paycheck.
- Costs are reimbursed at the same time as other "expense account" costs.
- Costs are paid directly to the child care provider via a check or paper voucher redeemable by the provider.

# Option 7: Purchase of Space/Discount Program

## Definition

*Purchase of Space:* The employer arranges to “own” a specified number of spaces in a local child care program. Parent fees may cover most or all of the cost of any spaces used, but the company typically covers all or a portion of the cost of the unused spaces so that the program can afford to keep the spaces open for the company.

*Discount Program:* The employer arranges for employees to have a fee lower than that typically charged. An employer can make this arrangement with a single child care program or several programs. The difference in fees is usually absorbed by the company through a financial contribution to the program. Some programs that would not be full without the employer’s patronage may offer a discount that is greater than the employer’s contribution. Discretion should be used in these cases; such programs may not be completely filled because of their poor quality.

## Goals

- To provide employees with consistent, reliable access to child care services.
- To provide employees with a discount on child care services.

## Advantages and disadvantages

### ADVANTAGES

- No capital investment or start-up costs.
- Can provide child care at an affordable price.
- Can serve a wide age group of children.
- Requires minimal management and administrative responsibility.
- Ideal for small companies with relatively few employees and for large companies with small units.
- Additional spaces can be purchased as more employees apply for the discount.
- Attracts positive public relations because of the company’s support of existing programs in the community.

### DISADVANTAGES

- Employees’ choices may be limited to certain programs.
- May be viewed as an unfair endorsement of certain child care providers (a potential legal liability).

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**In 1993, for families that paid for care for their preschoolers, weekly child care costs averaged \$79 per family, or about \$4,000 annually, and represented 7.5 percent of the total family income. Costs are higher for young children (particularly infants), for in-home care providers, child care centers, and in metropolitan areas.**

*U.S. Department of the Treasury, 1998*

Employees of Harley-Davidson of York, Pennsylvania enjoy discounts and guaranteed slots at a nearby day care center. Extended hours at the center offer convenience for employees who have to work overtime, and many employees take advantage of the center's proximity to have lunch with their children. About forty-four children of Harley-Davidson employees are enrolled at the center. "This program has been in place for four years now and has been very successful," says Carolyn Boyer, human resources representative. "It's an integral part of our family-friendly initiative."

- There may not be enough available/accessible child care progress in a given area to make the arrangement effective.
- The company could find itself supporting a substandard child care program if quality standards are not used to guide program selection.

### Steps in developing a purchase of space/discount program

#### 1. CONDUCT A NEEDS ASSESSMENT AND DETERMINE THE BEST CHILD CARE APPROACH.

You should conduct a needs assessment among employees to determine the need for and interest in this kind of assistance. A sample needs assessment with suggested questions begins on page 72. Assessing needs allows employers to determine the types of slots to purchase.

#### 2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.

A joint management-employee committee might be useful in developing the program. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

#### 3. DETERMINE EXISTING PROGRAMS IN THE AREA.

There may be a number of programs in your area that are suited to the child care needs of employees. Your local Child Care Information Service (CCIS) can help you locate existing child care programs in the area to meet the needs of your business.

#### 4. NEGOTIATE A CONTRACT WITH THE CHILD CARE PROGRAMS.

By buying a number of spaces, the company gains leverage to negotiate for a discount. As an employer, you can decide to negotiate with a number of programs or with only one. The more programs involved, the more choices employees have for child care suitable to their needs. To protect itself from exposure to liability, the company may want to establish quality standards or other criteria for the selection of programs. Your local CCIS can provide information on quality indicators of both family child care homes and child care centers.

#### 5. DECIDE HOW TO MANAGE THE PROGRAM.

Your company may decide to subsidize part of the child care costs by offering a discount to employees. A sliding fee scale, based on the employee's income and/or family size, could also be developed, or you may choose to pay a flat fee per child.

A Dependent Care Assistance Plan (DCAP) (see Option 5) should be set up for any ongoing employer contributions to make them nontaxable for the employee. Since DCAPs are regulated through the Internal Revenue Service, a tax consultant or local IRS agent could help you establish such a program.

Your company may also decide to pay the child care programs a bulk sum to reserve spaces for your employees beforehand; employees would then be responsible for paying the weekly or monthly balance directly to the child care program.

#### **6. PUBLICIZE THE PROGRAM.**

Employees should be informed about all local child care programs that participate in a purchase of space/discount program. They should also be informed about the fee structure and payment system. They should be encouraged to visit the programs to make the best child care choice for their family. You could publicize the program through e-mail, informational flyers, notices on bulletin boards, seminars and meetings, and articles in the company's newsletter.

#### **7. DEVELOP RECORD-KEEPING PROCEDURES AND A PAYMENT SYSTEM.**

To determine costs, guidelines for use of the service, and other operating matters, you should establish financial management and record-keeping systems. You should also develop a system of payment to the child care program that is best suited to the company's needs.

#### **8. MAKE FINANCIAL PROJECTIONS.**

The costs will vary, based on the type of programs chosen for purchase, the cost of each slot, the number of slots reserved, the method of payment, and the average costs of services in the area. The percentages of the discount to the company and employees also may vary depending on the factors mentioned above.

### Technical assistance needed

You may need legal help in negotiating contracts with child care programs to ensure limited liability for your company. A tax consultant or local IRS agent can help establish a DCAP for any ongoing contributions to the program.

## Examples

- The employer maintains spaces in local family child care providers' programs and makes them available to eligible employees.
- The employer maintains spaces in a local child care center and makes them available to eligible employees.
- The employer maintains spaces in both family child care homes and a child care center and makes them available to eligible employees.
- The employer does not hold spaces open indefinitely, but has first right of refusal to all or a percentage of spaces as they become available. This method is less expensive, but it usually involves some financial or in-kind service exchange between the employer and the program.
- The employer negotiates reduced rates for his or her employees at a family child care provider's business in exchange for a contribution to the program.
- The employer negotiates reduced rates for employees at a child care center in exchange for a contribution to the program.

## Option 8: School-Age Care

In 1995 there were 23.5 million school-age children with parents in the workforce, but the majority (more than 20 million) did not go to a supervised environment after the school day was over.

*U.S. Department of the Treasury, 1998*

### Definition

Supervised care for children between the ages of 5 and 14 during times when school is not in session. School-age care programs can be implemented before school, after school, and during school holidays and vacations, including summer vacations. Before- and after-school care programs can be extended to operate on a full-day schedule during the summer months.

Employers also can implement phone-support programs for school-age children of employees who are home alone before or after school. Phonefriend is a program of volunteers who provide, via the telephone, comfort and support to children who are at home without adult supervision in many cities across the country. Phonefriend, or a similar program, is particularly helpful to parents whose work environment is not conducive to their receiving phone calls from children who are at home alone.

### Goals

- To provide quality before- and/or after-school care for employees who have school-age children.
- To reduce stress and anxiety by reducing the risk factors for employees who are parents of unsupervised children.

### Advantages and disadvantages

#### ADVANTAGES

- Addresses one of the most critical child care shortages.
- Provides comfort to children and reduces their anxiety.
- Improves morale and reduces stress on parents; contributes to lower absenteeism and higher productivity.

#### DISADVANTAGES

- Requires transportation if the programs are not housed in schools.
- Programs for older children should be developed by professionals who understand the needs of school-age children to ensure the development of an appropriate, engaging program.

### Steps in developing a school-age care program

Many of the steps discussed below are relevant only to the establishment of on-site, school-age care programs. Employers may find that coordination with existing resources, such as public school districts, makes this a relatively easy and inexpensive option.



**1. CONDUCT A NEEDS ASSESSMENT.**

You should conduct a needs assessment among employees to determine the interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

**2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.**

A joint management-employee committee might be useful in developing the program. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

**3. EVALUATE EXISTING SERVICES.**

Analyze community programs to determine what school-age programs are available and how your company can best interact with the existing services.

**4. MAKE FINANCIAL PROJECTIONS.**

Develop budgets that include figures for start-up costs, monthly operating costs, and annual expenditures. You will also need to develop a system of ongoing financial management that ensures accurate reporting and quality control.

A cost/benefit analysis should be conducted that compares short-term start-up costs and long-term operating costs with the productivity, absenteeism, and turnover of employees (see Appendix C). This information should be interpreted in terms of the advantages or disadvantages of different school-age programs.

Start-up costs may include renovation of facilities, purchase of equipment and supplies, staff training, and transportation. Operating expenses may include staff, food, space, and insurance costs.

**5. SELECT THE TYPE OF PROGRAM/SERVICE AND WHO WILL PROVIDE IT.**

After conducting a cost/benefit analysis, you will need to decide what type of service will be provided, who will provide it (schools, community agencies, other), and the number of sites at which the service will be offered.

These programs can be housed in school buildings, recreation facilities, religious institutions, social or community service facilities, and existing child care centers. A facility near the parent's workplace is ideal. Options for enrollment may be limited to school-age children only or may include a combination of school-age and younger children.

If you plan to provide the school-age child care service, you also need to decide how many staff members will be hired, in what capacities they will serve, and how staff supervision, accountability, and training will be handled.

.....  
**An analysis of Federal Bureau of Investigation data, by the group Fight Crime: Invest in Kids, found that youth between ages 12 and 17 are most at risk of committing violent acts and being the victims of violent crime between the hours of 3 P.M. and 8 P.M.—the hours they are not in school.**

*U.S. Department of the Treasury, 1998*

## **6. DETERMINE PROGRAM DESIGN.**

The following program elements must be determined:

- Number and ages of children to be served
- Days and hours of operation
- Program curriculum
- Whether meals or snacks will be offered and, if so, what types
- Whether transportation will be provided

Well organized activities, planned with the developmental needs of the children in mind, are essential. The program should be organized in such a way that children view this experience as distinctly different from the regular school day.

Activities should include different forms of physical exercise (since the children have been sitting in school much of the day) as well as time for homework and other quiet activities. The range of activities available can include science experiments, art projects, games, playground time, and other activities that interest children in the program. Nutritious after-school snacks are important; some before-school programs offer breakfast.

Older children may not respond well to an adult-organized activity labeled as “child care” but may show more enthusiasm for activities that are more geared toward children their age. Special creative arts and drama experiences, sports activities, and adventure learning may work well for this age group. Adults should provide supervision and necessary guidance but allow plenty of opportunities for children to take initiative in activities and interact with their friends.

## **7. IDENTIFY LEGAL ISSUES.**

These issues include approval from local authorities, licensing of the program, insurance and liability questions, tax benefits, and agreements between the employer and the service provider, if appropriate. A lawyer or legal consultant would be able to advise you.

## **8. PLAN THE MARKETING STRATEGY.**

You can publicize the program through lunchtime seminars or meetings, informational flyers, notices on bulletin boards, and articles in employee newsletters. You also should ensure that company benefits personnel are knowledgeable enough about the program to answer questions.

## **9. DEVELOP AN EVALUATION STRATEGY.**

Once the program is in place, you should develop a strategy to evaluate its adequacy and usefulness. Such evaluation may include a monthly review of the budget, enrollment figures, quality control standards and measures, and/or an annual program review.

### **Technical assistance needed**

A lawyer or legal consultant can provide advice on a variety of legal issues, including insurance and liability and tax matters. Your local health department can provide information on licensing.

## Examples

- A number of businesses pool their resources and get community support to start an after-school program in an elementary school within three blocks of their buildings. The local 4-H agent writes a grant proposal and receives funding to hire sufficient personnel to plan and implement the program. Participating parents provide additional funds to support the program. Their contributions are matched by their employers.
- A company leases space just for the summer months to run an extended-hours summer camp program for employees' children. Public parks and pools for sports and recreation activities are also used to create a well-rounded program.
- An employer contracts with a local community agency (4-H, YMCA, or YWCA) to provide a program that meets the needs of the employer's workforce. This arrangement could include convenient hours for employees and require only a modest investment from the employer.

## Option 9: Sick-Child Care

According to the National Study of the Changing Workforce (NSCW), employed mothers with children under 13 miss an average of 6.43 days per year because of family-related issues, such as sick children. Employed fathers with children miss an average of 3.85 days.

Galinsky, E. and Johnson, A. A., 1998

### Definition

Child care for children who are mildly ill or recovering from a health problem that excludes them from traditional child care. Although programs for sick children may not serve parents for all the days a child is sick, they can provide an alternative for days when a child is mildly ill. Programs vary depending on what childhood illnesses or symptoms of illnesses they will admit or exclude.

- *Center-based sick-child care:* Center-based programs are similar to those of regular child care centers. An entire center may be developed solely as a sick-care program, or a sick-care program may be a part of a regular center. The latter, sometimes called a “sick bay,” consists of rooms in a regular center set up to care for ill children. Children who are excluded from the center because of illness may be moved into the sick bay.
- *Hospital-based programs:* Hospital-based programs usually operate independently from the pediatric ward of the hospital. Hospital-based programs for ill children should not be confused with hospital-based on-site programs for hospital employees.
- *Family child care home:* Family child care programs designed to meet the needs of mildly ill children.
- *In-home care or visiting nurse service:* Visiting nurse or in-home programs send caregivers into the child’s home on an as-needed basis when the child is ill. The qualifications of the caregiver vary from program to program, but most do not require a nursing license. The program administrator maintains a list of caregivers who have been screened and trained and who are supervised by the administrator. Parents usually must preregister their child. When the child becomes ill, the parents call the program to request a caregiver. Further arrangements may then be made between the caregiver and the parents. Because of the high cost involved, many companies subsidize sick-child care provided in the employee’s home.

### Goals

- To reduce the cost of a replacement worker or lost work time for employees who cannot use their regular child care program due to a child’s illness.
- To reduce the stress on parents balancing work and family obligations by providing an alternative source of care for sick children.

### Advantages and disadvantages

#### ADVANTAGES

- Improves recruitment, employee morale, and work flow.
- Reduces absenteeism.

- Relieves stress on parents.
- Enhances company image.

#### DISADVANTAGES

- Monitoring quality control can be difficult in a visiting nurse program.
- Caregiver and surroundings could be unfamiliar or unpleasant to the child.
- Recruiting and retaining qualified staff may be difficult.
- Initial participation might be low due to unfamiliarity with the concept.

### Steps in developing a sick-child care program

#### 1. CONDUCT A NEEDS ASSESSMENT.

You should conduct a needs assessment among employees to determine the interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

#### 2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.

A joint management-employee committee might be useful in developing the program. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

#### 3. EXAMINE EXISTING SICK-CHILD CARE PROGRAMS.

The concept of sick-child care is relatively new. A small percentage of parents typically use the program in the beginning. Repeat usage is high, and more parents use the service because of user recommendation.

#### 4. GET LICENSING REQUIREMENTS.

Your local health department can provide information on licensing standards for sick-child care. The company should establish stringent standards before developing the program. The following factors distinguish programs for mildly ill children from regular child care programs:

- Sanitation policies and procedures are more stringent.
- Caregiver/child ratios should be higher than in regular child care programs.
- Providers must be trained in caring for ill children, who may need more rest than usual and may have activity restrictions.
- Record-keeping procedures are more complex. When the child arrives, the provider must conduct a health check with the parent; the health check serves as a screening for exclusion purposes and yields information to be used in providing appropriate care.

**5. DECIDE WHETHER SICK-CHILD CARE SERVICES SHOULD BE PROVIDED IN-HOUSE OR CONTRACTED OUT.**

There are advantages and disadvantages to contracting out. If no local services are interested in providing such a program, you may consider providing the seed money to establish a nonprofit agency to operate such a program for the company. You also could explore the possibility of joining with other companies in the area to form a consortium (see Option 10) to provide the service to employees.

**6. DETERMINE PROGRAM FEATURES.**

The following elements will need to be considered in designing a program. Some of these will be predetermined by the form of sick-child care selected.

- Policies on what childhood illnesses will be admitted or excluded.
- Infection control procedures.
- Curriculum of activities for ill children.
- Staff training on childhood illnesses and caring for ill children, including sanitation practices, giving medications, and taking temperatures.
- Determining if the program will serve the community as well as employees.
- Purchasing materials and equipment.
- Staffing assignments, including the program manager and other caregivers or assistants.
- Hiring an administrator to operate the program.
- Screening and training caregivers.

**7. Make financial projections.**

The cost of a sick-child care program will vary depending on the type and size of the program, the facility, type of staff hired, insurance coverage, and geographic location. Basic budget items to consider include the following:

**PERSONNEL**

- Director
- Teachers and caregivers

**OTHER COSTS**

- Insurance
- Marketing
- Equipment/supplies
- Telephone
- Space

The least expensive programs to develop are the hospital-based and visiting nurse programs, because facility development is minimal.

Most employer-supported child care programs require some level of operating support from the company in order to maintain reasonable fees. In the case of sick-child care, this subsidy is especially important because parents pay a double child care fee when their child is ill: They must issue payment to the regular center (even though the child is absent during his or her illness) and also to the sick-care program. Additionally, sick care fees are higher because the service is labor-intensive.

Conduct a cost/benefit analysis to compare short-term start-up costs and long-term operating costs with the productivity, absenteeism, and turnover advantages that sick-child care assistance will provide (see Appendix C).

#### **8. PLAN THE MARKETING STRATEGY.**

You can publicize the program through e-mail, lunchtime seminars or meetings, informational flyers, notices on bulletin boards, or articles in employee newsletters. You also should ensure that company benefits personnel fully understand the programs well enough to answer employee questions.

#### **9. DEVELOP AN EVALUATION MECHANISM.**

Once the program is in place, you should evaluate its adequacy and usefulness. An evaluation could include monthly review of the budget versus cost reports, usage figures, quality control standards and measures, and an annual program review.

#### Technical assistance needed

A health consultant should help to develop the policies and procedures. A health consultant can be a health care professional who works for the local health department, a physician, or a nurse (either a registered nurse or nurse practitioner).

### Examples

- An employer contracts with a hospital that offers child care to mildly ill children. Parents call in and make reservations in the program as necessary. The employer and the parents share the cost of the care.
- A group of employers contracts with a number of local family child care providers to care for mildly ill children on an as-needed basis. The employers provide training for all of the caregivers and subsidize their programs to maintain the open spaces.
- An employer contracts with a local child care center to provide care to mildly ill children in a separate room at the center. The employer covers the cost of equipping the room and any staff costs incurred through employee use of the program.

# Option 10: Consortium Model

## Definition

A number of employers come together on an industrial or geographic basis and pool resources to conduct joint child care projects. Consortium members generally share start-up costs and in return receive priority enrollment for their employees' children.

The amount of control that a corporate consortium member wishes to exert over the child care program may have implications for corporate liability. A new nonprofit agency may be established to provide the child care, and contributing corporations may provide board members for the child care agency if they wish.

Sometimes a specific number of slots are set aside for each company; in other instances, arrangements for consortium members are more informal. Operating costs, however, are usually funded through a combination of parent fees and contributions from the employers. Member corporations may choose to subsidize their employees' fees through a voucher or reimbursement program (see Option 6).

## Goal

Consortium members benefit from the expanded resources and expertise that are provided by collaboration with other businesses.

## Advantages and Disadvantages

### ADVANTAGES

- Resources, liability, and costs are shared.
- Small employers can participate.
- Large size of the combined labor force protects the center from long-term underenrollment.

### DISADVANTAGES

- May involve complicated negotiations among firms.
- Program may be able to serve only a limited number of employees from each participating firm, diluting the management value.
- Recruitment/public relations value may be reduced.

## Steps in developing a consortium center

### 1. CONDUCT A NEEDS ASSESSMENT.

You should conduct a needs assessment among employees to determine the



interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

**2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.**

A joint management-employee committee might be useful in developing the program. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

**3. IDENTIFY POTENTIAL CONSORTIUM MEMBERS.**

You may wish to contact other employers in the area to determine their interest in forming a consortium. These may be companies in a specific industry or diverse companies with similar goals.

**4. ESTABLISH PLANNING COMMITTEES.**

Members of the consortium may want to establish committees to represent users of the facility in the planning and program design phase, to implement the program once it is finalized, and (if applicable) to work with the architect and the child care specialist to design the facility.

**5. DETERMINE PROGRAM FEATURES.**

The program characteristics selected should be based on the needs assessment data and recommendations of the management-employee committee or company program design personnel. Features to select include the type of program to develop and community partners for collaboration (family child care providers, local child care experts for training, others).

**6. DETERMINE THE LEGAL STRUCTURE.**

The legal structure of the consortium may need to be determined, because the participating companies will have access to ongoing services. Participating companies may establish a nonprofit agency in which each company has representation to manage the program(s), or companies may empower a board of directors comprising parents and community representatives. Additionally, the program(s) may operate as a for-profit program. The legal structure affects the tax deductibility of ongoing contributions to the program.

**7. MAKE FINANCIAL PROJECTIONS.**

*Start-up costs:* Consortium members should develop a budget that includes all start-up costs in order to allow participating employers to determine their share and how it will be collected.

*Operating costs:* Monthly and annual operating budgets should be prepared with the help of someone who understands the child care industry; these costs will vary considerably depending on the type of consortium.

Most corporate child care consortiums that contract with local family child care providers require some level of operating support from the company in order to maintain reasonable fees for parents and still ensure quality. A cost/benefit analysis should be conducted to compare short-term start-up costs

and long-term operating costs with the productivity, absenteeism, and turnover advantages the consortium center will provide (see Appendix C).

**8. DESIGN AND IMPLEMENT PROGRAM ADMINISTRATION.**

The size and the comprehensiveness of the consortium will determine the depth of program administration.

The decision about how the program will be managed is determined in part by its legal structure. If a nonprofit agency is to run the program, the board must select a child care program director and establish program policies and procedures. Alternatively, if an outside management firm is to operate the program, then the firm must be selected and a contract drawn up. Another option would incorporate the parents as a nonprofit association to oversee program administration. All of the above arrangements require thought and planning to ensure successful operation.

**9. PLAN THE MARKETING STRATEGY.**

A publicity campaign could include notices to employees, e-mail, announcements at staff and organizational meetings, brochures, and other internal communication strategies within the business.

**10. DEVELOP PROCEDURES FOR ENROLLMENT (IF APPLICABLE).**

Pre-enrollment and regular enrollment procedures must be developed, taking into account agreements by participating employers of how the slots will be allocated among the companies.

**11. DEVELOP AN EVALUATION MECHANISM.**

Consortium members may want to develop a system to evaluate the child care program. This evaluation should assess the degree to which the program fulfills goals and determine whether the goals are being met in the most cost-effective way possible. Periodic evaluation can pinpoint trouble areas and allow administrators to improve program quality and cost-effectiveness. For example, employers could examine the following:

- How many employees are being reached by the service, how well the employees' child care needs are being served, and how well the children's developmental needs are being served.
- Program curriculum and support services to evaluate how well they fulfill the goals derived from the program philosophy.
- Cost of program components to expose inefficient methods and to initiate efficient methods for delivering services.
- Changes in amount of participation in program services that can lead to cost-saving changes in the program.
- Program effectiveness in controlling absenteeism and turnover, enhancing recruitment and public relations, and achieving management goals.

## Technical assistance needed

Legal counsel can offer advice on legal structure, profit/nonprofit status, and liability issues; prepare articles and bylaws for a new child care agency (if needed); and file application for 501c3 status (if needed).

A certified public accountant should advise on tax issues and conduct an annual audit.

## Examples

(Also see Option 11 for information on a consortium center.)

- Employers join together to train child care providers to accommodate nonstandard schedules.
- Employers join together and select a group of family child care providers who will provide services during the hours needed. Employers then purchase space in their programs for employee use (see Option 7).
- Employers join together to oversee the daily operations of a child care site at the local hospital that offers care for mildly ill children (see Option 9).
- Employers join together to offer a school-age summer day camp to employees' children.

# Option 11: Consortium Center

A number of firms offering on-site care had fewer than 500 employees; these firms typically worked with other small firms to jointly operate centers. Overall, 16 percent of the on-site centers had more than one corporate sponsor.

*U.S. Department of the Treasury,  
1998*

## Definition

A number of employers come together on an industrial or geographic basis and pool their resources to build and/or operate a child care center. Consortium members generally share start-up costs and in return receive priority enrollment for their employees' children.

The amount of control that a corporate consortium member wants to exert over the child care program may have implications for corporate liability. A new nonprofit agency may be established to provide the child care, and contributing corporations may provide board members for the child care agency if they wish.

Sometimes a specific number of slots are set aside for each company; in other instances, arrangements for consortium members are more informal. Operating costs, however, are usually funded through a combination of parent fees and contributions from the employers. Member corporations may also choose to subsidize their employees' fees through a voucher or reimbursement program (see Option 6).

## Goals

- To provide center-based care for employees, while sharing the building and operating costs of the facility with other employers.
- To benefit from the expanded resources and expertise provided by collaboration with other businesses.

## Advantages and disadvantages

### ADVANTAGES

- Resources, liability, and costs are shared.
- Small employers can participate.
- Large size of the combined labor force protects the center from long-term underenrollment.

### DISADVANTAGES

- May involve complicated negotiations among firms.
- Center may be able to serve only a limited number of employees from each participating firm, diluting the management value.
- Recruitment/public relations value may be reduced.

## Steps in developing a consortium center

### 1. CONDUCT A NEEDS ASSESSMENT.

You should conduct a needs assessment among employees to determine the interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

### 2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.

A joint management-employee committee might be useful in developing the program. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

### 3. IDENTIFY POTENTIAL CONSORTIUM MEMBERS.

You may want to contact other employers in the area to determine their interest in forming a consortium. These may be companies in a specific industry or diverse companies with similar goals.

### 4. ESTABLISH PLANNING COMMITTEES.

Members of the consortium may want to establish committees to represent users of the facility in the planning and program design phase, to implement the program once it is finalized, and to work with the architect and the child care specialists on facility design.

### 5. DETERMINE PROGRAM FEATURES.

Program characteristics selected should be based on the needs assessment data and recommendations of the management-employee committee or company program design personnel. Features to select include the following:

- Number of children
- Age groups
- Sizes of groups (your local health department can provide information on licensing requirements)
- Child/staff ratios (your local health department can provide information on licensing requirements)
- Staffing patterns
- Types of food service

### 6. DETERMINE THE TYPE OF FACILITY.

Consortium members should decide whether the facility to be provided will be a new construction or a renovation of an existing facility. An architect could be engaged to work in conjunction with a child care specialist to develop working blueprints, , and oversee construction/renovation. Both advisers will be necessary to design a successful facility.

## 7. DETERMINE THE LEGAL STRUCTURE.

The legal and administrative structure of the center must be determined. Participating companies may establish a nonprofit agency in which each company has representation to manage the center, or companies might choose to create a board of directors comprising parents and community representatives. The center also could operate as a for-profit program. The legal structure affects the tax deductibility of ongoing contributions to the program.

## 8. MAKE FINANCIAL PROJECTIONS.

*Start-up costs:* Consortium members should develop a budget that includes all start-up costs in order to allow participating employers to determine their share and how it will be collected. Start-up costs may include renovation costs if the center is to be in an existing facility or construction costs if a new center is planned. Start-up costs usually include the following:

- Facility build-outs or new construction costs per square foot
- Indoor space requirements per child, as well as outdoor playground space, parking space, and landscaping
- Equipment costs
- Salaries and benefits to personnel who are involved in setting up the center or who may require training
- Insurance coverage
- Licensing fees and other permits required
- Fees for technical experts, such as legal consultants, accountants, or child care experts
- Marketing costs, such as promotional materials, meetings, and newsletters

Employers also should consider that operating losses may result at the beginning of the program due to underenrollment. These losses can be considered part of start-up costs.

*Operating costs:* Monthly and annual operating budgets should be prepared with the assistance of someone who understands the child care industry. Your local Penn State Cooperative Extension agent can help you locate someone in your community who has this expertise. The budget should take into consideration enrollment assumptions and bad debt assumptions. The budget also must cover true and accurate costs.

*Payroll:* The largest budget expenditure is usually payroll. A high-quality center spends 70 – 80 percent of its income on payroll. This percentage is an indicator of quality that can be used if the employer is considering contracting with an established child care provider. You can survey local centers to determine the range of salaries, or your local CCIS agency (see Appendix A) can provide information on average salaries for the area. Salaries in corporate centers are typically well above market rates in order to avoid the high turnover common in the child care industry.

*Meals:* Food can be catered or prepared in-house. Therefore, you may want to consider catering costs in developing an operating budget. Many locales require

a full commercial kitchen for the preparation of meals; in these cases, building codes must be checked for conformity to local regulations.

*Other:* Other operating costs include facilities (rent and maintenance), equipment and supplies, insurance coverage, transportation, advertising, and miscellaneous expenses.

Most corporate child care centers require some level of operating support from the company in order to maintain reasonable fees and still ensure quality. A cost/benefit analysis should be conducted to compare short-term start-up costs and long-term operating costs with the productivity, absenteeism, and turnover advantages that a consortium center will provide. The cost/benefit analysis tools in Appendix C can help.

#### **9. DESIGN AND IMPLEMENT CENTER ADMINISTRATION.**

Center administration is determined in part by program structure.

- *Nonprofit agency administers program:* The agency's administrative board must be composed of representatives from appropriate agencies/areas of expertise within the member companies of the consortium. It must select a child care program director and establish program policies and procedures.
- *Outside firm operates the center:* The firm must be selected and a contract drawn up. That firm will then be responsible for the remaining administrative tasks, including licensing, equipping, staffing, and the development of curriculum, policies, and procedures.
- *Parents incorporated as a nonprofit association to oversee the administration of the center:* The board must select a program director and establish policies and procedures.

All of the above arrangements require thought and planning to ensure a successful operation.

#### **10. PLAN THE MARKETING STRATEGY.**

A publicity campaign is advisable to encourage employees to use the program quickly so that it can become cost-efficient as soon as possible. A campaign could include notices to employees, open house tours, brochures, e-mail announcements, and public announcement of a center opening date.

#### **11. DEVELOP PROCEDURES FOR ENROLLMENT.**

Pre-enrollment and regular enrollment procedures must be developed, taking into account agreements by participating employers regarding allocation of available child care slots among the companies.

#### **12. DEVELOP AN EVALUATION MECHANISM.**

Consortium members may wish to develop a system for evaluating their child care program. This evaluation should assess the degree to which the child care program fulfills the program's goals and determine whether the goals are being met in the most cost-effective way possible. Periodic program evaluation can pinpoint trouble areas and allow administrators to improve program quality and cost effectiveness. For example, employers could examine the following:

- How many employees are being reached by the service, how well the employees' child care needs are being served, and how well the children's developmental needs are being served.
- Program curriculum and support services to evaluate how well they fulfill the goals derived from the program philosophy.
- Cost of program components to expose inefficient methods and to initiate efficient methods for delivering services.
- Changes in amount of participation in services that can lead to cost-saving changes in the program.
- Effectiveness of the center in controlling absenteeism and turnover, enhancing recruitment and public relations, and achieving other management goals.

#### Technical assistance needed

Legal counsel can offer advice on legal structure, profit/nonprofit status, and liability issues; prepare articles and bylaws for a new child care agency (if needed); and file application for 501c3 status (if needed).

A certified public accountant should advise on tax issues and conduct an annual audit.

### Examples

(Also see Option 10 for information on consortium models.)

- Employers operating small businesses in the downtown area pool their resources and expertise to renovate and operate a child care center for infants to kindergartners.
- Employers located in a large office building housing several organizations join together to build and oversee the daily operations of a child care center designed to serve the needs of their employees.
- Employers in an industrial complex build and operate a centrally located child care center for employees.
- A center is coordinated by a real estate developer, companies in the developer's business park, and a child care organization.



# Option 12: On-Site/Off-Site Child Care Center

## Definition

An on-site or off-site center sponsored by an employer or union at the work site or at another location. The center can be operated by the employer or by a nonprofit or for-profit child care provider. Employers usually pay all start-up costs; any operating losses that occur in the early stages of the center before it is fully enrolled; and some portion of the ongoing operational expenses. Parent fees cover the balance of the center's operating expenses.

These centers can serve infants as young as six weeks old to five-year-old (pre-kindergarten) children for full-day care. Some centers also care for school-age children before and after school (if transportation is available and the schools are nearby), on school holidays, and during the summer. These centers also can include emergency or drop-in care for employees who normally use other child care arrangements but whose arrangements have fallen through for the day. Usually centers operate between the hours of 6:30 A.M. and 6:30 P.M., although those sponsored by employers are sometimes open during evenings, weekends, and legal holidays to meet employee needs.

## Goals

- To provide on-site, center-based child care that accommodates employees' work hours.
- To allow parents to spend time with their children during the day, such as during meals or breaks, which reduces the stress of having a child in child care.

## Advantages and disadvantages

### ADVANTAGES

- Attracts and retains employees.
- Cuts absenteeism and tardiness caused by unreliable child care arrangements.
- Improves the quality of employees' work and productivity by alleviating anxiety about their children while they are working.
- Improves morale by demonstrating that the employer cares about employees.

### DISADVANTAGES

- Start-up funding must be provided, which may require a larger investment than some other options.

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**On-site centers play an important role in attracting quality employees and increasing retention. Working parents can visit their child during lunchtime and breaks; this additional time can reassure parents about the quality of care their child receives.**

*U.S. Department of the Treasury, 1998*

Lancaster Laboratories has a turnover rate of one-half the industry average, in part because of its on-site child care center.

*U.S. Department of the Treasury, 1998*

- There may be some exposure to liability, although this can be substantially reduced through the legal structure and operation arrangement of the program.
- There is generally a need to subsidize the operating costs of the center.

### Steps in developing an on-site/off-site child care center

#### 1. CONDUCT A NEEDS ASSESSMENT.

You should conduct a needs assessment among employees to determine the interest in this type of assistance. A sample needs assessment with suggested questions begins on page 72. This survey can be copied and distributed among employees, or it can be adapted to reflect the needs and interests of your business.

#### 2. CONSIDER ESTABLISHING A MANAGEMENT-EMPLOYEE COMMITTEE TO HELP PLAN THE PROGRAM OR SERVICE.

A joint management-employee committee can be useful in developing the program. It can foster a sense of program ownership among employees and provide a forum for them to give input into design features of the program or service.

#### 3. DETERMINE PROGRAM FEATURES.

The program features selected should be based on data obtained from the needs assessment, including the following:

- Number of children accommodated
- Level of quality
- Amount of subsidy
- Hours of operation
- Staffing patterns
- Food service
- Age groups
- Sizes of groups (your local health department can provide information on licensing requirements)
- Child/staff ratios (your local health department can provide information on licensing requirements)

#### 4. DEVELOP AN EDUCATIONAL PROGRAM.

The program should be articulated before planning and design begin, because both will affect the facility design. At minimum, decisions about the program should include the following:

- Philosophy
- Level of quality
- Educational goals for the staff, including initial qualifications and ongoing training
- Curriculum activities for the different ages of children

#### 5. SELECT THE TYPE OF FACILITY.

Management will decide whether the facility to be provided will be a new structure or a renovation of an existing facility. An architect can be hired to develop working blueprints in cooperation with a child care specialist, and to oversee construction or renovation. Both advisers will be necessary to design a successful facility.

#### 6. SELECT THE SITE.

Employer-sponsored child care centers are often located near the workplace, or they may be geographically separate from the sponsoring company but adjacent to the work site. The following criteria should be considered in site selection and design:

- *Indoor space:* Approximately 60 to 100 square feet of indoor space per child is generally needed, preferably on the ground floor.
- *Playground:* Approximately 75 to 100 square feet of outdoor space per child is generally needed (for children who are playing outside at the same time).

#### 7. DETERMINE THE LEGAL STRUCTURE.

The center can be a department of the corporation (or a unit within a department), a wholly owned subsidiary, or a separate corporation (either for-profit or nonprofit). The corporation can also subcontract the operation of an in-house center to an outside child care operator. The control or liability continuum should influence the legal structure that the employer selects. As an employer, you may want a structure in which you have direct control over quality and other aspects of the program; however, the more control you exercise, the greater your potential liability. When you subcontract program operation to a child care operator, the first level of liability is carried by the operator. A separate legal structure created for the program also gives you, the employer, some distance from the program and thereby lessens the exposure to liability.

Another option to consider is incorporating the parents as a nonprofit parents' association to oversee the administration of the child care center. This association would be responsible for contracting with a provider and monitoring the safety and quality of care.

If a child care center is defined as nonprofit, it may qualify for tax-exempt status under section 501c3 of the Internal Revenue Service code. It is then eligible to receive tax-deductible donations and certain grants.

If you have employees with low total family incomes, you should contact the Pennsylvania Department of Public Welfare to inquire about the availability of Federal Child Care Development Fund monies. The Pennsylvania Department of Education (see Appendix A) can also provide information about the Child and Adult Care Food Program, through which the U. S. Department of Agriculture provides partial funding for food.

A final decision concerning legal structure should take place after consulting with your corporate attorney and child care benefits specialist.

.....

**A study conducted at Johnson & Johnson found that on-site child care affects worker satisfaction. Users of the company's child care center were more satisfied with the quality of their child care and worried less about child care than a comparable group of non-users.**

*Galinsky, E. and Johnson, A. A. 1998*

A 1998 study estimates that there are currently more than 8,000 on-site centers in the U.S., sponsored by firms of all sizes. The Families and Work Institute Survey found that one-fifth of firms offer on-site or near-site child care.

*U.S. Department of the Treasury, 1998*

#### **8. MAKE FINANCIAL PROJECTIONS.**

Start-up costs include the following:

- Facility build-outs or new construction costs per square foot
- Space requirements per child, as well as parking space, playground space, and green space
- Equipment costs
- Salaries and benefits to personnel who are involved in setting up the center or who may require training
- Insurance coverage
- Licensing fees and other required permits
- Marketing costs such as promotional materials, meetings, and newsletters
- Consultation and design fees

You should also consider that operating losses may occur at the beginning of the program due to underenrollment. These losses can be considered part of start-up costs.

Monthly and annual operating budgets should be prepared with the help of someone who understands the child care industry. The budgets should take enrollment assumptions and bad debt assumptions into consideration. The budgets must also cover true and accurate costs.

The operating budget should include such items as teaching and administrative salaries, benefits, staff training, facility and grounds management and maintenance, equipment and supplies, insurance, transportation, food service, advertising, replacement reserves, and miscellaneous expenses. The largest budget expenditure is usually payroll. A center that offers high-quality service spends 70 to 80 percent of its income on payroll.

Most corporate centers require some level of operating support from the company in order to maintain reasonable fees and program quality. A cost/benefit analysis should be conducted that compares short-term start-up costs and long-term operating costs with the productivity, absenteeism, recruitment, and turnover advantages that an on-site or off-site center will provide. A child care benefits specialist can help you with this analysis.

#### **9. PLAN THE MARKETING STRATEGY.**

A publicity campaign is advisable to attract employees quickly, so that the center can operate cost-efficiently as soon as possible. The campaign may include notices to employees, open house tours, brochures, and the announcement of a center opening date in the fall, when parents may be changing child care arrangements.

#### **10. PREPARE FOR CENTER ADMINISTRATION.**

Administrative responsibilities for a child care center include the following:

- Determining program philosophy
- Planning curriculum and activities

- Setting operating, admission, and personnel policies and procedures
- Managing finances
- Keeping records on finances, children, and management decisions
- Mobilizing resources (funding and volunteer services)
- Supervising operations
- Developing staff (recruiting, hiring, and training)
- Promoting parent involvement (developing newsletter, information forms)
- Handling employer-center relations, community relations, and publicity

Additional administrative activities include the following:

- *Planning for the maintenance of the physical plant:* A procurement list for all equipment and supplies must be prepared. Arrangements for janitorial and trash collection services must be made.
- *Planning for proper nutrition:* An appropriate food service system must be developed. Food can be catered or prepared in-house. It is ultimately less costly to prepare meals and snacks in-house, but a cook must be hired and a kitchen constructed to meet building codes. In many locales, a full commercial kitchen is required for meal preparation.
- *Assuring quality:* An employer cannot afford to support an inferior-quality program. Such a program would reflect poorly on the employer, would not be as effective at solving problems of productivity or recruitment, and could present a liability risk. Here are some ways of assuring quality:

Staff the center according to state requirements. Your local Department of Public Welfare agency can provide information.

Develop and implement quality control standards and measures.

Conduct annual program evaluations.

Conduct personnel evaluations regularly.

Apply for national center-based program accreditation from the National Academy of Early Childhood Programs (a division of the National Association for the Education of Young Children) after the first year of operation. You can reach the Academy at (202) 232-8777; [www.naeyc.org/accreditation/default.asp](http://www.naeyc.org/accreditation/default.asp), 1509 Sixteenth Street, NW, Washington, D.C. 20036.

Preparing a developmentally appropriate educational curriculum, which tailors daily activities to the needs of individual children, is essential. The National Association for the Education of Young Children has information on how to prepare an appropriate curriculum.

#### 11. OBTAIN A LICENSE.

You'll need to procure all licenses and permits required by the state to open and maintain the center.

#### 12. DEVELOP AN EVALUATION MECHANISM.

Program evaluation assesses the degree to which the child care program fulfills its prescribed goals and determines whether the goals are being met cost-

effectively. Periodic program evaluation can pinpoint trouble areas and allow administrators to improve program quality and make it more cost-effective. For example, employers should examine these aspects:

- How many employees are being reached by the service, how well the employees' needs for child care are being served, and how well the children's developmental needs are being served.
- Program curriculum and support services to evaluate how well they fulfill the goals of the program philosophy.
- Cost of program components to uncover inefficient methods for delivering services and to institute new, more efficient ones.
- Changes in amount of participation in program services, which can lead to cost-saving changes in the program.
- Effectiveness of the center in controlling absenteeism and turnover, enhancing recruitment and public relations, and achieving other management goals.

Depending on the structure of the child care program, evaluation can be done by the board of directors, the program director, the department head supervising the program, a child care specialist, an evaluation task force, or a combination of these.

#### Technical assistance needed

Legal counsel can offer advice on legal structure and profit/nonprofit status; prepare articles and bylaws for a new child care corporation, if needed; file application for 501c3 status, if needed; and advise on liability issues.

A certified public accountant can advise on tax issues and conduct an annual audi

### Examples

- An employer with 35 employees opens a center that serves 20 children, ages 6 weeks to 5 years. The center is open 6 A.M. to 7 P.M.
- An employer with 230 employees opens a 24-hour center that is licensed for 230 children, ages 6 weeks to 13 years.
- An employer with 20 employees opens a center that serves up to 15 3- to 5-year-olds between 5 A.M. and 5 P.M.

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# Appendix A: Important Numbers

|  |                                    |
|--|------------------------------------|
| <b>Better Kid Care</b> .....   | <b>1-800-859-8340</b>              |
| (Help line for child care providers)   |                                    |
| <b>CCIS—Child Care Information Services</b>  |                                    |
| <b>Child Care Works Help Line</b> .....  | <b>1-877-4PA-KIDS</b>              |
| (For referral to your county CCIS agency,<br>information about subsidized child care,<br>lists of registered and licensed providers) |                                    |
| <i>or 1-877-472-5437</i>   |                                    |
| <b>Pennsylvania Small Business Development Centers</b> .....   | <b>1-215-898-1219</b>              |
| <i>(<a href="http://www.pasbdc.org">http://www.pasbdc.org</a>)</i>   |                                    |
| <b>U.S. Small Business Administration</b> .....  | <b>1-800-827-5722</b>              |
| <i>(<a href="http://www.sbaonline.sba.gov">http://www.sbaonline.sba.gov</a>)</i>   |                                    |
| <b>Department of Education</b>   |                                    |
| <b>Division of Non-Public and Private School Services</b> .....  | <b>1-717-783-5146</b>              |
| (Listings of non-public and private nursery<br>schools and kindergartens)  |                                    |
| <b>Department of Public Welfare Regional Day Care Offices</b> .. *see list below   |                                    |
| (Child care regulation information)  |                                    |
| <b>Governor's Action Line</b> .....  | <b>1-800-932-0784</b>              |
| (Answers general questions and provides telephone<br>numbers for state programs)   |                                    |
| <b>Healthy Beginnings—Welfare Information</b> .....  | <b>1-800-692-7462</b>              |
| (Information about public assistance, medical cards, etc.)   |                                    |
| <b>Pa. Association of Information and Referral</b> .....   | <b>1-800-332-6718</b>              |
| (Information about community agencies that<br>can help families)   |                                    |
| <b>Penn State Cooperative Extension</b> .....  | <b>See Appendix B</b>              |
| (Each county has a family living agent who offers<br>assistance for family and children's issues)                                    |                                    |
| <b>DPW Regional Day Care Offices</b>   |                                    |
| (Regulations for family child care homes, group child<br>care homes, and child care centers)   |                                    |
| <b>Western Region (Pittsburgh)</b> .....   | <b>1-800-222-2149</b>              |
| <b>Central Region (Harrisburg)</b> .....   | <b>*see list on following page</b> |
| <b>Northeast Region (Scranton)</b> .....   | <b>1-800-222-2108</b>              |
| <b>Southeast Region (Philadelphia)</b> .....   | <b>1-800-346-2929</b>              |



**DPW Day Care Unit/Central Region\***

For the Central Region there are three Day Care Unit offices.  
Please call the office for the counties listed below each one:

**Harrisburg Office** (*Adams, Clinton, Cumberland, Dauphin, Franklin, Fulton, Lancaster, Lebanon, Northumberland, Perry, York*)

DPW Day Care Unit  
DPW Central Region  
Field Office  
P.O. Box 2675  
Harrisburg, PA 17105  
Ph: 717-772-7078  
*or* 1-800-222-2117

**Hollidaysburg Office** (*Bedford, Blair, Cambria, Centre, Huntingdon, Somerset*)

DPW Day Care Unit  
P.O. Box 319  
Hollidaysburg, PA 16648  
*Ph:* 814-696-6176

**Selinsgrove Office** (*Clinton, Columbia, Juniata, Lycoming, Mifflin, Montour, Northumberland, Snyder, Union*)

DPW Day Care Unit  
P.O. Box 500  
Selinsgrove, PA 17870  
*Ph:* 717-374-2675

# Appendix B. Penn State Cooperative Extension County Offices

**ADAMS**  
(717) 334-6271  
670 Old Harrisburg Road,  
Suite 204  
Gettysburg 17325-3404

**ALLEGHENY**  
(412) 473-2540  
400 N. Lexington Street  
Pittsburgh 15208-2521

**ARMSTRONG**  
(724) 548-3447  
RR 8, Armsdale Adm  
Building  
Kittanning 16201-8431

**BEAVER**  
(724) 774-3003  
1000 Third Street, Suite 102  
Beaver 15009-2026

**BEDFORD**  
(814) 623-4800  
120 W. John Street  
Bedford, PA 15522

**BERKS**  
(610) 378-1327  
Berks Co Ag Center,  
PO Box 520  
1238 County Welfare Road  
Leesport 19533-0520

**BLAIR**  
(814) 940-5989  
Valley View "E" Wing, 301  
Valley View Blvd.  
Altoona, PA 16602

**BRADFORD**  
(570) 265-2896  
701 South Fourth Street,  
PO Box 69  
Towanda 18848-0069

**BUCKS**  
(215) 345-3283  
Neshaminy Manor Center  
1282 Almshouse Road  
Doylestown 18901-2896

**BUTLER**  
(724) 287-4761  
101 Motor Pool Way  
Butler 16001-3545

**CAMBRIA**  
(814) 472-7986  
County Services Building,  
1st floor  
PO Box 390,  
499 Manor Drive  
Ebensburg 15931-0390

**CAMERON**  
(814) 486-3350  
416 North Broad Street  
Emporium 15834-1402

**CARBON**  
(570) 325-2788  
4 Broadway, 3rd floor,  
Courthouse,  
PO Box 60  
Jim Thorpe 18229-0060

**CENTRE**  
(814) 355-4897  
Willowbank Building,  
Room 322  
420 Holmes Avenue  
Bellefonte 16823-1488

**CHESTER**  
(610) 696-3500  
601 Westtown Road,  
Suite 370  
PO Box 2747  
West Chester 19380-0990

**CLARION**  
(814) 782-0033  
405 Main Street,  
PO Box 200  
Shippensburg 16254

**CLEARFIELD**  
(814) 765-7878  
Room 210, Multi Service  
Center  
650 Leonard Street  
Clearfield 16830-3243

**CLINTON**  
(570) 726-0022  
7996 Nittany Valley Drive  
Mill Hall 17751-9741

**COLUMBIA**  
(570) 784-6660  
702 Sawmill Road, Suite 102  
Bloomsburg 17815-7727

**CRAWFORD**  
(814) 333-7460  
13400 Dunham Road,  
Suite A  
Meadville 16335-8344

**CUMBERLAND**  
(717) 240-6500  
1100 Claremont Road  
Carlisle 17013-8802

**DAUPHIN**  
(717) 921-8803  
1451 Peters Mountain Road  
Dauphin 17018-9504

**DELAWARE**  
(610) 690-2655  
Smedley Park,  
20 Paper Mill Road  
Springfield 19064

**ELK**  
(814) 776-5331  
Courthouse, Main Street  
Ridgway 15853-0448

**ERIE**  
(814) 825-0900  
850 East Gore Road  
Erie 16509-3798

**FAYETTE**  
(724) 438-0111  
Ground Floor, County  
Building  
Uniontown 15401-3514

**FOREST**  
(814) 755-3544  
Courthouse Annex,  
PO Box 148  
Tionesta 16353-0148

**FRANKLIN**  
(717) 263-9226  
191 Franklin Farm Lane  
Chambersburg 17201-3086

**FULTON**  
(717) 485-4111  
216 N 2nd Street, Suite 1  
McConnellsburg 17233-1170

**GREENE**  
(724) 627-3745  
26 West High Street, Room 1  
Waynesburg 15370-1324

**HUNTINGDON**  
(814) 643-1660  
RR 4, Box 167B6,  
Fairgrounds Road  
Huntingdon 16652

**INDIANA**  
(724) 465-3880  
827 Water Street  
Indiana 15701-1755

**JEFFERSON**  
(814) 849-7361  
Parker P Blood Block,  
180 Main Street  
Brookville 15825-1234

**JUNIATA**  
(717) 436-7744  
Courthouse Annex,  
PO Box 147  
Mifflintown 17059-0147

**LACKAWANNA**  
(570) 963-6842  
200 Adams Avenue,  
Lower Level  
Scranton 18503-1695

**LANCASTER**  
(717) 394-6851  
1383 Arcadia Road, Room 1  
Lancaster 17601-3184

**LAWRENCE**  
(724) 654-8370  
Courthouse  
New Castle 16101-3598

**LEBANON**  
(717) 270-4391  
2120 Cornwall Road, Suite 1  
Lebanon 17042-9777

**LEHIGH**  
(610) 391-9840  
Lehigh Co Agr Center  
4184 Dorney Park Road  
Allentown 18104-5798

**LUZERNE**  
(570) 825-1701  
16 Luzerne Avenue, Suite 200  
West Pittston 18643-2817

**LYCOMING**  
(570) 433-3040  
542 County Farm Road,  
Suite 206  
Montoursville, PA 17754

**McKEAN**  
(814) 887-5613  
RR 1, Route 6 West,  
PO Box 1504  
Smethport 16749-0504

**MERCER**  
(724) 662-3141  
PO Box 530, 463  
North Perry Highway  
Mercer 16137-0530

**MIFFLIN**  
(717) 248-9618  
152 East Market Street,  
Suite 100  
Lewistown 17044-2125

**MONROE**  
(570) 421-6430  
4499 Rt. 611  
Stroudsburg 18360-9807

**MONTGOMERY**  
(610) 489-4315  
1015 Bridge Road, Suite H  
Collegeville 19426-1179

**MONTOUR**  
(570) 275-3731  
114 Woodbine Lane,  
Suite 102  
Danville 17821-9118

**NORTHAMPTON**  
(610) 746-1970  
Greystone Building,  
Gracedale Complex  
Nazareth 18064-9212

**NORTHUMBERLAND**  
(570) 988-3950  
RR 3, Box 238D  
Sunbury 17801

**PERRY**  
(717) 582-5150  
Courthouse Annex  
P.O. Box 129,  
8 South Carlisle Street  
New Bloomfield 17068-0129

**PHILADELPHIA**  
(215) 471-2200  
4601 Market Street,  
2nd Floor  
Philadelphia 19139-4616

**PIKE**  
(570) 296-3400  
506 Broad Street, Suite B01  
Milford 18337-1511

**POTTER**  
(814) 274-8540  
24 Buffalo Street  
Coudersport 16915-9406

**SCHUYLKILL**  
(570) 622-4225  
1202 Ag. Center Drive  
Pottsville 17901

**SNYDER**  
(570) 837-4252  
Snyder Co Courthouse,  
PO Box 217  
Middleburg 17842-0217

**SOMERSET**  
(814) 445-8911  
121 East Union Street,  
Suite 100  
Somerset 15501

**SULLIVAN**  
(570) 928-8941  
225 German Street,  
PO Box 308  
Dushore 18614-0308

**SUSQUEHANNA**  
(570) 278-1158  
County Office Bldg., 31  
Public Avenue  
Montrose 18801-1219

**TIOGA**  
(570) 724-9120  
Courthouse Annex,  
118 Main Street  
Wellsboro 16901-1495

**UNION**  
(570) 524-8721  
103 South Second Street  
Lewisburg 17837-1996

**VENANGO**  
(814) 437-7607  
PO Box 468, RD1,  
Mercer Road, Rt 62  
Franklin 16323-0468

**WARREN**  
(814) 563-9388  
609 Rouse Avenue, Suite 200  
Youngsville 16371

**WASHINGTON**  
(724) 228-6881  
100 W Beau Street, Suite 601  
Washington 15301

**WAYNE**  
(570) 253-5970, ext 239  
Courthouse, 925 Court Street  
Honesdale 18431-1996

**WESTMORELAND**  
(724) 837-1402  
RR 12, Box 202E, Donohoe  
Road  
Greensburg 15601

**WYOMING**  
(570) 836-3196  
1 Courthouse Square  
Tunkhannock 18657-1216

**YORK**  
(717) 840-7408  
112 Pleasant Acres Road  
York 17402-9041/10/01

# Appendix C: Analyzing Costs and Benefits

## Cost-Effectiveness Analysis\*

Before embarking on a new work-life policy, you may wish to do a cost/benefit analysis of each option you are considering. In most cases, such an analysis is not an exact science; it often involves estimates. But by comparing estimated costs with expected benefits, you can begin to get an idea of which options would be more cost-effective for your company or organization. You may decide to work with your accountant or a work-life consultant in this process.

The two methods of comparing costs and benefits described below are the cost/benefit analysis and the cost-effectiveness analysis. In both types of analysis, only real benefits (i.e., those that involve real resources) should be included. Most planners include both direct and indirect benefits in their calculations, although the latter are more difficult to identify and measure. An example of a real and direct benefit is the reduction in training costs that results from lower turnover. A real but indirect benefit might be the value of unsolicited publicity about the program that enhances the image of the employer in the community.

## Cost/Benefit Analysis

In this method, all costs and benefits should have values assigned to them. After the value is figured or estimated for each benefit and cost, the values of all the benefits are added together and the total of all the costs is subtracted. The result is either the net cost of the program (if costs outweigh benefits) or the net benefit (if benefits outweigh costs).

Benefits and costs that extend beyond one year should be subjected to a discounting procedure because in an inflationary economy, costs and benefits received tomorrow are worth less than those received today. Determining the appropriate discount rate can be difficult, but employers may decide to use the same rate they use for similar investments.

The effect of work-life benefits on elements such as employee morale, recruitment, and public image is more difficult to measure than the effect of turnover, absenteeism, and productivity on the bottom line. This fact sheet concentrates on methods for assessing reduction in turnover, absenteeism, and productivity, since these are the factors most easily quantifiable.

## Calculating Turnover Costs

### Step 1: Calculate the Current Rate of Turnover

(# of employees leaving per year)

(average number of employees) x 100 = % of turnover

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\*Provided by The Oregon Child Care Resource and Referral Network, © 1997 by the State of Oregon. Used with permission.

### **Step 2: Calculate Cost of Turnover to the Company Per Year**

There are several standard costs incurred in turnover:

- **Employment Advertising:** Include all recruitment advertising and related costs.
- **Employment Agency and Search Fees:** Include all fees to employment agencies, search firms, and recruitment consultants.
- **Internal Referrals:** Include all costs for bonuses, fees, gifts, etc., awarded to employees who participate in a company-sponsored applicant referral program.
- **Applicant Expenses:** Include the travel and subsistence costs entailed in bringing an applicant to the interview location. Also include travel cost for the applicant's spouse, if applicable.
- **Relocation Expenses:** Include moving expenses and all other costs associated with relocation.
- **Employment Staff Compensation:** Include all salaries, benefits, and bonuses of the employment staff involved in recruiting, interviewing, hiring, and training new employees.
- **Other Employment Expenses:** Include all other expenses incurred during the recruiting and hiring process, such as the cost of facilities, telephones, equipment depreciation, office supplies, printing, physical examinations, consultants, etc.
- **Orientation and Training:** Include management time, trainer fees, materials, facility fees, and all other costs associated with training new employees.

These costs should be estimated in total and then divided by the number of new employees.

### **Step 3: Calculate Estimated Reduction in Turnover**

Using data collected from needs assessment surveys, focus groups, exit interviews, etc., determine how many of your separating employees typically leave because of dependent care or other work-life issues, then deduce how many of these probably would not have left had your proposed program been in place. Remember, employees often are reluctant to name dependent care problems as a reason for leaving; therefore, your needs assessment might be understating the problem.

### **Step 4: Calculate Expected Savings in Turnover Costs**

Multiply the expected reduction in the turnover rate (calculated in Step 3) by the total turnover cost per new employee (calculated in Step 2) to determine the expected savings in turnover costs.

## Calculating the Cost of Absenteeism

Determining costs due to absenteeism can be more difficult. Personal telephone calls, arriving late or leaving early, and the stress employees feel when their children are receiving unreliable or inadequate care can take their toll on job performance.

The method for quantifying absenteeism is the same as the procedure described above for turnover, except for the following factors, which should be taken into account:

- Absenteeism resulting from work-life issues is one of the most obscure personnel problems because employees are often reluctant to admit that their absences are family-related.
- A small percentage of employees sometimes accounts for a large percentage of a company's absences. Designing a program that targets the problems of this small group can go a long way in reducing overall absenteeism.

### **Step 1: Calculate the Annual Cost of Absenteeism Per Year**

(# work days lost per year) x (cost per work day) = annual cost of absenteeism

In this calculation, you must take into account not only the wage and benefit costs of affected employees, but such costs as supervisor hours lost due to redirecting work and hiring temporary personnel.

### **Step 2: Calculate Expected Reduction in Absenteeism**

Determine what percentage of current absences could be attributed to dependent care problems your proposed program addresses. (An estimate could be obtained through a blind survey.)

### **Step 3: Calculate Expected Savings in Absenteeism Costs**

Annual cost of absenteeism (calculated in Step 1) x reduction rate (calculated in Step 2) = expected savings

## Calculating the Cost of Lost Productivity

The value of productivity lost due to dependent care or other work-life issues is somewhat more difficult to determine than loss due to turnover or absenteeism. Still, it is possible to calculate an estimate using the table on the following page.

This model assumes that a new employee's effectiveness increases based on his or her learning curve. Using research data, it estimates how many weeks it takes for a new employee at each job classification to reach 90 percent productivity. It also estimates what level of effectiveness productivity an employee in a given classification will attain during each third of that training period.

**Step 1: Construct a table based on the table on page 64, using job classifications and pay rates that apply to your business or organization.**

**Step 2: For each job classification, multiply the average weekly pay rate times the number of weeks learning to 90 percent productivity.**

This figure would be your productivity loss if the employee produced nothing during the training period.

**Step 3: Divide the figure obtained in Step 2 by 3.**

This figure represents lost productivity during each third of the training period if the employee produced nothing during the training period.

**Step 4: Multiply the figure calculated in Step 3 by percent effective during learning curve for each third of the training period.**

**Step 5: Add the three figures obtained in Step 4.**

The result represents the total value of productivity for an employee in that classification during the estimated training period.

**Step 6: Subtract the figure calculated in Step 5 (productivity realized) from the figure obtained in Step 2 (total paid to employee during training period).**

The result will be your estimated “learning curve loss” for an employee in that classification.

## Example

**EXAMPLE (USING FIGURES FROM THE TABLE BELOW):**

**FOR AN EMPLOYEE IN A SALES CLASSIFICATION: \$605 x 15 = \$9075**

\$9075

3 = \$3025

\$3025 x .25 = \$756.25

\$3025 x .50 = \$1512.50

\$3025 x .80 = \$2420.00

\$756.25 + \$1512.50 + \$2420.00 = \$4688.75

\$9075 – \$4688.75 = \$4386.25

**ESTIMATION MODEL FOR LEARNING CURVE PRODUCTIVITY LOSSES**

| Job Classification   | Average weekly pay rate | Week learning to 90% productivity | % Effective during learning curve |            |           | Learning curve losses per employee |
|--|-------------------------|-----------------------------------|-----------------------------------|------------|-----------|------------------------------------|
|  |                         |                                   | First 1/3                         | Second 1/3 | Third 1/3 |                                    |
| <b>Exempt:</b>   |                         |                                   |                                   |            |           |                                    |
| 1. Management  | \$780                   | 17                                | 20%                               | 32%        | 86%       | \$7,160                            |
| 2. Professionals   | \$637                   | 14                                | 27%                               | 60%        | 86%       | \$3,775                            |
| 3. Sales   | \$605                   | 15                                | 25%                               | 50%        | 80%       | \$4,386                            |
| <i>Weighted average exempt job classification</i> .....    |                         |                                   |                                   |            |           | \$5,887                            |
| <b>Nonexempt:</b>  |                         |                                   |                                   |            |           |                                    |
| 1. Technicians   | \$445                   | 12                                | 15%                               | 55%        | 90%       | \$2,492                            |
| 2. Office and Clerical                                     | \$312                   | 7                                 | 42%                               | 60%        | 85%       | \$823                              |
| 3. Skilled Crafts  | \$452                   | 6                                 | 30%                               | 61%        | 75%       | \$1,211                            |
| 4. Operating-Semi-Skilled (assembly)                       | \$238                   | 4                                 | 22%                               | 60%        | 90%       | \$406                              |
| 5. Service (janitors, etc.)                                | \$247                   | 3                                 | 48%                               | 60%        | 83%       | \$269                              |
| <i>Weighted average nonexempt job classification</i> ..... |                         |                                   |                                   |            |           | \$2,997                            |

## Cost-Effectiveness Analysis

To predict how an investment in a work-life program might compare with savings from implementing the program, all costs and benefits should have values placed on them. Many companies will be unable to conduct an ideal cost/benefit analysis because of difficulties in quantifying some of the expected benefits. If very few of the benefits can be quantified, you may want to consider using an alternative technique, such as cost-effectiveness analysis.

Cost-effectiveness analysis is a method of comparing programs that attempt to achieve the same result. It shows

- how a given level of effectiveness can be achieved at a minimum cost; or
- how maximum effectiveness can be achieved at some given cost level.

This type of analysis differs from cost/benefit analysis in that it tries to separate the costs of a program from its benefits (effectiveness). While costs are measured in numbers and units, benefits are not.

For example, a company may want to determine which work-life option would have the greatest impact on turnover for an annual expenditure of \$5,000. Cost-effectiveness analysis would not require determining whether the reductions in turnover would recover the total \$5,000 expenditure, but would instead determine which of the proposed programs would have the greatest effect on turnover.

A number of additional factors should be taken into consideration when the value of savings in an individual area such as turnover is being determined:

- The effect that one area, such as turnover, has on another should be considered. This is called the interdependence of benefits. For example, if turnover is reduced, the company also may save money on unemployment insurance.
- The time preference of benefits also should be considered; the time at which a benefit is introduced may determine the extent of its effect.
- The certainty of the projected costs and benefits should be considered, as well as the amount of variability in the possible costs and benefits.

## Additional Considerations

After each of the individual values for the separate costs and benefits has been determined and a total net cost or total net benefit has been figured, there are several additional factors to consider that affect the overall value of various work-life options.

- The state of the economy will have an effect on how the total net cost or total net savings is viewed. (Benefits accrued in difficult economic times are sometimes more valuable than the same benefits in less difficult times, depending on the industry, region, and other factors.)



- The certainty with which any risks associated with the program can be avoided should be examined.
- The degree to which the company can control or enhance positive outcomes should be assessed.

### Program Evaluation

The best way to determine how effective your workplace-friendly policy has been is to keep track of indicators (e.g., turnover, absenteeism, productivity) before and after implementation of the program, and then compare numbers. Getting an objective reading on how employees feel about the program is also important and can be achieved through an anonymous survey of employees. All of this feedback will be important in evaluating the success of your program and deciding on how to expand or change your program to better suit your workplace.

### Other Benefits Worth Considering

Each year American taxpayers pay, directly and indirectly, the costs of policies based on remediation rather than prevention.

Though slower to realize and virtually impossible to calculate in monetary terms, the benefit of a safer, stronger community is the long-term payoff for providing families with the support they need to give their children a healthy start in life. Research shows a clear relationship between quality child care, parenting, education, and other family supports and reduced teen pregnancy, substance abuse, high school dropout rate, and crime. As an employer, the workplace-friendly policies you implement today will help to ensure the availability of a high-quality workforce tomorrow.



# Appendix D: Strategic Planning

On the next few pages you'll find a guide to strategic planning, which can help you choose the option(s) best suited to your business. Please note that the "phases" mentioned here shouldn't be confused with the "steps" listed for each option. Phases are part of the broad, overall planning process. Steps are more narrow and specific, since they provide direction for achieving success with a specific option.

## Phase One: Handraising

Someone in the business has to assume responsibility for beginning the strategic planning process and following through with the plan. Depending on the size of the business, this could be the business owner, personnel staff, a committee, or a task force. The larger the business, the more important it may be to include representatives from both management and labor. A committee approach in a larger business offers the opportunity to gain the input of individuals from different levels of the organization. The investment of key individuals throughout the business may be critical for ultimate success. In addition, a committee or task force distributes the workload more equitably.

The key is to find the talent necessary to propel the project forward into and through the next phase. New talent may emerge as the needs of the group change from phase to phase. Regardless of the structure, however, there must be a clear commitment by upper management to support child care needs of employees.

## Phase Two: Goal Search

Goals need to be clearly established. This involves a blend of two complementary types of goals: business objectives and parent/employee needs.

### ESTABLISHING BUSINESS OBJECTIVES

Analyzing the nature of a business and its corporate goals should reveal how essential human capital and workforce issues are to the company's bottom line (Oregon Child Care Resource and Referral Network, 1997).

- First, what is the nature of the corporate culture and management style?
  - Is employee participation a corporate priority?
  - Do work teams focus on quality or other workplace issues?
  - What is the overall labor/management climate?
  - What work-life policies or benefits are currently offered?
- Second, what are the characteristics of the company?
  - How large is the company?
  - Does it have more than one location and/or operate for more than one shift?

.....

**Goals should be clearly established. This involves a blend of two complementary sources of goals: business objectives and parent/employee needs.**

.....

**Brainstorming** provides a list of the potential options to achieve the goals identified by the goal search. This publication describes twelve options, in some detail, for you to consider.

- Third, what are the fiscal concerns?
  - What is the company's overall financial condition?
  - Can resources be invested in work-life programs?
  - How do the company's recruitment and turnover costs compare to others in the industry?
- After a careful review of these key aspects of a company, any one or more of the following business goals might be selected:
  - Reduce tardiness and absenteeism
  - Increase productivity and job performance
  - Decrease turnover
  - Attract and retain employees in a tight labor market
  - Enhance corporate image

#### DETERMINING PARENT/EMPLOYEE NEEDS

Another important step involves obtaining information about employees. A survey could be created to get accurate information from employees about their child care needs. Appendix E in this handbook, the Employee Child Care Needs Survey, might be suitable. All employees could be surveyed, or a random sample could be taken. Surveys could be conducted by an outside consultant or in collaboration with a union or community agency. Data from surveys could be used as benchmarks to evaluate the effectiveness of a program at some point in the future.

In addition to surveys, employees could participate in discussion groups. These employees could be asked questions such as:

- What is the proper role of the company in responding to the work/family needs of employees?
- What are the most important needs?
- What solutions would you suggest?
- What are the pros and cons of these suggestions?

Employee needs can also be anticipated by reviewing data provided at the state and national levels. Government agencies such as the Bureau of the Census, the Bureau of Labor Statistics, the Women's Bureau/Department of Labor, and the Department of Health and Human Services are rich sources of data on working parents. The introduction in this handbook provides an up-to-date summary of the reciprocal impact of employment and parenting.

Goal searching is an important step because effective, cost-efficient plans depend on accurate information about prospective participants and reasonable goals based on an accurate profile of parents in a business. The more information you have about employees, the greater the opportunity to be successful. The ultimate goals of the program should reflect both management and employee input, formulated after a thorough review of organizational culture and policies and of employee needs.

### Phase Three: Brainstorming

Brainstorming provides a list of the potential options to achieve the goals identified by the goal search. This publication describes twelve options for you to consider. From these options, you can select a list that would work for your business. You may want to add other options that would help reach your goals.

In Phase Two, goal search, the focus is primarily internal. Information is collected through surveys or other means to assess employee needs. In brainstorming, the planning process expands considerably. Instead of focusing on one option prematurely, the emphasis in this phase is on identifying all the potential options that might be effective to support employees.

As options are considered and new potential partners from within and outside of the business are identified, the planning group could recommend one of three general models for proceeding (Women's Bureau, 1995):

#### THE SINGLE-EMPLOYER MODEL

A single business develops a program that meets its needs. This approach provides maximum control over the program, but it could carry high resource costs and decrease the number of available options.

#### THE EMPLOYER CONSORTIUM MODEL

This approach is based on two or more employers pooling resources and crafting joint projects that meet common needs. Resources are maximized at the expense of control. Collaboration is a crucial component of successful consortiums. Personnel who can work well together are also a necessity.

#### THE COMMUNITY PARTNERSHIP MODEL

This approach involves bringing together the total resources in a community, including state and federal resources, local government, and social services working in collaboration with businesses that elect to participate. Assembling key players in this effort may involve considerable time commitments and will require strong, visionary local leadership.

More than half of the companies surveyed by the Families and Work Institute are involved in child care partnerships with state or local governments, and 16 percent offer financial support for child care in their communities through a fund or corporate contributions (Families and Work Institute, 1998b).

### Phase Four: Prioritizing

Once potential partners and the pool of alternative options have been identified, the difficult task of prioritizing can take place. Criteria based on the goals identified in the goal search should be identified.

Criteria that are "pass-fail" are considered critical. Any option that does not meet a critical criterion is set aside. For example, some options would be set aside from the list if the resources required to implement them are not currently available. Other options may have to be set aside if the expertise is not available

.....  
**Once potential partners and the pool of alternative options have been identified, the difficult task of prioritizing can take place.**

.....

**Bridgebuilding involves converting the final list of options into a specific business plan based on the steps for each option to be implemented.**

to implement them properly. Options that are set aside can be held in readiness if the necessary resources emerge during later phases. For example, a near-site or on-site center may be the best option for a number of reasons, but might be eliminated because up-front capital investments are not available. An employer might learn in the bridgebuilding phase that a vendor could help with those capital costs, but might never have known it if the option had been eliminated too soon.

Some criteria can be scaled to provide a rating system for each remaining option. These criteria are noncritical and can be scored. Instead of “pass-fail,” the issue here is “how much.” Each option, for example, could be rated for the degree of enthusiasm employees might show for participating in the option. Data regarding employee attitudes toward various potential options can be obtained through a survey similar to the one included in Appendix E.

When this review of options is completed, the planning group can decide on the number of options to be implemented. Then this list can be sequenced. What should be done first? What should be done next? Some options may be introduced parallel to others. Sequence is important because a successful implementation of one option could provide the necessary foundations for one that follows.

### Phase Five: Bridgebuilding

Bridgebuilding involves converting the final list of options into a specific business plan based on the steps for each option to be implemented. This step list converts the option into a manageable series of tasks and accomplishments similar to what would be included in a Program Effectiveness and Review Technique (PERT) chart for a project. Each option could actually be viewed as a component project.

Financial support for a child care program may come from the employer, the union, grants/tax incentives, or a combination of the three. Community resources also can be identified and integrated into the business plan. For example, a vacant elementary school building might be rented cheaply from the school district, or your local Penn State Cooperative Extension office may be able to provide low-cost parent education services.

Successful work-life programs have eight common elements (Oregon Child Care Resource and Referral Network, 1997):

1. Clear statements from top executives about the organization’s commitment to the change. Share with the employees the information and analysis that led the company to establish the initiative, along with the message that the company stands firmly behind the change.
2. Continued dialogue among managers. Discussion among managers is essential to ensure uniform application of policies and to develop consensus on issues such as the circumstances under which flexible work hours will be allowed.
3. Continued dialogue with a cross-section of the workforce. Formulating and implementing any policy depends on engaging all those who will direct or be

affected by the program. A free and open exchange of opinions, observations, and experiences will contribute to effective decision management.

4. Establishment of written policies. New policies and program initiatives should be put into writing to ensure equity across the complete range of the business. This reduces ambiguity and misunderstanding.

5. Communication of new policies. Management should explain new policies and benefits to all employees, including their rationale and guidelines for participation.

6. Management training in the use of new policies. Training programs should include information about the importance of work-life policies and the analyses that led the business to adopt them. Some companies also include responsiveness to work and family issues as part of their managers' performance review.

7. A plan to evaluate the implementation of the new policies or programs. A feedback system should be developed to monitor the plan's implementation and quickly correct any problems that might develop. Manager input will be critical to this process.

8. Management participation. In the most successful work-life programs, management demonstrates its commitment to a balanced work-life culture by setting an example. Their efforts to resolve their own work-life challenges will be watched closely by employees at all levels. Regardless of what the written policy might be, the actions of top management carry greater influence than the contents of a brochure.

### Phase Six: Barnraising

The purpose of a plan established in the bridgebuilding phase is to prepare to implement a child care option effectively. Time benchmarks should be established for each step in the plan and specific responsibilities assigned to planning group members. A framework for management and review of progress should be put in place. A consultant may be hired to complement the work of the planning group. Everyone who contributed to the effort should be recognized as well.

## *Appendix E: Employee Child Care Needs Assessment*

Appendix E contains an example of an Employee Child Care Needs Assessment. It is designed for direct reproduction to be distributed to your workforce. If you determine that not all of the questions apply to your company, please feel free to modify the needs assessment to suit your situation.

Appendix F provides information on analyzing the needs assessment to determine employee child care needs. You can contract with your local resource and referral agency for help in analyzing the results of the needs assessment.

Copies of the needs assessment are also available in Spanish from your local child care resource and referral agency (see Appendix A) free of charge.

# Employee Child Care Needs Assessment Survey

In order to develop more effective family-friendly policies in our workplace, we need to survey our employees to determine their child care concerns. This information will be used to develop a business strategy that meets the needs of our employees. We would like the information you provide here to be anonymous, so please do not sign your name on the survey. Developing an effective strategy depends on obtaining an accurate appraisal of your child care concerns. Please be honest in your answers. If you have any questions about this survey and/or would like to receive a summary of survey results, please let us know.

## 1. Write in the number of children in each age category living in your household.

| <u># of children</u> | <u>ages</u>          |
|----------------------|----------------------|
| a. _____             | birth–18 months      |
| b. _____             | 18 months–3 years    |
| c. _____             | 3 years–kindergarten |
| d. _____             | 1st grade–3rd grade  |
| e. _____             | 4th grade–6th grade  |
| f. _____             | 7th grade–12th grade |

*If you have no children living at home or none in the given age categories, go to question 24.*

## 2. Do any of your children in care have special needs?

- a. Yes *(please specify)* \_\_\_\_\_
- b. No

## 3. In the section below, please list the age for each child that you currently have in child care.

*Please circle (a) the type or types of care that each child is in (if you have more than five children, please provide this information for your youngest five only) and (b) the times when child care is needed.*

Age of child(ren)    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_

### A. Type of child care used

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| Child care center <i>(please provide the center name)</i>         | 1 | 2 | 3 | 4 | 5 |
| Family home care provider <i>(paid person in provider's home)</i> | 1 | 2 | 3 | 4 | 5 |
| Paid person in my home <i>(nanny)</i>                             | 1 | 2 | 3 | 4 | 5 |
| Structured before/after-school program                            | 1 | 2 | 3 | 4 | 5 |
| Unpaid person in provider's home <i>(relative)</i>                | 1 | 2 | 3 | 4 | 5 |
| Unpaid person in my home <i>(spouse, relative)</i>                | 1 | 2 | 3 | 4 | 5 |
| Other <i>(please specify)</i> _____                               | 1 | 2 | 3 | 4 | 5 |



| B. Hours of child care used         | Age of child(ren) |       |       |       |       |
|-------------------------------------|-------------------|-------|-------|-------|-------|
|                                     | _____             | _____ | _____ | _____ | _____ |
| Full-day care                       | 1                 | 2     | 3     | 4     | 5     |
| Half-day care                       | 1                 | 2     | 3     | 4     | 5     |
| Before-school care                  | 1                 | 2     | 3     | 4     | 5     |
| After-school care                   | 1                 | 2     | 3     | 4     | 5     |
| Night or weekend care               | 1                 | 2     | 3     | 4     | 5     |
| Full-day care <i>(summer only)</i>  | 1                 | 2     | 3     | 4     | 5     |
| Half-day care <i>(summer only)</i>  | 1                 | 2     | 3     | 4     | 5     |
| Other <i>(please specify)</i> _____ | 1                 | 2     | 3     | 4     | 5     |

**4. Did you get all the child care you needed during the last 12 months?**

*Check the best response.*

- \_\_\_ a. Yes, I got all the care I needed. *(Skip to question 6.)*
- \_\_\_ b. I got some of the care I needed.
- \_\_\_ c. No, I did not get any of the care I needed.

**5. If you couldn't get all the child care you needed, please indicate the reason.**

*Check all the reasons that fit your situation.*

- \_\_\_ a. Cost of care was too expensive.
- \_\_\_ b. Couldn't find anyone to care for my children. *(Comment)* \_\_\_\_\_
- \_\_\_ c. Care was too far away.
- \_\_\_ d. Care wasn't available when I needed it. *(Comment)* \_\_\_\_\_
- \_\_\_ e. My child has special needs that couldn't be accommodated. *(Comment)* \_\_\_\_\_
- \_\_\_ f. Other *(please specify)* \_\_\_\_\_

*If you have a school-age child who stays home alone before and after school, please skip to question 16.*

**6. Please indicate the ages of your children, the average number of hours of child care received, and weekly costs.**

| Age   | Hours per week | Weekly cost |
|-------|----------------|-------------|
| _____ | _____          | _____       |
| _____ | _____          | _____       |
| _____ | _____          | _____       |
| _____ | _____          | _____       |
| _____ | _____          | _____       |
| _____ | _____          | _____       |



**7. What kind of hardship does the total cost of child care create for your family?**

*Check the best response.*

- a. Extreme
- b. Moderate
- c. Mild
- d. None

**8. Do you have backup child care when your regular care is unavailable?**

*Check the best response.*

- a. Always (*skip to question 10*)
- b. Usually
- c. Sometimes
- d. Never

**9. In the last 12 months, what are the reasons your regular child care has been unavailable?**

*Check all that apply.*

- a. Child sick
- b. Family provider unable to provide care
- c. Relative unable to provide care
- d. School closure
- e. Bad weather; unable to take child to provider
- f. Other (*please specify*) \_\_\_\_\_

**10. Who cares for your child(ren) when your regular child care arrangements are unavailable?**

*Check all that apply.*

- a. Spouse who doesn't work outside the home.
- b. Spouse who stays home from work with child.
- c. I stay home from work to be with child.

**To do this I have to make the following arrangements.**

*Check all that apply.*

- sick leave
- vacation day
- personal leave
- unpaid leave
- other (*please specify*) \_\_\_\_\_
- d. Alternative child care arrangements
- e. Child cares for self
- f. Other (*please specify*) \_\_\_\_\_

**11. Do you participate in making child care arrangements in your family?**

- a. Yes
- b. No

**12. Who transports your child(ren) to and from child care?**

*Check all that apply.*

- a. Care is in my home. *(Skip to question 15.)*
- b. I do
- c. Partner
- d. Other *(please specify)* \_\_\_\_\_

**13. How many miles do the individuals identified in question 12 drive (one way) from your house to the child care home or center?**

*Total for all children attending different child care programs.*

Total number of miles (one way) from home to child care = \_\_\_\_\_

**14. How many miles do the individuals mentioned in question 12 drive (average one way) from the child care home or center to their jobs?**

Total number of miles (one way) from child care to work = \_\_\_\_\_

**15. What impact have problems with child care had on your household?**

*Check all that apply.*

One or more of us have had to:

- a. Limit work hours
- b. Take time off from work
- c. Quit a job

**16. How much do you worry about your child(ren) in child care while at work?**

*Check the best response.*

- a. I don't worry at all. I have great confidence in the care they receive.
- b. I am fairly confident in their care. Every once in a while I have some concern.
- c. I occasionally worry.
- d. I worry often and have some doubts about their care.
- e. I am extremely worried and am apprehensive about their care.

**17. How much do you worry about your child(ren) who are at home alone before or after school?**

*Check the best response.*

- \_\_\_\_\_ a. Question does not apply to me.
- \_\_\_\_\_ b. I don't worry at all. I know that they are safe and happy.
- \_\_\_\_\_ c. I am fairly confident that they are safe and happy.
- \_\_\_\_\_ d. I occasionally worry about them.
- \_\_\_\_\_ e. I worry often about them and have doubts about their safety.
- \_\_\_\_\_ f. I am extremely worried and am apprehensive about their safety and well-being.

**18. When you need to be away from work for a short time for a child's medical appointment or a child care emergency, how does your supervisor manage your absence?**

*Check all that apply.*

- \_\_\_\_\_ a. Allows personal leave time.
- \_\_\_\_\_ b. Allows me to make up lost time.
- \_\_\_\_\_ c. Reduces wages for missing time.
- \_\_\_\_\_ d. Demerit or mark against work record.
- \_\_\_\_\_ e. Other *(please specify)* \_\_\_\_\_

**19. Do your child care responsibilities in any way restrict your personal job performance goals?**

- 1. Yes
- 2. No

**20. Have child care difficulties ever caused you to seriously consider leaving your present job?**

- 1. Yes
- 2. No

**21. Sometimes, child care arrangements affect parents at work. During the past six months, have you had difficulties related to child care in any of the following areas?**

*Please circle the appropriate answer. Remember, your responses will be strictly confidential.*

|  | No problem | Minor problem | Major problem |     |
|--|------------|---------------|---------------|-----|
| a. Ability to concentrate on work                            | 1          | 2             | 3             | N/A |
| b. Disruption of your work                                   | 1          | 2             | 3             | N/A |
| c. Arriving at work on time                                  | 1          | 2             | 3             | N/A |
| d. Staying as late as desired/needed                         | 1          | 2             | 3             | N/A |
| e. Receiving training after work hours                       | 1          | 2             | 3             | N/A |
| f. Traveling for the job                                     | 1          | 2             | 3             | N/A |
| g. Leaving work early or staying home to care for sick child | 1          | 2             | 3             | N/A |
| h. Other <i>(please specify)</i> _____                       |            |               |               |     |

**22. During the past six months, how many days have you left early or arrived late because of child care difficulties?**

*Please provide your best estimate.*

\_\_\_\_\_ days

**23. During the past six months, how many days have you been absent from work because of child care difficulties?**

*Please provide your best estimate.*

\_\_\_\_\_ days

**24. What is your impression of your workplace's response to your family responsibilities that may affect you during work time?**

*Check all that apply.*

\_\_\_\_\_ a. Highly supportive

\_\_\_\_\_ b. Supportive

\_\_\_\_\_ c. Reluctant but allows necessary absence

\_\_\_\_\_ d. Disapproving

\_\_\_\_\_ e. Threatening

\_\_\_\_\_ f. Other *(please specify)* \_\_\_\_\_

**25. Listed below are a number of ways that businesses can help employees with child care.**

*Check all options that you think this business should consider.*

\_\_\_\_\_ a. Free workshops on parenting and child care.

\_\_\_\_\_ b. Free information for employees on local child care homes and centers.

\_\_\_\_\_ c. Adjusted work arrival and departure times to meet family's schedule.

\_\_\_\_\_ d. Allow employees time off from work following childbirth.

\_\_\_\_\_ e. Allow employees to bring their children to work for limited periods of time in unusual situations or emergencies.

\_\_\_\_\_ f. Allow employees to use paid sick leave to care for sick children.

\_\_\_\_\_ g. Offer a plan to pay for child care with employee pre-tax dollars (IRS-approved).

\_\_\_\_\_ h. Financial support for child care as part of the benefits package.

\_\_\_\_\_ i. Spaces reserved in a child care center or family child care home for employees' children.

\_\_\_\_\_ j. Employee discount on the regular fee charged for child care at a center or home.

\_\_\_\_\_ k. Child care program before and after school hours and on school holidays and vacations.

\_\_\_\_\_ l. Child care program for children who are mildly ill or recovering from an illness.

\_\_\_\_\_ m. Child care center for children of employees at or near your work site.

**26. Which three child care options listed above would be most important to you?**

*Insert the letters of your choices from question 25.*

- \_\_\_\_\_ 1st choice
- \_\_\_\_\_ 2nd choice
- \_\_\_\_\_ 3rd choice

**27. Do you anticipate that your child care needs are going to change over the next two years?**

*Check the best response.*

- \_\_\_\_\_ a. Yes
- \_\_\_\_\_ b. No
- \_\_\_\_\_ c. Not sure

**28. Please tell us what kind of child care you think you will need over the next two years.**

*Check all that apply.*

- \_\_\_\_\_ a. Full-day care
- \_\_\_\_\_ b. Half-day care
- \_\_\_\_\_ c. Before- or after-school care
- \_\_\_\_\_ d. Summer care only, full-time
- \_\_\_\_\_ e. Summer care only, half-time
- \_\_\_\_\_ f. Night/weekend care
- \_\_\_\_\_ g. Not sure
- \_\_\_\_\_ h. Other (*please specify*) \_\_\_\_\_

**29. How many years have you worked for this company?**

*If a new employee, insert "0."*

\_\_\_\_\_ Years \_\_\_\_\_ Months (approximate)

**30. What is your work schedule?**

|           | Working<br>hours | Total hours<br>per week | Days of<br>the week |
|-----------|------------------|-------------------------|---------------------|
| Full-time | _____            | _____                   | _____               |
| Part-time | _____            | _____                   | _____               |
| Other     | _____            | _____                   | _____               |

**31. Please share any additional concerns or comments you may have about child care:**

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## Appendix F: Interpreting the Employee Child Care Needs Assessment

This scoring section will help you determine the option(s) that are best for your business based on employee feedback. Each of the questions on the needs assessment has answers that are related to letters (a, b, c, d, etc.); this section relates the letters under each question to specific options.

The results of the Employee Child Care Needs Survey can be compiled either by hand or by using a computerized spreadsheet such as Lotus, Microsoft, Excel, or Filemaker Pro. Every question on the survey provides important, useful information that relates specifically to choosing and prioritizing the options in this handbook.

### Question 1:

Total the number of children in each of the six age groups. Children in each of these groups will have different child care needs and staff ratio requirements. (Your local health department can provide more information on child care ratios.)

- *Birth–8 months:* Infants require the most specialized care. Care for infants is typically the most expensive and among the most challenging to find.
- *18 months–3 years; 3 years–kindergarten:* Toddlers and preschoolers usually need full-day care, depending on work hours. Many schools run half-day kindergarten sessions, which often means kindergartners need the equivalent of full-day care before and after school.
- *1st grade–3rd grade:* School-age children may need care before or after school or both.
- *4th grade–6th grade:* Older school-age children may need care before or after school or both.
- *7th grade–12th grade:* Youth this age typically do not need child care services, but their parents often benefit from flexible work policies that enable them to respond effectively to the needs of their older children.

### Question 2:

Children with special needs will require special forms of child care. In addition, parents of these children are often under a great deal of stress and would benefit significantly from employer support for child care. Knowing the percentage of special needs children among the total number of children that could be served would be an important part of the planning process.

### Question 3:

The total numbers and ages of children indicate the age groups with the most

need in terms of both the type and timeliness of child care. If your business chooses to directly provide child care for your employees (see Options 11 and 12), these numbers can help guide planning for the size of the facility, the age groups it would serve, and the staffing needs.

#### Question 4:

Total the number of responses indicating a, b, and c. A high number of responses of b and c indicate that many employees are having a difficult time locating the care they need for their children and would benefit from additional assistance. Question 9 indicates the action employees take when their regular child care arrangements are not available.

#### Question 5:

A high number of responses indicating any of these letters provide information on the best potential options to explore:

- a: Option 5: Dependent Care Assistance Plan  
Option 6: Voucher/Reimbursement System  
Option 7: Purchase of Space/Discount Program
- b: Option 2: Resource and Referral Services
- c: Option 2: Resource and Referral Services  
Option 11: Consortium Center  
Option 12: On-Site/Off-Site Child Care Center
- d: Option 2: Resource and Referral Services  
Option 3: Alternative Work Schedules  
Option 11: Consortium Center  
Option 12: On-Site/Off-Site Child Care Center
- e: Option 2: Resource and Referral Services

#### Questions 6 and 7:

Determine the average weekly cost of employees' child care by children's age group. (Total child care expenditures by age divided by number of respondents for each age; use age groups from question 1.) These numbers provide information on the parents' total child care expenditures and the need for financial subsidies for child care. See Option 5: Dependent Care Assistance Plans; Option 6: Voucher/Reimbursement System; and Option 7: Purchase of Space/Discount Program.

The average number of hours employees require child care by age group (determined by totaling the number of hours used by age group divided by number of respondents for each age; use age groups from question 1) will help determine the total number of hours employees require care. This information relates to Option 7: Purchase of Space/Discount Program; Option 11: Consortium Center; and Option 12: On-Site/Off-Site Child Care Center.

#### Questions 8, 9, and 10:

Tally the total number of responses under each letter. These questions help determine the impact unreliable child care has on your employees. In addition to the overall information this provides, a number of answers relate to specific options:

Question 9, a: Option 9: Sick-Child Care

Question 10, c: Option 4: Parental Leave Policies

#### Question 11:

Tally total number of responses. High levels of direct participation in child care arrangements relate to Option 2: Resource and Referral Services, and Option 1: Parent Seminars.

#### Questions 12, 13, and 14:

Tally the total number of responses under each letter for question 12; find the average numbers of miles under questions 13 and 14. This information provides a picture of daily employee travel to child care. Responses may indicate need for Option 2: Resource and Referral Services (to check availability of child care services closer to the employment site); Option 11: Consortium Center; or Option 12: On-Site/Off-Site Child Care Center.

#### Questions 15, 16, and 17:

Tally the total number of responses for each choice. These questions relate to the overall impact problems with child care have on your employees. High levels of worry and/or problems with child care indicate that child care is having a significant impact on your workforce.

#### Question 18:

Tally the total number of responses for each choice. See Option 3: Alternative Work Schedule, and Option 4: Parental Leave Policies.

#### Questions 19 – 23:

Responses to questions will reveal hidden costs to your business related to child care.

#### Question 24:

Tally the total number of responses for each choice. As stated in the introduction, employees with highly supportive workplaces exhibit higher levels of productivity, commitment, and longevity with a company than those who



perceive their workplaces to be less supportive. Each of the options has a proven impact on increasing these crucial aspects of employee performance. Responses to this question provide a benchmark you can refer to later if a follow-up survey is conducted.

#### Question 25:

Tally the total number of responses for each choice. A high number of responses for any of the choices indicate a need for a particular type of service. All of the given options can be developed and implemented as a component of a business consortium (see Option 10).

- a: Option 1: Parent Seminars
- b: Option 2: Resource and Referral Services
- c: Option 3: Alternative Work Schedules
- d: Option 4: Parental Leave Policies
- e: Option 4: Parental Leave Policies
- f: Option 4: Parental Leave Policies
- g: Option 5: Dependent Care Assistance Plan
- h: Option 6: Voucher/Reimbursement Program
- i: Option 7: Purchase of Space/Discount Program
- j: Option 7: Purchase of Space/Discount Program
- k: Option 8: School-Age Child Care; Option 11: Consortium Center;  
Option 12: On-Site/Off-Site Child Care Center
- l: Option 9: Sick-Child Care
- m: Option 11: Consortium Center; Option 12: On-Site/Off-Site Child  
Care Center

#### Question 26:

Tally letters of employees' top three choices for an employer-sponsored program. The letters correspond to the choices listed above.

#### Questions 27 and 28:

Tally the total number of responses for each choice. The number of respondents to letters b and c on question 27 and the results of question 28 will enable you to project the needs of your employees up to 24 months from now.

#### Questions 29, 30, and 31

Answers to these questions provide additional information for review.

This chart shows the relationship between questions and specific options. When organizing the results of your survey, you can use this chart to interpret the significance of responses to various questions.

| <b>Issue</b>    | <b>Questions</b>                               |
|-----------------|--|
| General         | 1, 2, 4, 8, 15, 16, 17, 24, 26, 27, 28, 29, 30 |
| Business Impact | 10, 19, 20, 21, 22, 23                         |

| <b>Option</b>                    | <b>Questions</b>           |
|----------------------------------|----------------------------|
| 1 Parent Seminars                | 11, 25                     |
| 2 Resource and Referral Services | 5, 11, 12, 13, 14, 25      |
| 3 Alternative Work Schedules     | 5, 18, 25                  |
| 4 Parental Leave Policies        | 10, 18, 25                 |
| 5 Dependent Care Assistance      | 5, 6, 7, 25                |
| 6 Voucher/Reimbursement Programs | 5, 6, 7, 25                |
| 7 Purchase of Space/Discount     | 5, 6, 7, 25                |
| 8 School-Age Child Care          | 3, 9, 25                   |
| 9 Sick-Child Care                | 2, 9, 25                   |
| 10 Consortium Model*             |                            |
| 11 Consortium Center             | 3, 5, 6, 7, 12, 13, 14, 25 |
| 12 On-Site/Off-Site Child Care   | 3, 5, 6, 7, 12, 13, 14, 25 |

\*Decisions about forming a consortium should be made based on your organization's resources and potential partnerships with other community businesses with similar needs.

On the Web, visit Penn State's College of Agricultural Sciences at <http://www.cas.psu.edu>; and Better Kid Care at [www.betterkidcare.psu.edu](http://www.betterkidcare.psu.edu)

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EMPLOYER OPTIONS FOR CHILD CARE • PARENT SEMINARS  
RESOURCE AND REFERRAL SERVICES • ALTERNATIVE WORK  
SCHEDULES • PARENTAL LEAVE POLICIES • DEPENDENT CARE  
ASSISTANCE PLAN • VOUCHER OR REIMBURSEMENT SYSTEM  
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