



Child Care Toolkit

Meeting Child Care Needs, Boosting Organizational Success

The Best Place for Working Parents® and Early Matters Greater Austin (EMGA) collaborated on this toolkit† to provide tangible options to employers who are eager to support their working parents' child care needs, but unsure of where to begin. This toolkit provides accessible suggestions that meet you where you are today so you can take the next step that best fits your organization.

As detailed in The Best Place for Working Parents® top 10 research-backed family-friendly policies, employers have a powerful role in supporting working families – and doing so not only promotes more loyal, satisfied and productive employees, but a boost to businesses' bottom line, as well.

† This toolkit is not meant to provide tax, legal, or accounting advice. Please consult with your attorney or tax preparer for more information and guidance pertaining to your particular circumstances.

About the toolkit

Did you know that 83% of women and 81% of men report child care benefits would be an important factor in deciding to stay at their current employer?¹



As a Best Place for Working Parents[®] organization, you understand that working parents can face challenges trying to balance work and home – and seeking to excel in both of those spaces. Your company can implement strategies that will help your employees thrive – while in turn, building a stronger, more loyal and productive workforce for your organization today and for the future.

Child care supports have consistently been rated as a top need for working parents, especially in the post-COVID environment. This toolkit outlines key strategies that senior leaders and businesses can use to support their employees' caregiving needs, plus practical tools to aid in the implementation of child care-related policies. We've also included testimonials spotlighting companies that are addressing child care needs in ways that are helping to improve their talent attraction, retention, and productivity.

The guide is not meant to be a "one-size-fits-all" approach, but rather an overview of current child care assistance options for employers. While this guide is focused on working parents with young children, many of the recommendations apply to all caregivers. In many cases, organizations can expand the definition of "caregiver" to include caregivers at all stages and in varying situations in life: employees caring for older children with learning disabilities, aging relatives, or relatives with physical or mental health needs.

In a 2022 survey of 501 HR professionals, 58% of respondents indicated that they are hearing requests for child care benefits. That's why 57% plan to prioritize child care and 51% senior care more in 2022.²

¹ Marshall Plan for Moms and McKinsey & Company, "The Business Case for Child Care: How Parent-Focused Employee Value Propositions Help Companies Win the War for Talent," May 2022.

² https://www.care.com/business/wp-content/uploads/sites/5/2022/05/Care-for-Business_Future-of-Benefits-Report_2022.pdf, 2022

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About Best Place for Working Parents®

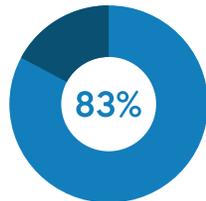


Demonstrating the ROI for Child Care Supports

1. The child care needs of today's workforce directly impacts business profitability and retention.



Businesses lose \$13B annually in productivity costs due to child care challenges faced by their workforce.



83% of millennials would leave their job for family-friendly benefits³

2. Business child care supports have proven ROI to businesses' bottom line.



Employers that offer Dependent Care FSA's can save up to \$382.50 per employee.

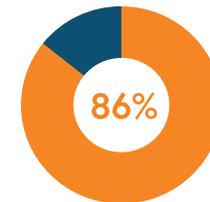


When companies provide on-site child care, employee absences decrease by 30% and job turnover declines by as much as 60%.

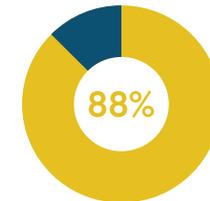


An average business with 250 employees can save \$75,000 per year in lost work time by subsidizing care for employees' sick children.

3. Employers experience the benefit of a more productive and loyal workforce.



86% say child care benefits have a positive impact on talent recruitment and retention²



88% report child care benefits help boost productivity²

³ <https://bestplace4workingparents.com/business/>

² https://www.care.com/business/wp-content/uploads/sites/5/2022/05/Care-for-Business_Future-of-Benefits-Report_2022.pdf, 2022

Understanding Your Workforce's Child Care Needs

Gaining a deeper understanding of employees' caregiving status and child care requirements can help ensure policies align with the needs of your workforce. We suggest working with a caregiving employee resource group (ERG), hosting a design session, or fielding a survey of parents to help tailor child care benefits based on children's ages, existing child care situations, and current gaps in care.



82% of working parents say the pandemic has made employer provided child care benefits more important to them. Three out of four parents who have reported having some kind of child care benefits said they don't meet their current needs.⁴

Tools to use

Here are [sample survey questions](#) to incorporate into your next cultural survey, which will help reveal insights related to potential child care supports that could benefit your employees and your business.

Key topics/questions to address:

- **Cost:** How much are parents at your organization paying for child care?
- **Gaps in coverage:** What are parents' existing child care arrangements, and what are the gaps in their needs?
- **Corporate response:** What happens when child care arrangements fall through? How do managers and leaders respond?
- **Benefit usage:** How are you educating employees on the benefits available to them? Do they understand what they are and how to use them?

⁴ https://vivvi.com/blog/family/articles/working_parents_survey, 2022

Determining the Available Resources for Your Workforce

Following are a list of policies and resources employers can implement to support their workforces' caregiving needs.

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Flexible Employee Schedules



Parent & Caregiver Employee Resource Groups (ERGs)
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Flexible Child Care Spending Accounts



Backup Child Care Assistance
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Child Care Resource & Referral



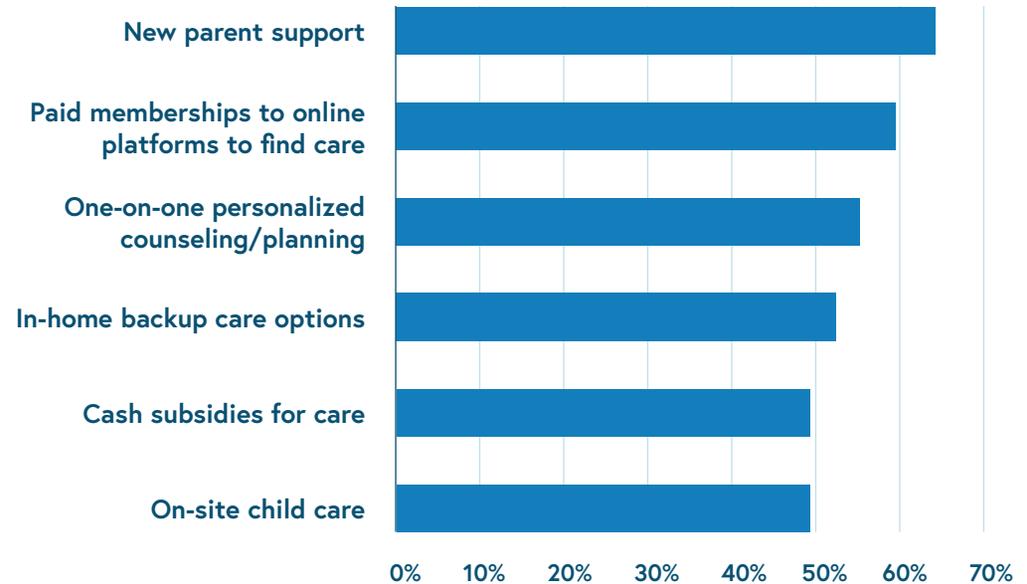
Child Care Subsidies
- 

Paid Family Leave



On-Site and Contracted Child Care

Most frequently offered among companies supplying caregiver benefits²



² https://www.care.com/business/wp-content/uploads/sites/5/2022/05/Care-for-Business_Future-of-Benefits-Report_2022.pdf, 2022



Flexible Employee Schedules

Caregiving responsibilities don't conform to the 9-5 workday, and rigid schedules that tie parents to the office can make juggling those responsibilities harder. Flexible employee schedules are an effective and inexpensive child care benefit, making them a great benefit for smaller companies to consider.

Organizations can test multiple approaches to see what works best for them, including the following:

- "All-hands-on-deck" & "no work and/or email" hours
- Encouraging job-sharing & schedule-swapping
- Experimenting with compressed work weeks of under five days
- Granting time flexibility and space to facilitate shared care arrangements among parents
- Aligning work schedules and meetings with the school day
- Teleworking
- Allowing infants under a certain age at the workplace



Testimonial - Employee Retention

In response to the COVID-19 pandemic in March 2020, Superior shifted its entire workforce to a remote environment and has since implemented enhanced workforce flexibility. Today, more than 95% of employees work remotely full-time or manage a hybrid schedule, splitting their time between the office and at home. This approach provides employees with the support they need to work where and how they work best. All People Leaders are encouraged to work with their teams to allow for workplace flexibility, which may include fully remote work or hybrid work arrangements, early or late start and end times, and shortened work weeks. Employee engagement has directly been impacted by workplace flexibility.

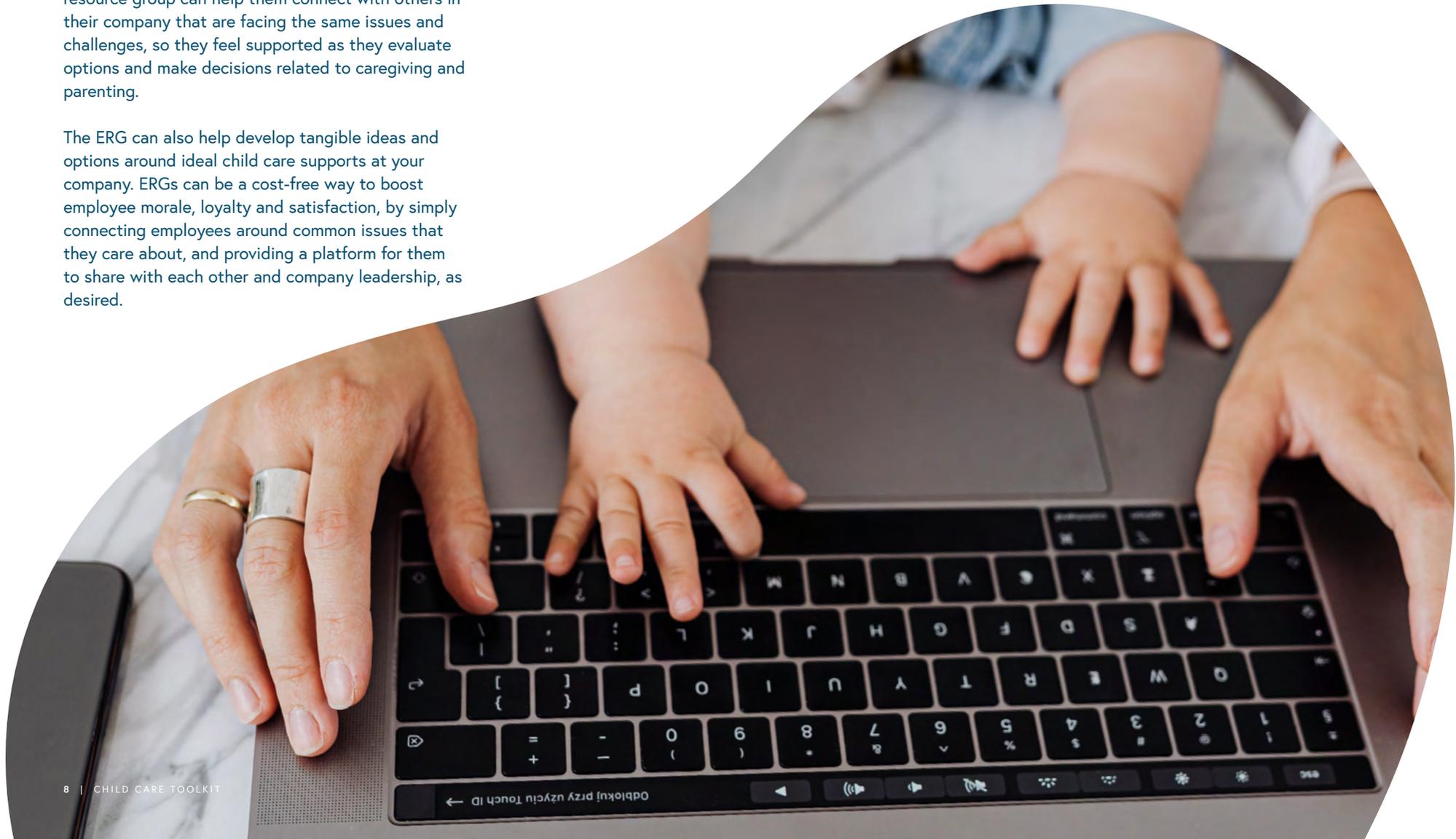
Based on survey feedback in June 2022 from 93% of our employees, Superior earned a 91% engagement index score, a **4-point increase** from the previous survey in 2021. Additionally, **more than 9 in 10 employees said they intend to stay at the company for at least the next 12 months.**



Parent & Caregiver Employee Resources Groups (ERGs)

Employee resource groups can be created around almost any topic — caregiving and parenting included! Bringing parents or caregivers together into a resource group can help them connect with others in their company that are facing the same issues and challenges, so they feel supported as they evaluate options and make decisions related to caregiving and parenting.

The ERG can also help develop tangible ideas and options around ideal child care supports at your company. ERGs can be a cost-free way to boost employee morale, loyalty and satisfaction, by simply connecting employees around common issues that they care about, and providing a platform for them to share with each other and company leadership, as desired.





Flexible Child Care Spending Accounts

Flexible Spending Accounts (FSA's) are tax-deferred savings accounts established by the employer to help the employee pay for certain medical expenses, group life insurance and dependent-care expenses.

Dependent Care Flexible Spending Accounts (Dependent Care FSA's) or Dependent Care Assistance Plans (DCAPs) can fund the care of children under 13 years old. Parents can withhold money from their paychecks before it is taxed in order to pay for preschools, nannies, and transportation costs. Employers can provide matching funds. This way, businesses can contribute to employees' childcare without dictating how they spend their money.

Both employees and employers can contribute up to \$2,500 each (for a total of \$5,000) to a worker's DCAP. Businesses can partially or fully subsidize these tax-free contributions and provide employees a yearly savings account that can be used to pay for child care-related expenses.

Eligible Expenses

- Child Care
- Nursery School
- Preschool
- Summer Day Camp
- Before/After School Programs
- Elder Day Care

Dependent Care FSA's or DCAPs are tax-deferred funds set aside from an employee's gross salary through payroll deduction. Payroll deduction funds are transferred to the employee's DCAP account to provide reimbursement for qualified child care expenses. After the employee accumulates dependent care expense funds in the account, receipts for child expenses are submitted to the account administrator for reimbursement. The account administrator reimburses the employee for costs up to a maximum of \$5,000 per year for household child care expenses. Neither the employer or the employee pays payroll taxes on the amount of salary set aside for child care reimbursement. A DCAP salary-reduction can be offered alone or as part of a flexible benefit program. For more information, see the [IRS website](#).

Tools to use

Setting Up an FSA. [Click here for 3 easy steps for setting up a FSA.](#)

List of Eligible Expenses. A complete list of eligible expenses can be viewed [here](#).

Setting Up a Child Care Benefits Package. Get support setting up a child care benefits package at [Arvorie](#) or [Maven Clinic](#).





Backup Child Care Assistance

Backup child care assistance is a highly effective and moderately inexpensive benefit, and entails reimbursing employees for the cost of backup care when a child is sick or a child care center is closed.

Employers can provide or subsidize backup child care as a supplement to existing child care arrangements, allowing caregivers to rely on emergency child-care services when an unexpected gap occurs. Often when child care falls through, it can be cost-prohibitive for working parents to find their own backup child care. Helping to cover the cost of backup care has immediate ROI as it allows employees to continue to work, and employees feel incredibly grateful to have access to this benefit.

An average business with 250 employees can save \$75,000 per year in lost work time by subsidizing care for employees' sick children. To make sure their children were taken care of, 67% of parents said they used a sick day, 56% were late to work and 39% took a vacation day.⁵

Tools to use

Find backup care through these organizations:

- [Care.com](https://www.care.com)
- [BrightHorizons.com](https://www.brighthorizons.com)
- [Extend-a-Care](https://www.extend-a-care.com)
- [Kindercare.com](https://www.kindercare.com)
- [Kinside.com](https://www.kinside.com)
- [Tootris.com](https://www.tootris.com)
- [Weecare.co](https://www.weecare.co)
- [Winnie.com](https://www.winnie.com)
- [Wonderschool.com](https://www.wonderschool.com)



Case Study

Bank of America's back-up care program with Bright Horizons provides each employee family an allowance of up to 40 days for child care (center-based or in-home) and 40 days of adult care (in-home) when their primary caregiver is temporarily unavailable.

⁵ Patricia S. Reed and Shirley M. Clark, *Win-Win Workplace Practices: Improved Organizational Results and Improved Quality of Life* (n.p.: September 2004). [A report prepared for the U.S. Department of Labor Women's Bureau.]



Child Care Resource & Referral

Any amount paid by an employer to a contractor to assist employees in locating child care is a reimbursable expense available to businesses under the **Employer-Provided Child Care Facilities and Services credit**.

If the employer seeks to receive a tax credit for assistance in finding child care as an employee benefit, referral services must be open to all employees and cannot favor any group of employees, such as those who are highly compensated.

Tools to use

Businesses such as [Care.com](https://www.care.com), [Kindercare.com](https://www.kindercare.com), and [BrightHorizons.com](https://www.brighthorizons.com) offer a range of employer-driven programs to assist with finding child care. This includes:

1. **Child Care Search Assistance.** This can be a membership or free service that gives employees the access to search for and vet an appropriate child care or caregiver.
2. **Personalized Child Care Assistance.** Often referred to as concierge child care assistance, this refers to contracted services that walk an employee through the process from search through enrollment.

Under the Employer-Provided Child Care Facilities and Services Credit businesses are eligible to receive a valuable tax credit of 10% of their resource and referral expenses, for a total (including child care services) of up to \$150,000.





Child Care Subsidies

Businesses can ease the financial burden for working parent employees by subsidizing child care costs. Child care subsidies are an effective and moderately inexpensive way to assist working parents and offset the rising costs of child care. Employers can offer childcare subsidies two ways:

- 1. Direct Payments:** Companies provide payments to employees with children, and workers can spend the money however they see fit.
- 2. Partial Care Center Subsidy:** Businesses partially subsidize child care with select care centers or certain child care workers, so that employees and companies share the cost of childcare.

Best Practice Tips

1. To make the most of this benefit, companies can provide options across employees' life stages.
2. Stipends can also be tiered to account for income differences.

80% of employed workers have trouble paying for child care and 78% of unemployed parents need child care to return to work. Supporting employees with child care costs can lower absenteeism by 30%, reduce turnover by 60%, increase recruitment, and boost employee productivity.^{6,7}

Tools to use

[Vivvi](#) is an organization that works with companies to provide credits that can be applied towards in-home care, after-school tutoring, and in-office care.

⁶ <https://childcarecouncil.com/wp-content/uploads/2014/07/Why-Should-Employers-Care-ECLC.pdf>
⁷ https://bestplace4workingparents.com/wp-content/uploads/2021/06/BP4K_BacktoWorkReport_R5-min.pdf





Paid Family Leave

Offering paid family leave for all caregivers, and encouraging all parents to take full advantage of their leave is one of the most impactful ways to support new parents and engender loyalty with employees during this exciting but often stressful time for families. Being intentional about the language surrounding paid family leave can ensure not just new mothers, but new fathers, parents who adopt or foster, and workers caring for a sick family member or themselves are all included under the policy. While seemingly obvious, paid leave should not include a pay cut, but rather compensate employees fairly even while they are on leave. Research has found that men are only willing to take their full amount of leave if it's compensated at 70%-90% of their previous income, due to financial concerns.

Your company may also consider phasing in return-to-work after parental leave. One example is allowing employees to work 60 percent of their schedule at 100 percent pay for four weeks after returning to work.

Did you know?

Research supports the importance of paid family leave:⁸

- A **13% increase in the likelihood of mothers returning to their prebirth employer** in the year following birth
- Up to an **8 percentage point increase in maternal labor force participation** in the months surrounding birth
- An **increase in time worked by mothers of 7.1 weeks** in the second year of a child's life

Tools to use

[Check out](#) the *HR Leader's Checklist for Supporting Parents Returning to the Workforce* for steps employers can take to help caregivers transition back to work post-leave.

Testimonial



As a small company, employee feedback is very important. Based on individual feedback and an employee satisfaction survey, our company recently added a paid parental leave program to its existing benefit plan. The firm now offers three weeks of paid leave for parents at the birth or arrival of a new child, including foster and adoptive parents. In addition to paid parental leave, we allow time off for parent/teacher conferences, school functions, volunteering, and have hosted an annual family picnic. We also offer summer internships and job shadowing for employees' children.

Staff quote

"Since the paid parental leave benefit was activated, multiple employees have taken advantage of the opportunity for a few more weeks of bonding with their newest family members before returning to work. Parents are an important part of our workforce and we hope this benefit supports our staff during this critical time by helping them plan for a positive return to work."

Amy Jones
O'Connell Robertson, President/CEO

⁸ <https://pn3policy.org/pn-3-state-policy-roadmap-2021/us/paid-family-leave/>



On-Site & Contracted Child Care

When sufficiently subsidized and of good quality, on-site company child care tends to have the greatest perceived value to employees and one of the highest returns to the company.

For 20 years, the federal government has offered a tax credit to encourage businesses to offer child care benefits to their employees.

The Employer-Provided Child Care Facilities and Services credit allows businesses to receive a valuable tax credit of 25% of related child care expenses and 10% of their resource and referral expenses, up to a total of \$150,000.

There are three ways which employers can offer child care to employees that qualify for the Employer-Provided Child Care Facilities and Services tax credit:

- 1. Providing On-Site Care for Employees:** This includes expenses to acquire, construct, rehabilitate, or expand a property to provide child care to employees, as well as qualified operating expenses for such child care services.
- 2. Contract with a Child Care Program:** Expenses in this category include those needed to contract with a qualified child care facility that will provide child care services to the children of employees, this includes home based care.
- 3. Contract to Help Find Child Care (Resource and Referral):** Any amount paid under contract to help employees find child care.

If the employer seeks to receive a tax credit for offering child care as an employee benefit, enrollment in the child care program must be open to all employees and cannot favor any group of employees, such as those who are highly compensated.

Tools to use

On-site child care help. Considering providing on-site child care at your place? [Start here.](#)

Tax credit questions. Learn more and see examples on how the tax credit works [here.](#)

Child care partnership. Partner with a child care provider to help them expand capacity for your employees through a grant program with your state. [Click here](#) to locate the lead agency in your state.



Additional Resources



- 1 A Better Future for Working Parents: A playbook for leaders and organizations
https://www.charterworks.com/Charter-Vivvi-A_Better_Future_for_Working_Parents.pdf
- 2 Employee Assistance Program
<https://familyforwardnc.com/family-forward-policies/employee-assistance-program/>
- 3 Marshall Plan for Moms
<https://marshallplanformoms.com/>
- 4 "The workforce of tomorrow requires a child care system fit for the future," Forbes, Aug. 2, 2022.
https://www.forbes.com/sites/isabellehau-1/2022/08/02/the-workforce-of-tomorrow-requires-a-child-care-system-fit-for-the-future/?r=3wn5y&sh=1ee9737c50cd&utm_source=substack&utm_medium=email
- 5 The Future of Benefits: An HR guide to what's next for employee benefits in 2022. "For all groups, care benefits are among those that most actively support key employer objectives: recruiting and retaining top talent; increasing employee productivity; and providing equitable benefit options to a diverse workforce." Published by Care.com.
https://www.care.com/business/wp-content/uploads/sites/5/2022/05/Care-for-Business_Future-of-Benefits-Report_2022.pdf
- 6 Flier from the Early Childhood Learning Council: Why Should Employers Care? Relationship Between Productivity and Working Parents
<https://childcarecouncil.com/wp-content/uploads/2014/07/Why-Should-Employers-Care-ECLC.pdf>
- 7 Maven's "HR Leader's Checklist for Supporting Parents Returning to the Workplace,"
Maven offers comprehensive, whole-person care for working parents throughout their parenting journey.
<https://info.mavenclinic.com/pdf/hr-leaders-checklist?submissionGuid=0e77df93-8748-4880-b750-43f02ce58ecd>
- 8 "Understanding America's Labor Shortage: Why One Million Women Are Missing from the Workforce," U.S. Chamber of Commerce
<https://www.uschamber.com/workforce/understanding-americas-labor-shortage-why-one-million-women-are-missing-from-the-workforce>
- 9 "Employer Guide to Childcare Assistance and Tax Credits," U.S. Chamber of Commerce
<https://www.uschamber.com/workforce/employer-guide-to-childcare-assistance-and-tax-credits>
- 10 Family Friendly IS Business Friendly: The Top 10 Family-Friendly Policies that Benefit Working Parents and Businesses' Bottom Line
<https://bestplace4workingparents.com/top10policies/>
- 11 "Employer Guide to Childcare Assistance and Tax Credits," U.S. Chamber of Commerce
<https://bestplace4workingparents.com/getting-back-to-work-report/>

About Best Place for Working Parents®

The Best Place for Working Parents® is a growing network of business leaders proving that family-friendly is business-friendly. Through a first-of-its-kind 3-minute online business self-assessment, organizations across the country are gaining this competitive designation that recognizes innovation across the top 10 research-backed family friendly policies proven to benefit working parents AND employers' bottom line.

Our online self-assessment and designation was developed together with 100 business leaders who recognized family-friendly practices as a critical lever for catalyzing and empowering a changing workforce, and as a keen business strategy for attracting and retaining today's top talent.

The Best Place for Working Parents® top 10 research backed family-friendly policies are relevant to businesses of every size and industry, and include low- or no-cost options that are proven to boost employee attraction, retention, loyalty, productivity, and engagement. The Best Place for Working Parents® is supported by national research that demonstrates the power of these practices in impacting working parents and their families, and for the businesses that implement them.

The 3-minute online self-assessment instantaneously allows business leaders to see if their organization earned a Best Place for Working Parents® designation, along with a dashboard of their company's results as compared to other businesses of like size and industry. The self- assessment results dashboard is dynamic and updated each time a new business takes the assessment.

To learn more, visit BestPlace4WorkingParents.com.

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