

Ⓐ Not Too Small to Care: Small Businesses and Child Care

National Advisory Panel Exchange #2

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**CHILD
CARE
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CAMPAIGN**

**September
1991**

The Child Care Action Campaign

The Child Care Action Campaign (CCAC), formed in 1983, is a national coalition of leaders from a wide range of American institutions: the media, government, corporations, unions, women's groups, academia. Our overall mission is to stimulate and support the development of policies and programs that will increase the availability of quality, affordable child care for the benefit of children, their families, and the economic well-being of the nation.

To accomplish this, CCAC provides information and original research to the public and to government and corporate policy makers about the needs of families with children, and the connection between these needs and national prosperity; and it advocates for additional investments in child care by employers, by labor and by federal, state and local governments.

CCAC welcomes individuals and organizations who share its goals to become members of the organization.

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The Child Care Action Campaign's (CCAC) National Advisory Panel, our network of public and private leaders from all 50 states, the District of Columbia, and Puerto Rico, enables us to provide cutting-edge information about child care trends throughout the country, and to initiate action to expand the supply and improve the quality of child care. Our Panel was instrumental in providing information and analysis for this report and for our first National Advisory Panel Exchange report, **Making the Connections: Public Private Partnerships in Child Care**, released in 1990 and revised in March, 1991.

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Elinor Guggenheimer
President, Child Care Action Campaign

* See Appendix I, page 87, for a roster of National Advisory Panel members who have been especially helpful.

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NOT TOO SMALL TO CARE: SMALL BUSINESSES AND CHILD CARE

I. INTRODUCTION

Facts about Employment and the Need for Child Care

Demographic changes in the U.S. labor force -- a declining pool of skilled entrants coupled with an increasing proportion of mothers of young children -- are compelling employers to develop strategies that will enable them to attract and retain skilled workers in order to maintain a competitive edge, and improve their productivity. To that end, the need for family friendly workplace policies has emerged as a major issue facing the employer of the 1990s.

Programs which help employers find and pay for quality child care are a key element of such policies. Although the number of employers providing some form of child care benefit still remains relatively small, parents and child care advocates can point to some progress: today, an estimated 5,600 out of nearly six million employers offer their employees a child care benefit, a 500 percent increase since 1978, and these employers are making a major difference in the lives of children and their families.

The marital status and living arrangements of American families has changed dramatically in the last twenty years. Fifty percent of all marriages end in divorce and more and more adults are single. In 1988, 38 percent of all children (5.9 million) under 18 years of age were living with a divorced parent and 24 percent (15.3 million) were living with a single parent.¹ Nearly 87 percent of all single living in poverty than any other group. In addition, two parent families are finding it increasingly difficult to maintain their standard of living on a single income.

As the number of two-earner and single-parent families grows, as more mothers enter into the labor force -- by the year 2000, women will comprise 52 percent of new labor force entrants and nearly half (47 percent) of the total labor force² -- the demand for child care will continue to expand. The degree to which the public and private sectors respond to this urgent demand will have a direct impact on

¹ U.S. Department of Commerce. Bureau of the Census. "Studies in Marriage and the Family." Current Population Reports Series P-23, No. 162, 1989, pp.5-6.

² Fullerton, Howard, "New Labor Force Projections, Spanning 1988 to 2000," Outlook 2000, U.S. Bureau of Labor Statistics, Employment Projections.

the productivity of this country and its competitive position in the international arena.

Small Businesses

Small businesses are a source of employment to a large proportion of the American workforce, and are a vital segment of our national economy -- contributing 44 percent of all sales and 38 percent of U.S. gross national product.³ Between 20 and 26 million women (more than 50 percent of the female labor force) today are employed in small businesses.⁴ A very high percentage of these women will become mothers during their careers. Of the existing 5.4 million private employers, over 98 percent employ under 250 workers. Small businesses are more likely to generate jobs for younger workers, older workers, and women, many of whom prefer or are only able to work on a part-time basis.⁵ According to the U.S. Small Business Administration, small businesses employ over half of all workers in the private sector.⁶ Furthermore, it is estimated that by the year 2000, over half of all those employed in small businesses will be women.⁷

³ U.S. Small Business Administration, FACT SHEET 40, Office of Public Communications, March, 1989.

⁴ CCAC estimate using Bureau of the Census data from 1986, and Bureau of Labor Statistics data from 1990.

⁵ U.S. Small Business Administration FACT SHEET 40, March 1989.

⁶ Brown, Charles, Hamilton, James, Medoff, James; "Employers Large and Small," Harvard University Press; Cambridge, Massachusetts; 1990; p.11.

⁷ The BNA Special Report Series on Work and Family, "Work and Family Programs: A Growing Benefit for Small Companies," Special Report #25, January, 1990.

II. NOT TOO SMALL TO CARE: SMALL BUSINESS AS A PARTNER IN SOLVING THE CHILD CARE DILEMMA

Although the popular view is that small employers lack the resources to institute effective child care benefits, this report reveals that with proper planning and strong commitment on the part of the employer, the goal of meeting employees' child care needs can be achieved. Moreover, the benefits to small employers are much the same as those commonly reported by large corporations: improved employee productivity and morale, an increased ability to attract and retain skilled workers, and a better image in the community.

A. OVERVIEW

1. Child Care Options

Not Too Small to Care: Small Business and Child Care contains profiles of 29 small businesses employing under 250 workers in 15 states which offer child care benefits to their employees. The companies profiled were not randomly selected and they do not constitute a representative sample of small businesses -- neither those that offer child care or the larger universe of small businesses. The research presents models of innovative employer-sponsored child care programs and emphasizes the role that small employers can play in enhancing the supply of and access to child care for working families. In five separate sections of the report, we examine the background, costs, and experiences of these employers in instituting one or more of the child care options that are available to them. These include:

- 1) the direct provision, on- or off-site, of a licensed child care facility, either a child care center or family day care home;
- 2) child care subsidies, paid directly to the parent (voucher program) or to the child care provider (vendor program);
- 3) financial assistance, through a Dependent Care Assistance Plan (DCAP), which can reduce employees' taxable income by enabling them to pay for child care out of pre-tax earnings. Employers who implement a DCAP can also lower their own costs through reduced taxes;

- 4) resource and referral services, which can be administered either at the worksite, or through an outside contractor;
- 5) a flexible benefits plan, which offers employees the opportunity to choose from a menu of benefits that include some form of child care assistance.

These options are described in full detail at the beginning of each section of this report.

Of the 29 employers profiled, thirteen -- nearly one half -- offer an on-site or near-site child care facility; seven provide direct subsidies to help employees pay for child care; three offer a resource and referral service; four offer a dependent care assistance plan (DCAP); and two offer a flexible benefits plan. This does not reflect the prevalence of these benefits among employers nor the proportion. Each of these options may be offered in conjunction with other benefits that help to create a family friendly workplace.

The following options are also included in the profiles but are not described in separate sections of the report:

1. Flexible Scheduling and Parental Leave

Alternative work-scheduling policies, such as flexible hours, part-time work, job sharing, and work-at-home arrangements help working parents meet their family responsibilities.

Parental leave policies grant employees a specified period of paid or unpaid leave to care for a newborn or newly adopted child. As of this writing, the United States has no national policy requiring employers to offer paid or unpaid parental leave to their employees.⁸ Thirty-three states currently have some form of parental leave law.⁹ Parental leave is a

⁸ As of this writing, two bills are being debated in Congress that could lead to the establishment of national leave legislation. They are H.R. 2 and S.5, entitled the "Family and Medical Leave Act of 1991." Last year President Bush vetoed similar legislation which called for all employers with more than 50 workers to provide up to 12 weeks of unpaid family and medical leave.

⁹ The Bureau of National Affairs, "Work and Family: The Complete Resource Guide," Washington, D.C., 1991.

Table A. Employers Profiled In This Report

Company Name	State	Year Company Establ.	Type of Business	No. of Employees	Percent of Employees Who Are Female	Child Care Benefit Provided	Year Benefit Establ.	Employer Start-Up Investment	Total Employer Operating Cost, 1990	Profiled On Page
Beaverton-Tigard Insurance Agency	Oregon	1952	insurance agency	7	70%	DCAP	1988	negligible	negligible	73
Benedictine Nursing Center	Oregon	N/A	nursing facility	230	95%	center	1988	\$30,000	\$120,000	15
Bestronics of San Diego	California	1970	seller of electronic parts	6	67%	subsidy	1987	N/A	N/A*	51
Bigelow Labs	Maine	1975	research lab	48	50%	DCAP	1989	\$1,000	-\$1,200 **	75
Bowles Corporation	Vermont	1983	engineering firm	12	50%	center	1987	\$2,500	\$2,500	17
Business Office Supply Co., Inc.	Kentucky	1966	office equipment distributor	100	50%	center	1989	none	minimal	20
Byrne Electrical Specialists, Inc.	Michigan	1971	electrical manufacturer	110	92%	center	1989	\$228,000	\$20,000	23
Chalet Dental Clinic	Washington	1974	dental clinic	45	91%	center	1984	N/A ***	\$18,000	26
Champlain Dental Lab	Vermont	1968	dental lab	18	60%	center	1985	\$5,000	\$9,500	29
CompuServe Data Technologies	Massachusetts	1971	software manufacturer	100	52%	R & R	1989	N/A	\$1,560	66
Cumberland Hardwoods	Tennessee	1941	wood manufacturer	120	24%	center	1989	\$107,000	\$28,000	32
Ding-A-Ling	Florida	1973	answering/beeper service	110	95%	subsidy	1989	N/A	\$25,000	53
Dunning, Forman, Kirrane & Terry	Massachusetts	1973	law firm	22	60%	flexible benefit plan	1985	N/A	\$14,000	82
Edgewood Centre	New Hampshire	1972	nursing facility	175	85%	center	1989	\$16,000	\$32,000	35
Group 243, Inc.	Michigan	1975	advertising agency	111	71%	center	1982	N/A	\$40,000	37
G.T. Water Products, Inc.	California	1980	plumbing supply mfr.	31	55%	school	1987	\$2,000	\$40,000	44
Hamilton Realty	Massachusetts	1960	realty company	125	65%	center	1986	\$425,000	\$20,000	39
Hemmings Motor News	Vermont	1955	magazine publisher	85	80%	subsidy	1989	N/A	\$60,000	55
Joseph Alfandre & Co.	Maryland	1983	home builders	55	45%	subsidy	1989	N/A	\$6,000	57
Lynchburg Hematology-Oncology Center	Virginia	1975	cancer treatment center	16	75%	flexible benefit plan	1981	N/A	\$7,030	84
Maine Antique Digest	New Hampshire	1971	provides svcs. to disabled	65	60%	DCAP	1990	N/A	N/A	59
Mascoma Savings Bank	Maine	1973	publisher	15	80%	subsidy	1986	N/A	\$800	68
Monadnock Worksource	New Hampshire	1899	savings bank	90	80%	R & R	1987	N/A	\$350	77
Overseas Adventure Travel	Massachusetts	1979	travel agency	12	80%	family day care home	1987	\$11,000	\$6,000	46
PRO TEM Prof'l Temporary Services	Oregon	1982	temporary service agency	155	70%	subsidy	1989	N/A	\$4,500	61
Sheehan, Phinney, Bass & Green	New Hampshire	1930	law firm	150	50%	DCAP	1989	N/A	none	79
Southbury Voices	Connecticut	1970	regional newspaper	49	80%	subsidy	1987	N/A	\$21,000	63
Stackpole Limited	Tennessee	1981	metal bearings mfr.	100	50%	center	1989	\$5,000	\$9,600	42
The Chronicle of Higher Education	Washington, D.C.	1966	publisher	140	72%	R & R	1989	N/A	\$1,650	70

* Several hundred dollars

** Net savings from reduction in FICA expense

*** Combined with clinic construction costs

significant benefit for many parents: it provides invaluable time for them to bond with their children in their early months and to adjust, or help siblings adjust, to a new life situation. Twenty-four of the 29 small employers highlighted in the profiles section of this report, offer their employees a parental leave option -- seven offer paid leave while 15 offer unpaid leave and two provide flexible leave arrangements. In this report, formal parental leave policies are distinguished both from policies in which employees may accumulate sick, personal, or vacation days to use for leave, and from employer paid disability policies.

2. Demographics

Women comprise at least 50 percent of the workforce at 27 of the 29 companies profiled. The average age in the vast majority of the companies is below 40 years; the workforce in these companies are in their prime childbearing years.

3. Benefit Availability and Usage

Although many of the companies are well established concerns, 16 offered child care benefits since 1988. The first benefit in this sample was instituted in 1982.

In nearly every instance, child care facilities are operating at or near maximum capacity, although slightly more than half -- seven out of 13 -- serve a larger proportion of children of non-employees than of employees.

In the cases where employees receive financial assistance, through subsidies or a Dependent Care Assistance Plan, only those using this benefit for child care are reported.

4. Advantages and Problems

Across the board, employers are overwhelmingly enthusiastic about the impact of their child care benefits on employee morale, a decrease in turnover and absenteeism, and an increase in ability to recruit and retain qualified workers. In only one case has an employer reported employee abuse of the benefit; a very small number report that employees who are ineligible for child care benefits feel they are being treated unfairly; and some cite frustration with bureaucratic delays in meeting state licensing requirements. In no

case, however, is a firm contemplating removing the benefit. It is the general consensus that the benefits greatly outweigh whatever problems that arise.

5. Costs

Despite the advantages of providing child care, costs remain a leading concern for many of the small businesses -- particularly for those which provide a center or family day care home. In 1990, employers report having spent between \$2,500 and \$425,000 on start-up costs, and between \$2,500 and \$120,000 on operations. The broad range in start-up costs is attributed to the variation in the capacity of the facilities. In some cases, firms already owned the space in which the center is housed and incurred only the renovation costs required to meet state licensing regulations.

B. RECOMMENDATIONS

Employers of all sizes can play a significant role in helping working parents address their child care needs. Small businesses interested in establishing a child care option for their employees should consider the following when planning a benefit package:

- 1. Understand and assess employees' needs.** Before instituting a child care option, you should become fully educated about the child care needs of your employees. How many employees require assistance with child care, and what form of help do they need? If the problem is a shortage in the supply of child care facilities, you may want to develop a policy that will create more child care spaces for the appropriate age groups. If affordability is of concern to your workers, a policy that assists with child care payments may be of most use. A thorough understanding of the child care problems of your workforce will clarify the benefit policies that can best address their needs in a cost-effective way.
- 2. Become familiar with the child care situation in your community.** Contact a local resource and referral (R & R) agency to help you examine the availability and cost of quality care in your area. [See Appendix II, page 90, for a list of national resources that can help you identify local R & R's]. If there appears to be a large supply of child care available but at a high cost, you may want to develop a benefit that will help subsidize the cost of care for your employees. If the shortage of quality care is the problem, constructing a child care center, or improving the quality in existing community centers may prove beneficial to your employees.
- 3. Look for partnerships.** Under the right circumstances, small businesses can benefit by forming partnerships with other businesses, large or small. According to Gwen Morgan, consultant, Work/Family Directions in Boston, Massachusetts, and CCAC Board Member: "Because small businesses have limited planning resources, it is more practical for them to first find out what larger companies are doing in their community, and second, to try to encourage partnerships with those larger firms who have the resources, both

financial and staff, to conduct in-depth planning."¹⁰

4. Examine state and local funding opportunities.

Many states offer employers, and sometimes small businesses in particular, financial assistance -- in the form of a tax credit, a grant, or a loan -- if you offer a child care benefit.

5. Inform employees about the option. Without a sufficient education campaign, employees may never realize that a benefit exists. This is particularly the case with subsidies and flexible scheduling options, benefits that are not clearly visible.

6. Measure your option's effectiveness. To better understand how your benefit is impacting employee morale, productivity, retention and turnover, survey your workers. Such feedback can serve as an important guide to help you improve or enhance your benefit.

7. Seek the advice of child care professionals. All too often, businesses attempt to handle the complexities of this endeavor themselves, only to find that they lack the skill and experience. Child care professionals such as resource and referral agency staff, government administrators, and consultants can save you valuable time and can help you avoid the inevitable pitfalls of an often complicated process.

8. Evaluate how other company policies affect families. Your personnel policies should be consistent with work and family benefits. For example, a company policy that penalizes employees who refuse overtime is very likely to conflict with the family responsibilities of some of your employees.

9. Publicize the option. Publicity for the child care benefit can be beneficial. It will strengthen your community image, and will attract employees to your company.

¹⁰ Interview, Gwen Morgan, Consultant, Work/Family Directions, and CCAC Board Member, January, 1991.

III. RESEARCH METHODOLOGY

Research was conducted between June, 1990 and March, 1991, and was divided into two phases. In Phase I, terms were defined and small businesses that offer child care were identified. During Phase II, data were collected from targeted businesses and a selection of companies to profile was made.

A. PHASE I

1. Defining A Small Business

Although small businesses are sometimes defined as firms employing under 500 workers, members of the CCAC Research Committee, an advisory group of eight child care experts, felt that firms with over 250 employees were too large for the purpose of this study.¹¹ Similarly, by looking solely at firms with under 100 workers, the Committee determined that the study would emerge with too narrow a view of companies with limited resources. In order to present a broader employer perspective, the definition of a small business was limited to private firms employing under 250 workers.¹²

2. Identifying Small Businesses

The 29 firms highlighted in this report were identified in the summer of 1990, primarily with the help of CCAC's National Advisory Panel, state administrators and child care advocates. Our selection of companies, which is neither random nor fully representative of small businesses that offer child care, was dependent on the extent to which our National Advisory Panel members, government officials and/or state advocates maintained information on employer-sponsored child care. The extent of information on employers that sponsor child care varied greatly from state to state.

¹¹ According to Edward Starr, economist with the Small Business Administration: "It is the nature of the problem that should drive the definition of what is a small business."

¹² One problem with redefining small businesses in this way is that the available data on small businesses; i.e., their role in U.S. productivity, the extent to which women are employed, etc., is most often collected for employers with under 500 and under 100 employees. For this reason we have estimated statistics to reflect the universe of small employers with under 250 employees.

Not surprisingly, in those states where strong child care advocacy networks and/or strong government commitment to child care exist, it was easy to identify businesses offering such benefits.

More than 300 small employers that sponsor some form of child care benefits were identified in this phase. We made the selections in order to present a range of options in a variety of industries and in a large number of states.

It should also be noted that because information was more readily available from those employers offering a tangible option, such as a child care center, rather than from employers with more abstract options, such as flexible work arrangements, our report highlights more child care centers (page 14) than any other benefit. Readers should not, however, extrapolate from this that child care centers are more prevalent nationwide than other options offered by small businesses.

B. PHASE II

1. Data Collection

Data were collected via extensive telephone interviews conducted by CCAC staff between June, 1990 and February, 1991. Interviews were conducted with the individual(s) responsible for administering and implementing the child care option, typically the owner, a representative from upper management, and/or the human resource contact. The information contained in each profile has been verified by each of our company contacts.

2. How This Report Is Organized

In the following pages, the profiles are organized by section according to five child care options: child care facility, child care subsidy, resource and referral service, Dependent Care Assistance Plan (DCAP), and flexible benefits plan. Each section contains a description of the option, followed by portraits of those businesses that have implemented it.

OPTION #1: CHILD CARE FACILITY

I. CHILD CARE CENTER

Approximately 1,800 employers of all sizes offer their employees a child care center benefit,¹³ located on site or near the workplace. The facility may be in the form of a child care center or family day care home.¹⁴ In addition, businesses sometimes enter into arrangements with a group of employers which pool their resources to sponsor centers for the combined benefit of all the employees. This is commonly referred to as a consortium center.

1. On- or Near-Site Center

On- or near-site centers may be operated by or for the employer or by an independent child care provider. Although a center is the most visible of child care benefits, it may not always be the best choice for a business. The construction and operation of a center can be expensive. The average cost to construct a free-standing child care facility to serve 100 children can be \$500,000, while the cost of retrofitting space in an existing facility can be significantly less.¹⁵

The cost of providing care is also highly dependent on state regulations.¹⁶ Since child care is a labor-intensive service, the cost of providing care, and the fees for service, will depend heavily both on the staff/child ratio, and on the wages and benefits paid to teaching staff.

In general, staff salaries for child care providers throughout the nation remain dismally low, considering the

¹³ Child Care Action Campaign, unpublished data collected for upcoming "Child Care Primer", 1990.

¹⁴ A family day care home is care by a single caregiver in the caregiver's home, typically to no more than six children at any given time.

¹⁵ Interview, Cheri L. Sheridan, child care consultant and president, People Karch International Co. Ltd., and CCAC National Advisory Panel member, November, 1990.

¹⁶ Regulations for child care vary from state to state. For detailed information on the licensing and regulatory requirements for child care providers (including information on staffing requirements) see Morgan, Gwen, "The National State of Child Care Regulation 1986," Work/Family Directions.

high educational level of many of the teachers and providers. The average salary for a child care teacher is \$5.35 an hour, despite the fact that nearly three-fourths of all teachers and one-half of all assistant teachers have some college background, particularly in early childhood education.¹⁷ In the case studies presented here, salaries for center staff range from \$4.50 to \$7.50 an hour. Since it has been clearly demonstrated that there is a direct correlation between quality and staff ratios as well as between quality and the wages and working conditions of staff, the data presented in the profiles offer some indication of the quality of the facility program.

2. Consortium Center

The lower capital and operating costs and fewer management responsibilities make this option an attractive one for some employers. However, a mutually advantageous site and the longer start-up period required for more complex planning might discourage some from choosing it.

3. Contract With Third-Party Operator

This may include operating a center as part of a local community program or establishing a center to be operated by an independent operator. Regardless of the choice, employers should be careful to conduct "due diligence" in selecting an operator -- the provider should be of sufficient quality so that the employer can reduce their own liability risk.

4. Family Day Care Home

Twenty-three percent of all children under five years of age with working mothers are cared for in a family day care setting. There are 200,000 licensed or regulated family day care homes serving 1.2 million children.¹⁸ Over five million children are cared for in homes that not regulated. The number of children permitted to receive care in a family day care home varies from state to state, depending upon licensing or regulatory requirements. Many families prefer to place their children in family day care homes because of the home-like environment, and the flexible hours such homes are open.

¹⁷ Child Care Employee Project, "National Child Care Staffing Study," Child Care Employee Project, San Francisco, CA., November, 1989.

¹⁸ Child Care Action Campaign, unpublished data, September, 1990.

Table B. Option #1: Child Care Facility

Company Name	Type of Facility	Year opened	No. of Company Employees	Percent of Employees Who Are Female	Facility Capacity	Ages Served	Open to Non-Employees?	Percent of Employees Using Benefit	No. of Employees' Children Using Benefit	Employer Start-Up Investment	Total Employer Operating Cost, 1990	Price Employees Pay	Other Benefits
Benedictine Nursing Center	center	1988	230	95%	30	6 wks. to preschool; summer: up to 12 yrs.	yes	4%	11	\$30,000	\$120,000	\$210 to \$410/mo.	unpaid leave
Bowles Corporation	center	1987	12	50%	12	0 to 12 yrs.	yes	58%	7	\$2,500	\$2,500	\$1 to \$1.50/hr.	flex. scheduling, unpaid leave
Business Office Supply Co., Inc.	center	1989	100	50%	36	0 to 6 yrs.	yes	6%	6	\$0	minimal	\$65 to \$70/wk.	paid leave
Byrne Electrical Specialists, Inc.	center	1989	110	92%	130	6 wks. to 12 yrs.	yes	23%	30	\$228,000	\$20,000	\$50 to \$65/wk.	DCAP, flextime, paid leave
Chalet Dental Clinic	center	1984	45	91%	12	0 to 5 yrs.	patients only	22%	10	N/A**	\$18,000	\$5 to \$8/day	unpaid leave
Champlain Dental Lab	center	1985	18	60%	15	6 wks. to 12 yrs.	no	11%	4	\$5,000	\$9,500	\$80 to \$100/wk.	DCAP, unpaid leave
Cumberland Hardwoods	center	1989	120	24%	50	6 wks. to 5 yrs.	yes	17%	30	\$107,000	\$28,000	\$20 to \$22.50/wk.	unpaid leave
Edgewood Center	center	1989	175	85%	22	14 mos. to 9 yrs.	yes	7%	16	\$16,000	\$32,000	\$55 to \$60/wk.	unpaid leave
Group 243, Inc.	center	1982	111	71%	50	2 wks. to 5 yrs.	no	15%	30	N/A	\$40,000	\$110 to \$130/wk.	DCAP, maternity leave via disability
G. T. Water Products, Inc.	school	1987	31	55%	none*	5 to 15 yrs.	no	32%	13	\$2,000	\$40,000	none	unpaid leave
Hamilton Realty	center	1986	125	65%	52	2 mos. to 5 yrs.	yes	6%	7	\$425,000	\$20,000	\$437 to \$640/mo.	direct subsidy, unpaid leave
Overseas Adventure Travel	family day care home	1987	12	80%	6	over 1 yr.	yes	17%	3	\$11,000	\$6,000	\$2.81/hr.	paid leave
Stackpole Limited	center	1989	100	50%	15	1 to 7 yrs.	yes	7%	7	\$5,000	\$9,600	\$30/wk.	maternity leave via disability

* State law does not impose a capacity limit on licensed schools.

** Combined with clinic construction costs

BENEDICTINE NURSING CENTER
Mt. Angel, Oregon

"Offering a child care benefit makes a lot of sense because employees feel much more comfortable at work knowing that their children are being well taken care of. It also brings a lot of people into the workforce who could not otherwise work."

Eileen Beaudine, Assistant Administrator
Benedictine Nursing Center

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Nursing Home, not-for-profit	Year Benefit Began: 1988
Year Established: N/A	No. of Employees Using Benefit: 10
Number of Employees: 230	No. of Children in Facility: 25
F/T: 120 P/T: 110	Children of Employees: 11
Age Range: 16-50	Other Children: 14
Percent Women: 95%	Maximum Capacity: 30
Other Benefits: Unpaid Leave	Center Staff: 6; 1 director, 5 caretakers
	Center Staff Wages: \$5.00 - \$10.00/hr.
	Employer Costs: Start-Up: \$ 30,000
	Operating, 1990: \$120,000

Background: In 1987, a group of employees approached management to express their need for child care support. At the time, the Board of Directors was considering ways to establish an intergenerational program that would allow elderly patients to interact with children. Tying employee and patient needs together, the Board decided to found an on-site child care center that would provide an intergenerational program component, bringing children and the elderly together for daily activities, such as story-telling and arts and crafts.

Benefit Description:

Hours of operation: daily, 6:15 a.m. to 6:00 p.m.

Ages served: six weeks to preschool; up to 12 years during summer.

Fees: \$410/month for infants; \$310/month part day care
\$275/month all others; \$210/month part day care

Employees who earn less than \$15,000 are entitled to a 40 percent discount, and those who earn over \$15,000 receive a 30 percent discount on these fees.

Employees are informed of the child care center when they are hired.

Company Costs: The child care center is located in a building adjacent to the nursing center facility. The nursing home received a state Children's Services Grant of \$30,000, which covered most of the renovation and some of the operating costs. The grant was unexpectedly discontinued in 1990, and the nursing center is now responsible for all operating costs.

Advantages: Employee feedback has been extremely favorable. According to Eileen Beaudine, Assistant Administrator, Benedictine Nursing Center: "The best part about the on-site center is the closeness that the parents have with the children and their accessibility to them in case of accidents or illness. The parents love seeing their children for lunch, and the nursing center residents enjoy having young people around for the intergenerational program."

Problems: High operating costs and difficulty in retaining teacher assistants.

At present, plans are being considered to add an after-school program to meet the needs of employees with school-aged children.

Other Benefits: Up to 12 weeks of unpaid parental leave, which can be extended if an employee wants to use her or his accrued sick and personal days as leave.

Contact:

Eileen Beaudine
Assistant Administrator
Benedictine Nursing Center
540 North Main Street
Mt. Angel, OR 97362
(503) 845-6841

BOWLES CORPORATION
Petersburgh, Vermont

"It is very important for employers to be flexible and consider the needs of all employees when deciding on what child care benefits to offer."

Carol Bowles, Vice President
Bowles Corporation

ABOUT THE EMPLOYER:

Type of Business:
Engineering firm

Year Established: 1983

Number of Employees: 12

F/T: 6 P/T: 6

Average Age: Late 30's

Percent Women: 50%

Other Benefits:
Flexible Scheduling
Unpaid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1987

No. of Employees Using Benefit: 7
No. of Children in Facility: 12

Children of Employees: 7
Other Children: 5

Maximum Capacity: 12

Center Staff: 2 full-time

Center Staff Wages: N/A

Employer Costs:
Start-Up: \$2,500
Operating, 1990: \$2,500

Background: In 1986 Vice President Carol Bowles brought her newborn daughter with her to work because she was not able to arrange for child care. An employee approached Ms. Bowles with a similar dilemma. The two mothers agreed to hire a babysitter who would care for their children in the office. Prompted by employee suggestions, two offices were set aside to accommodate the needs of two additional children. By early 1987, the children and the caretaker that Bowles Corporation had hired relocated into a mobile home located on the same property as the company offices.

Benefit Description:

Ages served: infancy to 12 years.

Fees: Employees pay \$1.50/hr. for one child, \$1.00/hr. for second child.

Non-employees pay an additional \$.50/hr. for each child

Staff Qualifications: The two staff members are high school graduates with extensive child care experience.

Employees who wish to bring their children to the child care center contact Carol Bowles directly to make the necessary arrangements.

Company Costs: The Bowles Corporation purchased the mobile home for \$1,500. The cost of the necessary renovations to meet licensing standards was approximately \$1,000.

The child care center operates as a part of the Bowles company.

Advantages: According to Ms. Bowles: "One of the best outcomes is that there is interaction between the children and the employees. The children's presence really livens the atmosphere, which helps the employees enjoy their jobs more. We hope one day that the center will be self-sufficient and able to pay its own way. I don't think we're too far from our goal."

Problems: Obtaining a license for the center from the state was a very time-consuming process. "However, offering a center benefit is easier than it sounds. The regulations may seem intimidating, but really they are not."

Other Benefits: A variety of flexible work arrangements, scheduling of work hours according to employee needs. Half the staff is part-time, although both part-time and full-time staff may work flexible hours. According to Ms. Bowles: "The only restriction on work hours we have is if an employee wishes to use machinery, there must be at least one other person in the office. This is solely for safety reasons."

Disability insurance covers a paid leave for childbirth for up to eight weeks. Parents can extend their leave, but without pay. The company also allows employees to use sick days to care for their ill children.

CHILD CARE FACILITY
On-Site

Contact:
The Bowles Corporation
Carol Bowles, Vice President
RR1 Box 735
North Ferrisburg, VT 05473
(802) 425-3447

BUSINESS OFFICE SUPPLY COMPANY, INC. (BOSCI)
Louisville, Kentucky

"There is an element of community responsibility that a business should take to ensure that employees have valid options for child care that are affordable and of high quality."

Stephen Zink, President
Business Office Supply Company, Inc.

ABOUT THE EMPLOYER:

Type of Business:
Distributor of office
furniture and supplies
Year Established: 1966
Number of Employees: 100

F/T: 96 P/T: 4

Average Age: under 40

Percent Women: 50%

Other Benefits:
Paid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1989

No. of Employees Using Benefit: 6
No. of Children in Facility: 36

Children of Employees: 8
Other Children: 28

Maximum Capacity: 36

Center Staff: 10

Center Staff Wages: N/A

Employer Costs:
Start-Up: none; \$70,000 paid
by company owner
Operating, 1990: minimal

Background: Company president and owner Stephen Zink established the child care center after he experienced difficulty searching for a child care arrangement for his own two young children. According to Mr. Zink: "I realized that if I was facing so many problems finding child care, many of my employees were probably having similar problems. I set up a center because there were none in our area. I thought this would be the best service the company could offer."

Benefit Description: Since February 1989, the Buttons and Bows child care center, a nonprofit facility, has been located on site of BOSCI's offices in a renovated two-story home.

Ages served: infancy to six years.

Fees: Employees pay \$70/week for infants; \$65/week for children up to six years.

Non-employees pay \$80/week for infants; \$75/week for children up to six years.

Employees of BOSCI are informed of the child care center when they are hired.

Company Costs: The center receives some financial support from BOSCI. The renovation cost to Mr. Zink personally was approximately \$70,000. The center ran at a \$1,000 deficit each month for the first two years of operation, in part because formal accounting procedures were not yet designed. This cost was also absorbed by Mr. Zink.

The center is owned by Mr. Zink, not by BOSCI, and is a separate legal entity: it is insured by a separate carrier and the company is not liable for any occurrences at the center. However, the company underwrites part of the center's overall utility costs, largely because the electricity and other utilities are connected to the company lines. The center does not pay rent. Parent fees cover the remainder of the center's operating expenses, such as staff salaries and insurance coverage for full-time employees.

Advantages: The company has received a great deal of local media attention as a result of the child care center. According to Stephen Zink: "The availability of the center has made BOSCI a more attractive place to work. It has been a boost to recruitment and retention of employees, and our absenteeism has declined." Employees who have children in the center, particularly those with infants, appreciate the opportunity to drop in on their children during the day.

Problems: High start-up and operating costs. Mr. Zink suggests small companies may want to consider contracting with a local center, if one exists, or forming a consortium with other small businesses. "Particularly with a consortium, costs could be distributed among a few employers who would all benefit tremendously," states Mr. Zink.

Mr. Zink also stressed that a business should research the costs and benefits of a variety of child care options. Says Mr. Zink: "It is much easier for people to speak with other companies who already have child care policies in place rather than trying to shape a policy of one's own in a vacuum."

Other Benefits: A minimum of six weeks paid parental leave along with a benefit package that includes both individual and family health care, retirement benefits, and short- and long-term disability insurance.

Contact:

BOSCI
Stephen Zink, President
106 East Broadway
Louisville, KY 40202
(502) 589-5522

BYRNE ELECTRICAL SPECIALISTS, INC.
Rockford, Michigan

"Because women are such a significant percentage of today's workforce, the need for child care must be recognized by employers. The child care benefits we provide our employees have had a very positive influence on our business."

Rosemary Byrne, Vice President
Byrne Electrical Specialists, Inc.

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Manufacturer of electrical parts	Year Benefit Began: 1989
Year Established: 1971	No. of Employees Using Benefit: 25 No. of Children in Facility: 90
Number of Employees: 110	Children of Employees: 30 Other Children: 60
F/T: 105 P/T: 5	Maximum Capacity: 130
Age Range: 18-40	Center Staff: 17
Percent Women: 92%	Center Staff Wages: \$5.50/hr.
Other Benefits: Dependent Care Assistance Plan Flextime Paid Leave	Employer Costs: Start-Up: \$228,000 Operating, 1990: \$ 20,000

Background: Owners Norman and Rosemary Byrne were aware for several years that a child care shortage existed in their community. In 1988, their daughter had difficulty finding child care for her first child. Realizing the crisis parents face trying to juggle work and family responsibilities, the Byrnes decided to provide on-site child care.

At the same time that ten Byrne employees were expecting babies, Byrne Electrical was in the process of expanding its office space, and an empty space was available to construct and house an on-site center. The Byrnes chose to offer this type of facility

because, "It would be the kindest way to offer child care to our employees."

Benefit Description: The center is a subsidiary of Byrne Electrical, and is known as the Wee Folk Child Care Center.

Ages served: from six weeks to 12 years.

Fees: Employees pay \$65/week per infant; \$50/week for children over two years.

Non-employees pay 30 percent more.

Employees are informed of the child care center when they are hired.

Byrne Electrical Specialists has also established, at negligible cost, a Dependent Care Assistance Program (DCAP) to enable employees to pay for child care in pre-tax dollars. Employees enrolled in the DCAP are required to submit their expense information to the accounting department, which in turn reimburses their child care provider directly.

Company Costs: In the first year of operation, the company spent \$62,000 to subsidize the center operations. Operating expenditures included overhead, taxes, staff salaries, equipment, and insurance. A van is provided by the company to transport children to and from school.

Advantages: According to owner Rosemary Byrne: "Our employees are thrilled with the center. Having the children nearby was very important to most of the mothers, and they feel more comfortable leaving their children in a center knowing that they are close by."

The management believes that the center has also been very good for morale and that absenteeism has declined as a result. "We have also seen an increase in the number of applications for employment, and we believe that this is because of the child care center," states Ms. Byrne.

Problems: Very few; the Byrnes have no plans to change or limit its availability. Ms. Byrnes feels that, because the company is family owned and operated, "It is easy to keep things under control, because there is no bureaucratic paperwork and no formal decision making processes to contend with."

Other Benefits: Six weeks paid parental leave and use of accumulated personal time for an additional leave of absence. When the parent is ready to return to work, she may work up to 90 days part-time and may take advantage of flextime work

arrangements. In cases of a family crisis or illness of a child, Byrne encourages employees to consult with the company so that informal, individual arrangements can be made.

Contact:

Byrne Electrical Specialists, Inc.
Rosemary Byrne, Vice President
320 Byrne Industrial Drive
Rockford, MI 49341
(616) 866-3461

CHALET DENTAL CLINIC
Yakima, Washington

"A child care benefit can be good for employee morale. We established a center to help mothers. We felt that it would be more convenient for mothers to have their children close by so they would not have to travel a distance for child care."

Dr. Michael Buehler, D.D.S.
President
Chalet Dental Clinic

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Dental clinic	Year Benefit Began: 1984
Year Established: 1974	No. of Employees Using Benefit: 10 No. of Children in Facility: 12
Number of Employees: 45 F/T: 30 P/T: 15	Children of Employees: 10 Other Children: 2
Average Age: Early 20's to mid 30's	Maximum Capacity: 12
Percent Women: 91%	Center Staff: 6; 1 Director, 5 part-time aides
Other Benefits: Unpaid Leave	Center Staff Wages: \$4.50 - \$7.50/hr.
	Employer Costs: Start-Up: Included in building costs Operating, 1990: \$18,000

Background: Chalet Dental Clinic established an on-site child care center for its employees after the wife of one dentist encouraged her husband to investigate child care options for company employees. He then convinced his colleagues of the importance of establishing a child care benefit.

After consulting with employees on their child care needs, the dentists decided that a child care center would best suit the needs of their workers, and that an on-site center would be the

best option because the employees wanted to see their children during the day. The dentists reasoned that a center would allow mothers, anxious about their newborn infants, to return to work more quickly. In addition, they acknowledged the potential advantage of having an on-site center available to patients.

Plans to construct a child care center were incorporated into the construction plans for new office space.

Benefit Description:

Ages served: up to five years.

Fees: Employees pay \$8/day for the first child and \$5/day for each additional child.

Patients may place children in the center at no charge during their office visits.

Staff Qualifications: Staff are qualified child care professionals and report directly to the Chalet Clinic Day Care Coordinator.

Employees are informed of the child care benefit during orientation seminars conducted after their hiring. Written information on the center is also distributed.

Company Costs: The center is owned and operated by Chalet Dental Clinic and the firm contributes \$18,000 annually (or \$1,500 per month) to the operation of the center.

Advantages: Employee feedback has been very positive. According to Office Manager Kathleen Musitelli: "Prospective employees often cite the existence of a center as a significant influence on the decision to seek employment with the Clinic. The publicity we've gotten about the center has helped reduce the Clinic's recruiting costs."

In quarterly "mothers' meetings" (open to any employee or her spouse), which the Day Care Coordinator conducts, mothers using the center have expressed continuing satisfaction and appreciation. According to Ms. Musitelli: "Mothers are willing to return quickly from maternity leave because of the center. The need to hire and train temporary employees has lessened and recruiting costs have also been reduced. In addition, our patients enjoy using the center, and word of mouth has attracted new patients to the Clinic."

Problems: High operating expenses. However, the dentists firmly believe that the benefits outweigh the costs. Ms. Musitelli cautions: "The company does not operate the center for a profit,

nor do we feel it should be run for a profit. The center is viewed as a benefit to our employees."

Other Benefits: Although not a written policy, the Clinic generally offers up to three months of unpaid parental leave. In addition, the firm provides up to six paid sick days for each employee, which may be used to care for ill children.

Contact:

Does not wish to be listed

CHAMPLAIN DENTAL LAB
South Burlington, Vermont

"Businesses will find that child care will result in workers being absent from work less often. Employees don't have to worry about adding time to their commute to take their children to day care."

Diane Paren, Vice President
Champlain Dental Lab

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Dental laboratory	Year Benefit Began: 1985
Year Established: 1968	No. of Employees Using Benefit: 2
Number of Employees: 18	No. of Children in Facility: 11
F/T: 18 P/T: N/A	Children of Employees: 4
Average Age: 20's and 30's	Other Children: 7
Percent Women: 60%	Maximum Capacity: 15
Other Benefits: Dependent Care Assistance Plan Unpaid Leave	Center Staff: 2; 1 Director, 1 aide
	Center Staff Wages: \$6.00 - \$7.50/hr.
	Employer Costs: Start-Up: \$ 5,000 Operating, 1990: \$9,5000

Background: In 1985, the management of Champlain Dental Lab realized that child care was an employee issue that had to be addressed. Several employees were expecting children, and management believed that in order to retain employees, the company needed to establish a child care benefit.

Management decided on a two-pronged approach: the first was the development of an on-site center, and the second was the implementation of a Dependent Care Assistance Plan (DCAP) to help employees pay for child care. Management felt that an on-site center would offer anxious new parents an opportunity to visit

with their children during the day, and it would reduce commuting time, thus enabling employees to be more productive at work.

Benefit Description:

Hours of operation: weekdays, 7:30 a.m. to 5:30 p.m.

Ages served: six weeks to 12 years.

Fees: \$100/week for infants; \$80/week for children over 30 months.

Under the DCAP, the company reimburses an employee's off-site, independent child care provider directly for services. Four employees are enrolled in the DCAP for child care.

Employees are informed of the center and the DCAP through literature distributed at the time of their hiring.

Company Costs: Annual rent for the on-site center is \$4,500; an additional \$5,000 is earmarked for operational expenses. Champlain splits the \$9,000/year lease with a group of physicians who practice in the same building. The physicians are guaranteed seven spaces in the center, and Champlain is guaranteed eight.

The cost of establishing the DCAP account was negligible.

Advantages: According to Diane Paren, Vice President of Champlain Dental Lab, feedback from employees has been positive.

"Employees really appreciate being able to see their children during the workday. They tell us that it has greatly reduced their commute to work. We have also experienced a reduction in employees absent from work, and there seems to be a general improvement in morale."

Problems: High annual costs and administrative difficulties. - Because the administration of the center has interfered with Ms. Paren's ability to do other aspects of her job, the company is planning to turn the administrative aspect of the center over to the parents of children currently enrolled in the center. According to Ms. Paren: "We are hoping that by forming this group, I will be able to again focus my energies on the operations of the Lab, and parents will feel comfortable with the care their children receive."

Other Benefits: Up to eight weeks of unpaid parental leave. Requests for longer leaves are considered on a case-by-case basis.

Contact:
Champlain Dental Lab
Diane Paren
60 Timber Lane
So. Burlington, VT 05403
(802) 863-3556

CUMBERLAND HARDWOODS
Sparta, Tennessee

"From a business perspective, a child care benefit makes for happier, more productive employees. Affordable, quality child care also creates a more nurturing environment for today's children and tomorrow's work force."

Janet Davis, Human Resources Manager
Cumberland Hardwoods

ABOUT THE EMPLOYER:

Type of Business: Prepares wood for manufacture of furniture

Year Established: 1941

Number of Employees: 120

F/T: 120 P/T: 0

Average Age: 32

Percent Women: 24%

Other Benefits:
Unpaid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1989

No. of Employees Using Benefit: 20
No. of Children in Facility: 46

Children of Employees: 30
Other Children: 16

Maximum Capacity: 50

Center Staff: 9; 1 Director

Center Staff Wages: above minimum wage; commensurate with experience

Employer Costs:
Start-Up: \$107,000
Operating, 1990: \$ 28,000

Background: The center is part of a two-year experiment co-sponsored by the Upper Cumberland Human Resource Agency (UCHRA) and Cumberland Hardwoods. UCHRA is a state organization which directs state and federal grants to in-state institutions. In an effort to revitalize the region's economy, UCHRA and Cumberland Hardwoods established, as a partnership, a program designed to educate the local workforce and eliminate obstacles to worker productivity.

Recognizing that the provision of child care would help reduce employee absenteeism and turnover, and with a severe shortage of

child care facilities -- there were no child care centers in Sparta -- Cumberland decided to purchase a privately-owned house situated on company property. With the help of UCHRA, which contributed a total of \$50,420 to the first six months of the operation, Cumberland co-founded an on-site center.

Cumberland incorporated an adult learning and training center into the plans for the child care center. The company felt that the adult education center would encourage members of the community to enter the labor force, and would offer entrants the skills they need to do their jobs.

Performance Learning, a nonprofit corporation, was created in 1990 as both a child care center and an adult learning center. After six months of operation, Cumberland assumed all administrative and financial responsibilities for the center.

Benefit Description:

Hours of operation: weekdays, 6:30 a.m. to 5:30 p.m.

Ages served: six weeks to five years.

Fees: Employees pay, at a 50 percent discount, \$20-\$22.50/week, depending upon age of child.

Non-employees pay \$40-\$44.50/week, depending upon age of child.

Staff Qualifications: Director holds a B.S. in early childhood development.

Thirty spaces are reserved exclusively for employees, and 16 are open to the public.

Employees are notified of the center benefit through literature distributed to them when they are hired.

Company Costs: In addition to the tuition subsidies, Cumberland covers any shortfall the center may experience in any given month.

High start-up costs, which totaled \$107,000, have left the center operating at a deficit.

Advantages: According to Janet Davis, Human Resource Manager: "Employees say that they decided to work at Cumberland solely because of the child care benefit and/or the education program." Although Ms. Davis has noticed a reduction in absenteeism and employee turnover in recent times, she has no specific data to support her claim. Several local area businesses have sent

representatives from their companies to study the Cumberland program to determine if they should implement a similar program for their employees.

Problems: Administrative: operating a joint child care/adult learning program serving a large age range -- from six weeks to 60 years.

Other Benefits: Up to three and a half months of unpaid parental leave, two months before the birth and six weeks after. An Employee Assistance Program helps employees confront personal problems, such as drug and alcohol abuse and housing concerns.

Contact:

Cumberland Hardwoods
Janet Davis, Human Resource Manager
Highway 70 South
Sparta, TN 38583
(615) 738-5264

EDGEWOOD CENTRE
Portsmouth, New Hampshire

"If a business has intentions to provide benefits to its staff, a child care benefit will generate much good feeling from the staff and the community because it fulfills employees' needs."

Pat Ramsey Co-owner,
Edgewood Centre

ABOUT THE EMPLOYER:

Type of Business: Private
geriatric nursing facility

Year Established: 1972

Number of Employees: 175

F/T: 123 P/T: 52

Average Age: late 20's to
early 30's

Percent Women: 85%

Other Benefits:
Unpaid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1989

No. of Employees Using Benefit: 13

No. of Children in Facility: 35

Children of Employees: 16

Other Children: 19

Maximum Capacity: 22

Center Staff: N/A

Center Staff Wages: N/A

Employer Costs:

Start-Up: \$16,000

Operating, 1990: \$32,000

Background: Because Edgewood provides a labor-intensive service, the company has a great need for reliable, quality workers. Owners Pat Ramsey and her brother David recognized the need to attract and retain such workers.

The Ramseys also observed that many of its staff had problems juggling their child care arrangements with their work. In 1985, the Ramseys decided to take advantage of two existing education rooms that were available on the nursing-center grounds, and renovate the rooms for use as a child care center.

Benefit Description:

Hours of operation: Monday to Saturday.

Ages served: 14 months to nine years.

Fees: Employees pay \$10 registration fee and \$55-\$60/week, depending upon the age of the child; ten percent less for the second child.

Non-employees pay \$25 registration fee and \$90-\$100/week.

Employees are given priority for use of the center, and are informed of the child care center during employee orientation.

Advantages: The child care center is very popular among the employees. Currently, 60 percent of the parents with children enrolled at the center are Edgewood staff. The proximity of the children to their parents reduces the amount of time they spend worrying about or calling their children during the day. According to Ms. Ramsey: "Our employees often meet their children for lunch and visit with them during the day."

A major advantage is the interaction between the children and residents of the nursing center. Edgewood Centre's recreational department frequently organizes intergenerational activities, such as cooking classes, storytelling sessions, and sing-alongs.

The company also notes that its employee turnover rate has decreased 50 percent in the last two years, and credits the child care center with this decline.

Problems: Significant increase in costs -- from \$12,000 in 1989 to \$32,000 in 1990, due to increase in enrollment of staff children, who attend at reduced fees. However, the company is willing to bear the costs out of its commitment to employees.

Several employees have mentioned a need for sick-child care. However, Edgewood does not have the space required to offer such care.

Other Benefits: Unpaid parental leave; employees may use accumulated personal time for a paid leave.

Contact:

Edgewood Centre
Pat Ramsey
928 South Street
Portsmouth, NH 03801
(603) 436-0099

GROUP 243 INC.
Ann Arbor, Michigan

"The need for child care is an integral part of our culture. By offering a child care benefit, we are making a positive statement about our company to the community and to our employees."

Pat Walter, Human Resources Manager
Group 243, Inc.

ABOUT THE EMPLOYER:

Type of Business:
Advertising agency
Year Established: 1975
Number of Employees: 111
F/T: 111 P/T: 0
Average Age: under 40
Percent Women: 71%
Other Benefits:
Dependent Care Assistance
Plan
Maternity Leave via
Disability

ABOUT THE BENEFIT:

Year Benefit Began: 1982
No. of Employees Using Benefit: 17
No. of Children in Facility: 50
Children of Employees: 30
Other Children: 20
Maximum Capacity: 50
Center Staff: 15; 1 Director, 8
full-time, 6 part-time
Center Staff Wages: N/A
Employer Costs:
Start-Up: N/A
Operating, 1991: \$40,000 (company
subsidy)

Background: Group 243 was first confronted with a child care problem nine years ago when several executives, including company president Janet Muhleman, became pregnant. Ms. Muhleman spearheaded the company's effort to help its employees meet their work and family demands.

The company decided to establish an on-site child care center so that parents would be able to visit with their children during the work day. Since there were very few child care centers in the area at the time, the company believed its facility, which is housed in a separate building on the grounds of Group 243 corporate headquarters, would be in great demand.

Benefit Description:

Ages served: two weeks to five years.

Fees: Employees pay \$130/week for infants under two and a half years; \$110/week for children two and a half to five years.

Employees of neighboring businesses pay \$20 more for each age category.

Staff Qualifications: All have professional degrees in child care.

Employees are informed of the center benefit in an employee handbook distributed at their hiring.

Company Costs: In 1990, the company spent \$100,000 to subsidize the center's operations. In 1991, the company will reduce its subsidy to \$40,000.

Advantages: According to Human Resource Manager Pat Walter: "Prospective employees have cited the company center as an important influence on their decision to seek employment with Group 243.... it has been a significant recruiting tool."

The center has helped the firm retain employees and has reduced turnover and costs associated with recruiting; it has also given the company national recognition as a leader in work/family benefits.

Problems: High costs. This year Group 243 reduced its subsidies to the center by over 100 percent. Tuition was raised \$10 for both employees and non-employees, and various fundraisers have been held, and more are planned for the coming year to help defray some of the costs.

Other Benefits: Six weeks maternity leave at two-thirds pay under a short-term disability benefit. The leave can be extended to 13 weeks (also at two-thirds pay) if the delivery is particularly difficult or results in medical complications. However, a written doctor's report must justify the request for an extension.

Contact:

Group 243, Inc.
Pat Walter, Human Resource Manager
1410 Woodridge Ave.
Ann Arbor, MI 48105-9990
(313) 995-0243

HAMILTON REALTY
Allston, Massachusetts

"Women in the workforce are a reality...and many working mothers need quality, affordable child care if they are to stay in the workforce. Employers can help these mothers remain in their jobs."

Jina Corey, President, Board of Directors
Hamilton Children's Center

ABOUT THE EMPLOYER:

Type of Business:
Commercial and residential
real estate

Year Established: 1960

Number of Employees: 125

F/T: 113 P/T: 12

Age Range: 20-50

Percent Women: 65%

Other Benefits:

Direct Subsidy
Unpaid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1986

No. of Employees Using Benefit: 7

No. of Children in Facility: 50

Children of Employees: 7

Other Children: 43

Maximum Capacity: 52

Center Staff: 20; 13 full-time
teachers, 7 part-time aides

Center Staff Wages: N/A

Employer Costs:

Start-Up: \$425,000
Operating, 1990: \$ 20,000 (to
subsidize employees' tuition costs)

Background: Hamilton Realty owner Harold Brown, an Allston resident and business leader, had been aware of the shortage of affordable, quality child care in Allston for a number of years. As an entrepreneur who employs a significant number of young women, Mr. Brown realized that child care was not only an economic concern directly related to the vitality of his business, but a very real problem for many of his employees.

Benefit Description:

Hours of operation: weekdays, 7:30 a.m. to 6:00 p.m.

Ages served: two months to five years.

Fees: \$915/month for infants; \$715/month for toddlers;
\$625/month for preschoolers. Employees receive a 30
percent discount.

Ten spaces are reserved for parents who receive a child care subsidy from the state.

Prospective employees are informed of the benefit when they interview for the job and during their orientation once hired.

Company Costs: Hamilton Realty pays nearly \$20,000 annually to subsidize tuition costs for employees.

Mr. Brown contributed \$350,000 of his own money for start-up costs and \$75,000 to partially subsidize the first nine months of operation. He expects the center to break even in 1991. The Center occupies 4,800 square feet in the same building that houses Hamilton Realty. When the Hamilton Children's Center was established, Mr. Brown turned control of it over to a community board composed of parents with children in the center, and to other community members. The community board is responsible for hiring the center staff. Mr. Brown is no longer involved in the operation of the center.

Mr. Brown recently established a second child care center in Boston, which has a capacity for 84 children but which currently has 17 children enrolled; it will also be managed by a community board and will function in similar fashion to the first. This center is also subsidized by Mr. Brown.

Advantages: According to Linda Howes, Executive Director, Hamilton Children's Center: "Many parents, both employees and community residents, are very pleased with the center. Employees who use the center are better able to concentrate on their work because they are no longer preoccupied with worries about their children."

Other Benefits: Parental leave, which entitles employees up to ten weeks of unpaid leave. This policy also applies to parents who adopt. The company also provides six paid sick days, which may be used to care for sick dependents.

**CHILD CARE FACILITY
On-Site**

Contact:

Hamilton Children's Center
Linda Howes, Executive Director
Hamilton Realty
39 Brighton Avenue
Allston, MA 02134
(617) 783-0039

STACKPOLE LIMITED
Brownsville, Tennessee

"Our goal is to help our employees' children learn and grow in a healthy, safe and fun environment. When we offer our employees child care, we are able to achieve this goal."

John McCabe, President
Stackpole Limited

ABOUT THE EMPLOYER:

Type of Business:
Manufacturer of metal
bearings

Year Established: 1981

Number of Employees: 100

F/T: 100 P/T: 0

Average Age: 30's and 40's

Percent Women: 50%

Other Benefits:
Maternity Leave via
Disability

ABOUT THE BENEFIT:

Year Benefit Began: 1989

No. of Employees Using Benefit: 7
No. of Children in Facility: 12

Children of Employees: 7
Other Children: 5

Maximum Capacity: 15

Center Staff: 2; 1 Director, 1
Assistant

Center Staff Wages: N/A

Employer Costs:
Start-Up: \$5,000
Operating, 1990: \$9,600

Background: The need to provide child care benefits to employees became evident to Stackpole Limited's management in 1989 when a valued employee announced that she was forced to quit her job because she could not afford to keep her three children in child care.

At the time, Stackpole was undergoing expansion, and was in the process of relocating its facilities. The new property included a 2,500-square-foot house. Stackpole President John McCabe decided that the house could be used as an on-site child care center, and took the necessary steps to renovate it. The decision to establish an on-site center was made because no other center-based alternatives exist in the rural Brownsville area.

Benefit Description:

Ages served: one to seven years.

Fees: Employees pay \$30/week; non-employees pay \$40/week.

According to Vicki Blackburn, Stackpole Accounting supervisor:
"We very much want to be involved in overseeing the center's operation. We want to have control over quality, because we finance the center and our employees use it. Therefore, quality must be up to par with our standards."

Company Costs: Operating expenses include salaries for the director and assistant, utilities, supplies and equipment, two snacks per child a day, and liability insurance. Stackpole plans to invest between \$3,000 and \$5,000 over the next year to purchase additional playground equipment and a computer for the children. States Vicki Blackburn: "Management feels that improvements in the facility will draw even more prospective employees to the firm and help retain current employees even better than we do now."

Employees are informed of the center through literature distributed to them when they are hired.

Advantages: The response to the center from employees and the local media has been extremely favorable. According to Ms. Blackburn: "The center has been instrumental in helping us retain our workers and has reduced turnover. Because we are the only area business to offer any child care benefit, we have received significant media coverage from several regional and local newspapers. This publicity has attracted potential employees and has helped reduce our recruiting costs."

Problems: Renovating the house so that the center would be in compliance with state regulations took several months longer than the company anticipated.

Other Benefits: Up to 26 weeks maternity leave at partial pay as part of disability coverage.

Contact:

Stackpole Limited
Vicki Blackburn, Accounting Supervisor
400 Dupree
Brownsville, TN 38012
(901) 772-3780

G.T. WATER PRODUCTS, INC.
Moorpark, California

"Parents and children belong together. Since parents have to be at work for at least eight hours of the day, parents do not get the chance to spend enough time with their children. For us, providing a school is just good business. Our employees do not have to worry about their children during the day."

Deborah Tash, Vice President
G.T. Water Products, Inc.

ABOUT THE EMPLOYER:

Type of Business:
Manufacturer of plumbing
supplies, family owned

Year Established: 1980

Number of Employees: 31

F/T: N/A P/T: N/A

Age Range: 20-50

Percent Women: 55%

Other Benefits:
Unpaid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1987

No. of Employees Using Benefit: 10

No. of Children in Facility: 13

Children of Employees: 13

Other Children: none;
serves only company
children

Maximum Capacity: N/A

School Staff: 2 Teachers

School Staff Wages: N/A

Employer Costs:

Start-Up: \$ 2,000

Operating, 1990: \$40,000

Background: George Tash, owner of G.T. Water Products, was unhappy with the public and private school systems in Moorpark. In the late 1980's, he decided to investigate alternative educational options that would also enable employees' school-age children to be near their parents during the day, which Mr. Tash also desired for his own children.

He contacted the State of California Department of Education, and in 1987 an agreement with the state led to the establishment of a state-licensed Montessori School on the site of the company.

Benefit Description:

Hours of operation: weekdays, 7:30 a.m. to 5:00 p.m.

Ages served: five to 15 years.

Fees: None; the operations of the school are fully subsidized by the company.

Company Costs: Because the company owns the facility in which the school is located, it does not pay rent for the center. Operating expenses cover such costs as maintenance, utilities, and staff salaries.

Prospective employees are informed of the school benefit when they apply for a job. The company also includes a description of the benefit in its job announcements.

Advantages: The on-site school has generated positive feedback from employees and the public. According to Celia Hatcher, Export Administrator, G.T. Water Products: "The center has helped to reduce our turnover rate, and our employees seem to be more productive. They now worry less about the well-being of their children; they know they are well taken care of. The parents also like to visit their children during the day."

Problems: Although operating at a great expense to G.T. Water, Mr. Tash feels committed to the school and believes that the cost is justified in light of its advantages.

Other Benefits: Up to four months of unpaid or adoptive parental leave. The company also gives \$500 to all women who give birth, and \$1,500 to those who adopt.

Contact:

G.T. Water Products
Celia Hatcher, Export Administrator
5239 North Commerce Avenue
Moorpark, CA 93021
(805) 529-2900

OVERSEAS ADVENTURE TRAVEL
Cambridge, Massachusetts

"The day care program has been excellent. It has been running very smoothly, and I would say it is the major reason that many of my employees have continued working at Overseas Travel Adventure."

Judy Wineland, Owner
Overseas Adventure Travel

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Travel agency	Year Benefit Began: 1987
Year Established: 1979	No. of Employees Using Benefit: 2 No. of Children in Facility: 6
Number of Employees: 12 F/T: 12 P/T: 0	Children of Employees: 3 Other Children: 3
Average Age: early 30's	Maximum Capacity: 6
Percent Women: 80%	Provider Staff: 1 Provider
Other Benefits: Paid Leave	Provider Wage: \$3.75/hr. per child; Employer Costs: Start-Up: \$11,000 Operating, 1990: \$ 6,000

Background: The idea to establish a child care benefit came about in 1983, when the owner of Overseas Adventure Travel, Judy Wineland, began looking for nearby child care arrangements for her daughter. Ms. Wineland decided on an on-site family day care provider because the Overseas Adventure Travel building, a three-story house, provided the opportunity for such an arrangement.

Benefit Description: The second story above the company's offices was converted into an apartment for a live-in family day care provider who was required to meet state requirements, including a Criminal Offenders Record Information check.

Hours of operation: daily, 8:30 a.m. to 5:30 p.m.

Ages served: over one year.

Fees: \$3.75/hr. per child; employer pays 25 percent for employees. Employees are eligible after they have worked for Overseas Adventure Travel for one year. Full-time enrollment is required.

Although the situation has not yet presented itself, Ms. Wineland says that if an employee chooses a different child care provider, a subsidy of similar value would most likely be available.

Company Costs: On the recommendation of a community services representative, Overseas Adventure Travel initially hired the Child Resource Center, a local consultant group for \$3,000 to help establish the family day care home. The kitchen and bathroom areas of the second story apartment needed major renovation, at a cost of \$8,000, in order to accommodate a family day care provider's living space and a child care area.

Advantages: Parents no longer have to spend time in travel for child care. Having the family day care provider on site has also increased employee satisfaction by allowing parents to have contact with their children during the day. According to Ms. Wineland: "There is nothing more liberating or wonderful than having my daughter on the premises." She believes that her employees share these feelings about their own children.

Ms. Wineland also believes that the on-site family day care has fostered employee loyalty to the company and has enabled her to retain valued workers.

Problems: Bureaucratic delays during the initial set-up of the facility. Ms. Wineland says that because the state Office for Children may take up to one month to process a criminal records check, Overseas Adventure Travel faced time-lag difficulties in hiring a family day care provider. In addition, the family day care center initially had trouble finding enough children to participate in the program.

Other Benefits: Paid parental leave of one or two months, depending upon how long an employee has worked for the agency. Employees may use sick or personal days to stay at home with an ill child.

The company offers flexible work hours for employees to accommodate their child care needs on an individualized basis.

**CHILD CARE FACILITY
Family Day Care Home**

Contact:

Judy Wineland, Owner
Overseas Adventure Travel
349 Broadway
Cambridge, MA 02139
(617) 876-0533

OPTION #2: CHILD CARE SUBSIDY

Employers can help employees pay for child care by offering their workers a discount or subsidy to help cover a portion or all of their child care expenses. Employers may give the money directly to the employee, typically through a child care voucher, or reimburse the employee's child care provider, referred to as a vendor form of payment. Voucher and vendor programs are meant to make child care more affordable to employees who find it difficult to pay the local market rate.

1. Voucher Programs

A voucher program allows the parent the freedom to select the provider. Some employers may place restrictions on employees eligible for the voucher benefit to limit the cost to the firm.

2. Vendor Programs

In a vendor program, an employer purchases slots in a child care center or a family day care home, and then resells the slots to employees, often at a discount. In a vendor program, the employer, not the parents, selects the child care provider and determines the number of slots that will be made available for the employees.

Employers would be wise to document their selection process before recommending a provider to employees. They also may want the provider to include an enrollment disclaimer in their registration, stating the parents' responsibility in making the decision to enroll their child in the center. Such a disclaimer will protect the employer from a parent who may file a law suit against the employer if there is a problem at the center.¹⁹

¹⁹ Interview, Cheri Sheridan, President PKI, CCAC National Advisory Panel member, March 27, 1991.

Table C. Option #2: Child Care Subsidy

Company Name	Year Benefit Began	No. of Company Employees	Percent of Employees who are Female	Percent of Employees Using Benefit	Total Employer Cost, 1990	Maximum Employer Copayment	Other Benefits
Bestronics of San Diego	1987	6	67%	33%: 4 children	several hundred dollars	\$300/mo.	DCAP, flex. scheduling
Ding-A-Ling	1989	110	95%	15%: 20 children	\$25,000	\$30/wk.	unpaid leave
Hemmings Motor News	1989	85	80%	40%	\$60,000	\$350/mo. or \$3,000/yr.	flex. scheduling, paid leave
Joseph Alfandre & Co.	1989	55	45%	7%: 6 children	\$6,000	\$60/wk. or up to 50%, whichever is less	sick child care, unpaid leave
Maine Antique Digest	1981	15	80%	27%: 6 children	\$7,030	\$50/wk.	flex. leave, maternity leave via disability
PRO TEM	1989	155	70%	10%	\$4,500	50¢/hr.	unpaid leave
Southbury Voices	1987	49	80%	18%: 12 children	\$21,000*	\$25-\$35/day	unpaid leave

* Employer cost, 1991

BESTRONICS OF SAN DIEGO
San Diego, California

"The child care benefit is a vital part of the company, and has been well worth instituting. It has been instrumental in helping us retain employees. In a service business like ours, that's essential."

Gail Davis, Operations Manager
Bestronics of San Diego

ABOUT THE EMPLOYER:

Type of Business: Seller of electrical parts
Year Established: 1970
Number of Employees: 6
F/T: 4 **P/T:** 2
Average Age: 30's
Percent Women: 67%
Other Benefits:
Dependent Care Assistance Plan
Flexible Scheduling

ABOUT THE BENEFIT:

Year Benefit Began: 1987
No. of Employees Using Benefit: 2
No. of Children Served: 4
Type of Program: Vendor
Maximum Employer Copayment:
\$300/month; DCAP covers balance up to \$5,000/year
Total Employer Cost, 1990:
Several hundred dollars

Background: The child care benefit implemented at Bestronics came about when a valued employee became pregnant with her third child, and was faced with the decision of either leaving to care for her children, or finding a higher-paying job. Comments Gail Davis, Operations Manager: "Our staff is our greatest asset, and we were reluctant to see one of our valued employees leave. We felt that any new employee would have to be trained for at least a year before bringing in any profit. It would be more economical for the company to implement a child care benefit to retain employees."

Benefit Description: The subsidy and the DCAP funds are paid directly to the child care provider.

Employees are informed of the policy upon their hiring.

Company Costs: Several hundred dollars to cover fees for legal advice for the subsidy and DCAP programs.

Advantages: Ms. Davis firmly believes that every small business should, at the least, take advantage of the DCAP program, since it helps parents with their child care expenses and saves both the company and parents tax dollars.

Problems: None. Because the company believes its low employee turnover is directly related to the child care benefits, Bestronics plans to continue the child care subsidy for several years, at least until the children currently receiving child care are of school age.

Other Benefits: A variety of informal work arrangements with employees. According to Ms. Davis: "The small size of the company allows for a great deal of flexibility, making it easy for employees and supervisors to work out informal arrangements on an individual basis."

Contact:

Bestronics of San Diego
Gail Davis, Operations Manager
9683 Tierra Grande Street, Suite 102
San Diego, CA 92126
(619) 693-1111

DING-A-LING
Fort Lauderdale, Florida

"In order to maintain the quality of our service, we have to retain our employees. With a child care benefit program, employees never leave. Child care translates into good business."

Herman Shooster, Owner
Ding-A-Ling

ABOUT THE EMPLOYER:

Type of Business:
Family-owned answering
and beeper service

Year Established: 1973

Number of Employees: 110

F/T: 72 P/T: 38

Average Age: 20-35

Percent Women: 95%

Other Benefits:
Unpaid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1989

No. of Employees Using Benefit: 17

No. of Children Served: 20

Type of Program: Voucher

Maximum Employer Copayment: \$30/week

Total Employer Cost, 1990: \$25,000

Background: The workforce at Ding-A-Ling is comprised predominantly of single mothers. Herman Shooster, Ding-A-Ling owner, realized that he was losing many workers because of child care problems. "Economically, it was easier for parents not to work than to pay for child care. This was not good for business, so we implemented a child care subsidy program in 1989 because we felt that a direct subsidy would give employees the flexibility they need to find quality, affordable child care."

Benefit Description: When prospective employees apply for a job with Ding-A-Ling, they are presented with a packet of information describing company benefit programs. The firm also includes a description of the child care benefit plan in any company job announcements.

Advantages: According to Mr. Shooster: "The advantages of the benefit have gone beyond reducing absenteeism and turnover. The

benefit has improved employee morale and enhanced employee loyalty to the firm."

In addition, The Fort Lauderdale News, a regional newspaper, ran a full-page story on Ding-A-Ling, reporting that the company was a pioneer in providing child care benefits to employees in the region. The article has attracted new employees and clients to the firm. One client informed Shooster that he brought his business to Ding-A-Ling specifically because he liked the way the firm spent its money. Prospective employees cite the subsidy as a major reason for seeking employment with the firm.

From the company's perspective, the program has been very easy to administer. The subsidy payments are incorporated into the payroll process.

Problems: According to Mr. Shooster: "The reimbursement plan is costly, but benefits well outweigh the costs. We have not conducted a cost/benefit analysis. However, the attitudes of our employees are enough to tell us that the benefit is working and worth the cost."

Other Benefits: Up to three months unpaid parental leave and a Profit Sharing plan in which a percentage of profits is invested in separate accounts for each employee.

Contact:

Ding-A-Ling
Herman Shooster, Owner
777 South State Road Seven
Margate, FL 33068
(305) 973-7300

HEMMINGS MOTOR NEWS
Bennington, Vermont

"Because of the prominence of two wage-earner families, child care is an important issue for business to address. It is a crucial factor contributing to the economic strength of business. Child care benefits must be recognized by employers as an essential component in an employee's benefit package."

Charles Waters, Vice President of Finance
Hemmings Motor News

ABOUT THE EMPLOYER:

Type of Business: Antique-car magazine publisher

Year Established: 1955

Number of Employees: 85

F/T: 65 **P/T:** 20

Average Age: 35

Percent Women: 80%

Other Benefits:

Flexible Scheduling

Paid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1989

No. of Employees Using Benefit: 30-35

No. of Children Served: N/A

*** Type of Program:** Voucher; employees must have worked 90 days minimum

Maximum Employer Copayment: \$350/month, or \$3,000/year, tax free

Total Employer Cost, 1990: \$60,000

*** may be used for care of any dependents:** children under 13, elderly, incapacitated family members

Background: In 1988, Hemmings Motor News initiated a review of its employee benefits package. A management team composed of ten top managers was charged with the task of benefit review. Through informal conversations with employees, the team soon began to realize that child care was a benefit in great demand.

A dependent care subsidy and a flexible scheduling option were instituted because, according to Charles Waters, Vice President of Finance: "These options received the greatest employee support. They allow the employee the maximum flexibility in choosing a child care provider and offer a sizeable subsidy."

Benefit Description: A flextime schedule tailored to meet the child care needs of employees is also offered. Part-time work arrangements can be made between an employee and her/his supervisor. States Mr. Waters: "There is a great deal of

latitude in creating schedules as long as the employee can still contribute effectively to the firm."

Employees are notified of the benefits through personnel manuals distributed at the time of their hiring and at an initial staff orientation.

Advantages: According to Waters: "Our entire benefits package has reduced our turnover rate and has saved the firm time and money for recruiting and training. Employees have told me that they are better able to concentrate on their work. Now that child care is more affordable, they are not preoccupied with who will care for their children."

Problems: Some employees who do not have dependents feel that the subsidy program unfairly benefits employees who do, and that those ineligible for the subsidies are losing out. According to Mr. Waters: "The management team is reviewing the benefits package to assess the equity of their benefit program."

Other Benefits: Six weeks of parental leave at two-thirds pay. In addition, employees are eligible for up to six months unpaid leave. Upon their return from leave, all employees may establish a part-time work schedule with the approval of their supervisor. Says Mr. Waters: "Our policies also apply to employees who adopt. We try to allow our employees sufficient leave time to bond with their child."

Employees also receive eight paid sick days and two paid personal days each year, all of which may be used to care for an ill dependent. The management team is also considering establishing extra sick days specifically for sick dependents.

Contact:

Hemmings Motor News
Charles Waters, Vice President of Finance
P.O. Box 256
Bennington, VT 05201
(802) 442-3101

JOSEPH ALFANDRE & COMPANY
Rockville, Maryland

"In today's society, where two-income households are the norm, day care has become a more compelling issue. If an employer is willing to absorb some of the day care expense, it reduces the burden on the employee and relieves some of the anxiety associated with a sometimes already stressful situation. An employee will view his/her employment in a better light and consider this benefit one of importance."

Michele Rogers, Personnel Administrator
Joseph Alfandre & Co, Inc.

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Home builders	Year Benefit Began: 1989
Year Established: 1983	No. of Employees Using Benefit: 4
Number of Employees: 55	No. of Children Served: 6
F/T: 55 P/T: 0	Type of Program: Voucher; included in paycheck
Average Age: 20's to 30's	Maximum Employer Copayment: 50% of child care costs or \$60/week, whichever is less
Percent Women: 45%	Total Employer Cost: 1990
Other Benefits: Sick Child Care Unpaid Leave	

Background: Discussions with his employees enabled Joseph L. Alfandre, owner and president of Joseph Alfandre & Co., to recognize the need working parents have for child care support. Mr. Alfandre himself has seven children ranging in age from nine months to 14 years.

Because a large proportion of his employees are women, and many are also mothers, Mr. Alfandre decided to institute a child care benefit. "I felt that a child care subsidy would offer the workers the greatest flexibility in seeking a child care provider," states Mr. Alfandre.

Benefit Description: The amount of the subsidy is determined by the individual employee's total household income and the actual amount they pay for child care. A graduated subsidy scale was

determined to be the most equitable system of reimbursement. The subsidy amount is calculated either as a percentage of up to 50 percent of the child care costs or \$60/week, whichever is less.

The child care subsidy program is outlined in the Employee Handbook.

Advantages: According to Michele Rodgers, Personnel Administrator: "Employees feel that they are better able to concentrate on their work without distractions, and without worrying about who is taking care of their children from one day to the next." The company also cites decreased turnover and a reduction in recruiting costs since they implemented the subsidy program.

Problems: None

Other Benefits: Eight weeks maternity leave: the employee receives 75 percent of gross pay as part of disability coverage. Parents are eligible for up to three months of unpaid leave. The same policies apply to employees who adopt a child. Parents receive three paid days each year specifically for the care of sick children. The company offers six sick days each year to all of its employees. Employees who do not have children are granted an additional three sick days to care for a spouse or other family member.

Contact:

Joseph Alfandre & Co., Inc.
Michele Rodgers, Personnel Administrator
1355 Piccard Drive, Suite 450
Rockville, MD 20850
(301) 670-0343

MAINE ANTIQUE DIGEST
Waldoboro, Maine

"We firmly believe that a child care benefit can't help but encourage employees to stay on the job...retaining employees is very important to the productivity of our company."

Sally Pennington, Co-owner
Maine Antique Digest

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Monthly publication on antiques	Year Benefit Began: 1981
Year Established: 1973	No. of Employees Using Benefit: 4
Number of Employees: 15	No. of Children Served: 6
F/T: 13 P/T: 2	Type of Program: Voucher, paid monthly
Average Age: 30's	Maximum Employer Copayment: \$50/week
Percent Women: 80%	Total Employer Cost, 1990: \$7,030
Other Benefits: Maternity Leave via Disability Flexible Leave	

Background: "We chose to implement a child care benefit because of financial and philosophical considerations," comments co-owner Sally Pennington. While exploring employee benefit packages that would not add to the company's tax burden, the Penningtons worked with their accountant to identify benefit possibilities. "Our accountant examined tax codes and discovered that child care assistance could warrant tax breaks from the state and federal government."

According to Ms. Pennington: "We believe that women who decide to go to work should receive assistance for child care if they need it. We decided to institute a subsidy because we employ many women, and the need for a child care benefit was great among our employees. A reimbursement policy is also fairly simple to administer."

Advantages: According to Ms. Pennington: "Because of the small size of the business, we only have to track the expenses of a few people. We know the people and the families, and we can trust them."

Other Benefits: No formal parental leave policy, but up to six weeks paid leave on disability insurance for new mothers. If they require more than six weeks, "We determine whether the leave will be paid on a case-by-case basis. We make informal arrangements for each employee based upon how long an employee has been with us, how much extra leave is needed, and other considerations."

Contact:

Maine Antique Digest
Sally Pennington, Co-owner
P.O. Box 1429
Waldoboro, ME 04572
(207) 832-7534

PRO TEM PROFESSIONAL TEMPORARY SERVICES
Portland, Oregon

"If business invests in children today, we as a society will pay less in the future for costs due to neglect, such as crime and homelessness. Positive support today will reap benefits in later years."

Jo Rymer, Executive Vice President
PRO TEM Professional Temporary Services

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Temporary office service agency	Year Benefit Began: 1989
Year Established: 1982	No. of Employees Using Benefit: 15
Number of Employees: 155/week (on avg.)	No. of Children Served: N/A
F/T: 93 P/T: 62	Type of Program: Vendor
Average Age: 20's to 30's	Maximum Employer Copayment: \$.50/hr., including 1 hr. travel time and 1 hr. for lunch.
Percent Women: 70%	Total Employer Cost, 1990: \$4,500
Other Benefits: Unpaid Leave	

Background: The need for child care support became apparent in discussions between employees and PRO TEM Executive Vice President, Jo Rymer. According to Ms. Rymer: "Some of the temporary employees, when they were offered placement, said they would not be able to accept work because it was not profitable for them to work and pay for child care. They felt that if PRO TEM could pay some of these expenses, they could afford to work."

PRO TEM makes a substantial investment in recruiting, interviewing, and screening temporary employees. If temporary employees are not placed in jobs, the company does not earn a commission. Thus, the company decided that it would be in their interest, as well as in the interest of their employees, to explore child care benefit options. PRO TEM surveyed all of its employees to determine the benefit that would be most useful. In 1989, PRO TEM implemented a direct subsidy program to help employees with their child care costs.

Benefit Description: Once the maximum is met -- ten hours reimbursement for every eight hours worked -- the employee is billed by the provider for the remainder of the cost. All employees are eligible for the program as long as the child care is not provided by a spouse, relative, or individual under the age of 16.

Employees must sign a statement of participation detailing their child care costs and submit their statement to Executive Vice-President, Jo Rymer, who is responsible for administering the program.

Company Costs: Approximately ten percent of the firm's employees take advantage of the subsidy. The company receives a child care tax credit from the state of Oregon for 50 percent of its child care expenses.

Employees are told of the benefit when they interview with PRO TEM.

Advantages: "Employees are very pleased with the benefit, because it has enabled them to work and afford child care," states Ms. Rymer. The program has been an asset in recruiting new employees and has seemed to reduce the firm's turnover. The subsidy has enabled more temporaries to work, and in so doing has increased PRO TEM's revenues. "In the final analysis, the benefit resulted in a very positive revenue-to-expense ratio of 18 to one," says Rymer.

Problems: None.

Other Benefits: Parental leave for newborn or adopted children, and for elder care needs; up to three months of unpaid leave. Employees have the option of extending their leave by adding accumulated sick days and vacation time to the three months. These benefits apply to full-time employees only.

Contact:

PRO TEM Temporary Services
Jo Rymer, Executive Vice President
1001 South West 5th Avenue, Suite 1225
Portland, OR 97204
(503) 228-1177

SOUTHBURY VOICES, PRIME PUBLICATIONS, INC.
Southbury, Connecticut

"Child care is an excellent investment in a company's future and in the future of its employees; I recommend a child care benefit to any company. Employees will discover that it is the best thing they ever did."

Rudy Mazurosky, President
Prime Publications, Inc.

ABOUT THE EMPLOYER:

Type of Business:
Free weekly regional newspaper

Year Established: 1970

Number of Employees: 49

F/T: 5 **P/T:** 44

Age Range: 25-50

Percent Women: 80%

Other Benefits:
Unpaid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1987

No. of Employees Using Benefit: 9

No. of Children Served: 12

Type of Program: Vendor

***Maximum Employer Copayment:** \$2.75/hr.
up to \$25/day; up to \$35/day for 2 children

Total Employer Cost, 1990: \$21,000;
state tax credit of up to 50% of expenses

* includes travel time

Background: The child care problem became evident to the employer in 1986. According to Rudy Mazurosky, the publisher of Voices and President of Prime Publications, Inc., the firm was experiencing a high incidence of absenteeism, and was having difficulty retaining and recruiting employees because of the lack of affordable child care. "The problem was clear," comments Mr. Mazurosky. "People weren't coming to work; they had to stay home with their children when their regular arrangements fell through. Their anguish was obvious."

Sympathetic to the child care hardships employees were facing, Mr. Mazurosky and his partner Mary Jane Musgat established a child care subsidy to meet the needs of their employees, as well as to address the issues of employee retention, turnover, absenteeism, and productivity. According to Mr. Mazurosky: "We considered implementing a child care benefit as simply a smart, pragmatic business decision."

Benefit Description: Any employee working 17.5 hours or more a week, with a child under 13 years of age enrolled in a child care arrangement, is eligible. Parents must use a licensed child care provider in order to receive reimbursement.

Employees are informed of the policy when they are first hired.

Advantages: Feedback from all employees has been extremely positive. According to Mr. Mazurosky: "The rewards are obvious. Those who use the benefit now have peace of mind, and the rest of the employees are proud of the company."

Voices itself has benefited enormously. States Mr. Mazurosky: "The dividends have been tremendous. We have an enthusiastic staff that praises us -- this gives us great publicity. People want to work for us because of our benefit; we can selectively hire qualified staff." In addition, productivity has improved, newspapers are circulated in a more timely manner, and there is less turnover and absenteeism.

Problems: Some employee abuse: some employees ineligible for the child care subsidies would claim them. However, Mr. Mazurosky indicates that this problem has been corrected and that the benefit package is now written to avoid loopholes. The program should continue to be a success.

Other Benefits: Up to three months of unpaid leave following the birth or adoption of a child. An additional three months of unpaid "compassionate leave" may be granted if medical complications affect the mother or newborn child. A certificate from the physician verifying the severity of the employee's medical condition must accompany any request for compassionate leave.

Contact:

Rudy Mazurosky
President, Prime Publications, Inc.
Publisher, Southbury Voices
P.O. Box 383
Southbury, CT 06488
(203) 263-2116

OPTION #3: RESOURCE AND REFERRAL SERVICE

Resource and referral (R & R) programs are designed to provide employees with information about the child care options available in their community. Resource and referral services may be offered in-house by the employer, or the employer may contract with a local R & R agency to provide referral services to employees.

R & R staff counsel parents about how to determine which child care options are best for them. Many R & R's also recruit and train new child care providers, thereby increasing the supply of care.

According to Nancy Kolben, President, National Association of Child Care Resource and Referral Agencies (NACCRRA): "Resource and referral programs allow small businesses an affordable way to address the child care needs of their employees. For an annual fee, employers can provide their workers with access to important information on how to look for and choose quality child care." In addition, resource and referral programs help parents with children of all ages.

Table D. Option #3: Resource and Referral Service

Company Name	Year Benefit Began	No. of Company Employees	Percent of Employees who are Female	Percent of Employees Using Benefit	Total Employer Cost, 1990	Other Benefits
CompuServe Data Technologies	1989	100	52%	3%: 3 children	\$1,560	unpaid leave
Mascoma Savings Bank	1987	90	80%	11%	\$350	unpaid leave
The Chronicle of Higher Education	1989	140	72%	4%	\$1,650	paid leave

RESOURCE AND REFERRAL SERVICE

COMPUSERVE DATA TECHNOLOGIES Cambridge, Massachusetts

"Corporate decision makers need to give attention to the changing needs of families and base allocation of child care resources accordingly. Business should be sensitive to those needs and be pro-active, to maintain employee commitment to the company."

Theresa Sain, Human Resource Coordinator
CompuServe Data Technologies

ABOUT THE EMPLOYER:

Type of Business:
Software manufacturer

Year Established: 1971

Number of Employees: 100

F/T: 99 **P/T:** 1

Age Range: 22-35

Percent Women: 52%

Other Benefits:
Unpaid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1989

No. of Employees Using Benefit: 3

No. of Children Served: 3

Type of Resource: Off-site: the Child Care Resource Center

Other services: Extensive library; staff conducts on-site informational seminars for employees

Total Employer Cost, 1990: \$1,560

Background: CompuServe chose to offer a resource and referral (R & R) service to its employees because the demand for a child care benefit was minimal, and the company did not want to make a large capital investment in child care for only a few employees. However, as a progressive company, management believes in the importance of the family and feels an obligation to help employees with their family needs. Newly hired Human Resources Manager Mara Levy, who had initiated a R & R at her previous workplace, strongly recommended that the company adopt a R & R program because of her previous success with it. CompuServe began offering the program in the fall of 1989.

Benefit Description: CompuServe has contracted with the Child Care Resource Center, an R & R service in Cambridge. Employees needing child care are directed to the center, which has an extensive library listing of available child care providers who serve children ages six weeks to 12 years. A counselor at the

RESOURCE AND REFERRAL SERVICE

center helps employees find the provider who best satisfies their specifications. The R & R agency bills CompuServe, which pays for the total cost of these services. In addition, CompuServe commissions the center to present informational sessions addressing various child care issues to its employees. These specially contracted sessions are conducted at CompuServe.

Employees are informed of the benefit's availability at the time of their hiring. Memos are distributed to all employees announcing the date, time and subject matter of the seminars being given at CompuServe.

Advantages: Very positive employee feedback. Employees continually express their gratitude to the Human Resource Coordinator.

Problems: None. The company has been very pleased with the benefit.

Other Benefits: Up to eight weeks unpaid leave. Mothers can receive six weeks leave at 70 percent pay or up to eight weeks leave at 70 percent pay, if there are medical complications.

Contact:

CompuServe Data Tech
Teresa Sain, Human Resource Coordinator
1000 Massachusetts Avenue
Cambridge, MA 02138
(617) 661-9440

MASCOMA SAVINGS BANK
Lebanon, New Hampshire

"Employers should realize that when they extend child care benefits to working parents, they not only help parents to cope better with family issues, but they also help to improve employee morale at the workplace."

Sally McEwen, Personnel Director
Mascoma Savings Bank

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Savings bank	Year Benefit Began: 1987
Year Established: 1899	No. of Employees Using Benefit: 5-10 since 1990
Number of Employees: 90	No. of Children Served: N/A
Pay: \$1 P/T: 9	Type of Resource: Off-site: the Child Care Project; serves states of New Hampshire and Vermont
Average Age: 39	Other services: Staff is available to counsel employees and to offer on-site workshops
Percent Women: 80%	Total Employer Cost, 1990: \$350 annual consortium membership fee
Other Benefits: Unpaid Leave	

Background: In 1987, Personnel Director Sally McEwen and C.E.O. Bill Maloy of Mascoma Savings Bank were approached by the Child Care Project, a local (R & R) organization that was seeking to recruit new corporate members. Management was well aware of the need its employees had for child care, and the Bank was having difficulty retaining employees. The primary reason cited by employees leaving the bank was the lack of affordable, accessible child care.

To combat the high incidence of employee turnover, the bank decided to join the Child Care Project consortium. Of the 25 contributing members, 20 are small businesses (i.e., businesses with under 250 employees).

The Project is a nonprofit corporation funded by employer participants, and state and United Way grants; it operates at a total annual budget of \$82,000.

Benefit Description: Mascoma Bank commissions two or three on-site workshops a year. Project staff are available to counsel employees on all their available options. The Project is equipped to provide employees with up-to-date information on all child care providers in New Hampshire and Vermont.

Although Mascoma does not provide financial assistance to employees after they locate a child care provider, the bank is currently exploring options to help employees meet their child care costs, and is planning to conduct an in-house survey to better understand the needs of its employees.

Employees are issued brochures detailing the services provided by the Child Care Project during their orientation. In addition, company newsletters frequently mention the availability of the benefit.

Company Costs: The fee is determined according to the number of employees working at each business.

Problems: None.

Advantages: According to Ms. McEwen, participation in the Child Care Project has enabled the Bank to reduce its high rate of employee turnover. Employees have told her that the affordable child care arrangements the R & R has helped to locate have enabled them to continue working.

According to Susan Lloyd, Program Coordinator at the Child Care Project: "An R & R funded by a consortium is a great approach to child care for small businesses that lack abundant financial resources. Many small businesses cannot afford to establish an on-site center, but an R & R consortium allows companies to provide a needed service at a reasonable cost."

Other Benefits: Unpaid parental leave of up to 60 days, which may be applied to the birth or adoption of a child. Mascoma also offers short-term disability up to six weeks; the time period depends upon the employee's medical condition.

Contact:

Mascoma Savings Bank
Sally McEwen, Personnel Director
P.O. Box 435
Lebanon, NH 03766-0435
(603) 448-3650

The R & R may be used by any employee in search of a child care arrangement. Employees consult with a counselor at The Child Care Group to discuss their specific child care needs and financial constraints. Counselors assist parents with the identification of providers who will meet the needs of both parents and children. The R & R typically offers parents the names of three child care providers, from which the parent selects one.

Employees are informed of the R & R service in orientation literature they receive on their first day at work. The benefit is also publicized in the annual company newsletter.

Company Costs: Based on previous experience, Ms. Birchard expects that three to six employees will take advantage of the R & R this year. The service's yearly fee covers counseling for six employees per year. If more than six employees use the R & R, the Chronicle will pay an additional \$275 per employee.

Advantages: The company has received very little feedback from employees about the R & R to date. According to Birchard: "We do, however, feel that it is important to provide a child care benefit to employees."

Problems: Because the benefit is new, the company is waiting to see how many employees take advantage of it. Management is concerned that the service may not be cost effective if only a few employees use it, and is trying to find ways to encourage more employees to do so.

Other Benefits: One month paid leave. On April 1, 1991, a new family leave law went into effect in Washington D.C., requiring that employers provide up to 16 weeks of unpaid leave to all employees to care for a newborn, a newly adopted child, or a seriously ill family member.

Contact:

The Chronicle of Higher Education
 Lisa Birchard, Office Manager
 1255 23rd Street N.W., Suite 700
 Washington, DC 20037
 (202) 466-1029

BEAVERTON-TIGARD INSURANCE AGENCIES
Tigard, Oregon

"We appreciate the work our employees do for us, and we're happy that we can make a benefit available to them that will make a difference in their lives."

Pat Dorr, Vice-President
Beaverton-Tigard Insurance Agencies

<u>ABOUT THE EMPLOYER:</u>	<u>ABOUT THE BENEFIT:</u>
Type of Business: Insurance company, family owned	Year Benefit Began: 1988
Year Established: 1952	No. of Employees Using Benefit: 1
Number of Employees: 7 F/T: N/A P/T: N/A	Employer Costs: Start-Up: negligible Operating, 1990: negligible
Average Age: 20's-30's	
Percent Women: 70%	
Other Benefits: Flexible Leave Arrangements	

Background: In 1988, Pat Dorr, Beaverton-Tigard Vice President, learned about Dependent Care Assistance Plans from a local television show. Within a few months, Beaverton-Tigard had instituted a DCAP for Beaverton employees.

Benefit Description: Beaverton-Tigard pays the employee's child care provider directly. The company deducts payment from the employee's DCAP account.

Advantages: Ms. Dorr believes that: "The DCAP is the only option our business has, considering our small size. The feedback from the employee who uses the DCAP has been positive; the employee is really pleased about the tax break."

Problems: None.

Other Benefits: Although the company has not instituted a formal parental leave policy, leave arrangements are made on a case-by-case basis.

Contact:

Beaverton-Tigard Insurance Agencies
Pat Dorr, Vice President
P.O. Box 23183
Tigard, OR 97223
(503) 620-0230

DEPENDENT CARE ASSISTANCE PLAN (DCAP)

BIGELOW LABS West Boothbay Harbor, Maine

"Although child care benefits are still relatively new, many business leaders have recognized child care as a crucial element to a successful business. Child care will become more and more prevalent as businesses realize the fruitful results it yields."

Vicky Reinecke, Senior Account Assistant
Bigelow Labs

ABOUT THE EMPLOYER:

Type of Business:
Nonprofit oceanographic
research laboratory

Year Established: 1975

Number of Employees: 48

F/T: 47 P/T: 1

Average Age: 30's

Percent Women: 50%

Other Benefits:

No Leave Benefits

ABOUT THE BENEFIT:

Year Benefit Began: 1989

No. of Employees Using Benefit: 8

Employer Costs:

Start-Up: \$1,000

Operating, 1990: negligible; tax
savings of \$1,200 donated to local
preschool

Background: In 1988, four Bigelow employees faced child care concerns -- several had recently given birth, while others had preschool-age children. The four Bigelow employees enrolled their children in the Boothbay Regional Preschool, a local nonprofit facility. It was the Boothbay staff that informed the Bigelow Employees of Dependent Care Assistance Programs (DCAP).

Upon learning of the DCAP option, the employees approached Bigelow management with the idea of establishing such a program to assist with their child care costs. Management acknowledged their need for child care support and was sympathetic to it.

Benefit Description: Employees are informed of the DCAP benefit in January of each year, at which time Bigelow distributes a descriptive pamphlet. Literature on the DCAP is also included in an employee manual distributed at the time of hiring.

Any employee wishing to take advantage of the DCAP benefit must register with the accounting department and must sign a contract

specifying the amount to be deposited into the DCAP. Child care expense claims must be filed by the employee twice a month to the accounting department. Bigelow Labs will then pay the child care provider directly, drawing on the funds in the DCAP account.

Company Costs: The \$1,000 start-up cost was for legal fees to establish the DCAP account and to ensure that the program was in compliance with IRS regulations.

Advantages: According to Vicky Reinecke, Senior Account Assistant, and administrator of the DCAP: "Employees are extremely satisfied with the program. The DCAP has helped to reduce our turnover rate, because it makes child care affordable, and mothers don't have to leave work to care for their children."

The DCAP also saves Bigelow tax dollars. Bigelow saves \$1,200 annually in matching taxes. Money saved in taxes is donated to The Boothbay Regional Preschool. Says Reinecke: "We see it as an added benefit to our employees and a goodwill gesture to the center. The Laboratory determines, on an annual basis, if FICA savings are to be contributed to the Boothbay Regional Preschool. This has been done through 1990."

Problems: None. The fact that all the employees use the same center has made administration of the program particularly easy; payment is made with one check, at the same time employees receive their paychecks.

Other Benefits: Although the company does not have a formal parental leave policy, a parent may use any accrued sick or vacation time towards leave.

Contact:

Bigelow Labs
Vicky Reinecke, Senior Account Assistant
McKown Point
West Boothbay Harbor, ME 04575
(207) 633-2173

DEPENDENT CARE ASSISTANCE PLAN (DCAP)

MONADNOCK WORKSOURCE Peterborough, New Hampshire

"Child care benefits are an excellent way for employers to help their employees meet their family needs. Employer's can't lose if they provide such a benefit."

Luana Davy, Director of Operations
Monadnock Worksource

ABOUT THE EMPLOYER:

Type of Business:
Nonprofit provider of
services to the disabled

Year Established: 1971

Number of Employees: 65

F/T: 59 **P/T:** 6

Age Range: 30-50

Percent Women: 60%

Other Benefits:
Unpaid Leave

ABOUT THE BENEFIT:

Year Benefit Began: 1986

No. of Employees Using Benefit: 3

Employer Costs:

Start-Up: none
Operating, 1990: \$800; administrative
expenses

Background: The Voucher Corporation, a national firm specializing in the administration of vouchers for child care, approached company executives and suggested that they establish a Dependent Care Assistance Plan (DCAP) for their employees. The Voucher Corporation suggested that it would be a good way to extend child care benefits to employees at a minimal expense to the firm.

Benefit Description: At the beginning of each year, employees inform Monadnock of the amount of money, if any, they want placed in their DCAP. The employees who are taking advantage of the DCAP for child care have deposited a combined sum of approximately \$11,500 into their tax-free accounts.

Employees are told about the DCAP at the time of their hiring. Thereafter, they receive annual notices detailing the benefit.

Company Costs: An annual administrative fee of seven percent of the total dollars employees deposit into their account -- an amount that is less than Monadnock would have to pay in FICA taxes -- is paid to the Voucher Corporation, to issue vouchers to

DEPENDENT CARE ASSISTANCE PLAN (DCAP)

employees, who then turn the vouchers over to their child care provider.

Advantages: According to Luana Davy, Director of Operations: "Employees appreciate the tax benefit and the convenience of having their child care payments made for them. We like the program, first, because we don't administer it, and second, because it saves us tax dollars."

Problems: None.

Other Benefits: Up to six weeks of unpaid leave. If an employee requests additional leave time, permission for an extension from the immediate supervisor and the executive director is required. New mothers and fathers may use their accrued sick days toward parental leave. All full-time employees are entitled to 12 paid sick days a year.

Contact:

Monadnock Worksource
Luana Davy, Director of Operations
P.O. Box 28
Peterborough, NH 03458
(603) 924-3326

SHEEHAN, PHINNEY, BASS, AND GREEN
Manchester, New Hampshire

"It is to our advantage and to the advantage of our employees to offer a child care benefit...it [the benefit] helps with all aspects of the firm's ability to do business efficiently and productively."

Harriet Blanc, Personnel Director
Sheehan, Phinney, Bass, and Green

ABOUT THE EMPLOYER:**ABOUT THE BENEFIT:****Type of Business:** Law firm**Year Benefit Began:** 1989**Year Established:** 1930**No. of Employees Using Benefit:** 9**Number of Employees:** 150**No. of Children Served:** 12**F/T:** 148 **P/T:** 2**Average Age:** 35-40**Employer Costs:****Percent Women:** 50%**Start-Up:** N/A**Operating, 1990:** none**Other Benefits:****Paid Leave**

Background: In 1989, a group of local law firms met to discuss the diversity of child care options they could provide to their employees. Members discussed establishing a consortium and founding a child care center. However, according to Sheehan Personnel Director Harriet Blanc: "Rather than become embroiled in the complicated negotiations that would precede the establishment of a consortium, and rather than entangling ourselves in the management of a center, our managing partners decided that the firm would create its own benefit program." The partners ultimately decided to institute a DCAP, in part because administrative costs would be minimal.

Benefit Description: An employee wishing to take advantage of the DCAP must submit to Personnel a written statement from the employee's child care provider, detailing all aspects of the care, including the amount of time the child is in care; the fees the parent pays for the care; and information about the child

DEPENDENT CARE ASSISTANCE PLAN (DCAP)

care provider. The law firm will directly compensate the provider for services rendered.

Employees are informed of the DCAP in an information packet distributed to them at the time they are hired.

Advantages: The primary advantage of the DCAP is that the firm can administer the benefit with ease. There is virtually no cost to provide the benefit, and there are very few administrative problems. Feedback from employees who use the DCAP has been favorable.

Problems: None.

Other Benefits: Up to three months paid parental leave for employees who have been with the firm for five years or more. All other employees receive up to three months unpaid leave.

Contact:

Sheehan, Phinney, Bass and Green
Harriet Blanc, Personnel Director
1000 Elm St.
Manchester, NH 03101
(603) 668-0300

OPTION #5: FLEXIBLE BENEFIT PLAN

A flexible benefit plan allows employees to select from a menu of taxable and nontaxable benefits that suit their individual needs. Most employers offer their workers a core package of benefits that includes basic medical coverage, vacation, sick and personal days, retirement, and life insurance. Employers can also allow their employees to add flexible benefits such as child care, elder care, vision and dental care, to their core benefits.

Single parents, married parents, upper- and lower-income workers, all of whom constitute today's workforce, present an equally diverse array of employee needs. By allowing them to select from among a list of available benefits, employees can create a benefits package tailored to meet their personal and family needs.

Table F. Option # 5: Flexible Benefit Plan

Company Name	Year Benefit Began	No. of Company Employees	Percent of Employees Who Are Female	Percent of Employees Using Benefit	Total Employer Cost, 1990	Other Benefits
Dunning, Forman, Kirrane and Terry	1985	22	60%	23%	\$14 000	paid leave
Lynchburg Hematology-Oncology Center	1990	16	75%	38% 7 children	N/A	no formal leave

DUNNING, FORMAN, KIRrane, & TERRY
Mashpee, Massachusetts

"Child care is very important as it relates to maintaining quality employees in their child-bearing years. It has a positive impact on the morale of those employees who participate in the program because they have an opportunity to interact with their child during the course of the working day."

Kevin Kirrane, Partner
Dunning, Forman, Kirrane, & Terry

ABOUT THE EMPLOYER:**Type of Business:** Law firm**Year Established:** 1973**Number of Employees:** 22**F/T:** 16 **P/T:** 6**Average Age:** 38**Percent Women:** 60%**Other Benefits:**

Paid Leave

ABOUT THE BENEFIT:**Year Benefit Began:** 1985**No. of Employees Using Benefit:** 5**Employer Costs:****Start-Up:** N/A**Operating, 1990:** \$14,000 (\$40/week per employee)

Background: Six years ago, an independent licensed preschool facility, the Mashpee Creative Children's Center, was started with the help of a few partners of the law firm that owned the building which now houses both the firm and the center. Paula Martin, Director of the Center, pays rent to Dunning, Forman et al. on a sliding scale. The firm has incorporated the Center into part of its flexible benefits plan.

"When the need for child care among our staff arose, we had moved from a smaller office space to our present location. The idea was to set up a center right in our building, even if the center ran independently of the firm," said Blaise Stapleton, Office Manager.

Benefit Description: The child care benefit is a subsidy within a flexible benefits plan. All full-time employees, except

partners, are eligible to receive a subsidy of \$40/week towards child care expenses.

Part-time employees can receive a pro-rated subsidy, the amount determined by the hours worked.

Staff, attorneys and partners of the law firm are given priority for space over outsiders. Parents are not required to use the Mashpee Center and may use the subsidy to pay for any child care provider.

Employees are notified of the subsidy upon hiring. Those using the benefit submit a receipt of their child care expenses to the office manager. Employees may be reimbursed directly, or the firm can compensate the provider.

Two partners, although ineligible for the subsidy, have children at the Center.

Advantages: The benefits to both the firm and employees who take advantage of the subsidy have been great. According to Office Manager, Ms. Stapleton: "One of our female employees was planning career changes and considered leaving. Because her child was being cared for at a subsidized rate nearby, she decided to stay at our firm."

Problems: None.

Other Benefits: Parental leave for 12 weeks at half pay. If an employee requires more than 12 weeks leave, arrangements may be made on a case-by-case basis.

Contact:

Dunning, Forman, Kirrane, & Terry
Blaise Stapleton, Office Manager
P.O. Box 560
Mashpee, MA 02649
(508) 477-6500

LYNCHBURG HEMATOLOGY-ONCOLOGY CENTER
Lynchburg, Virginia

"Child care is a very real concern for our employees. A child care benefit is an excellent means by which we can assist our employees and their entire family."

Vicki Ryan, Medical Secretary
Lynchburg Hematology-Oncology Center

ABOUT THE EMPLOYER:

Type of Business:
Private cancer
treatment center

Year Established: 1975

Number of Employees: 16

F/T: 8 **P/T:** 8

Average Age: late 20's

Percent Women: 75%

Other Benefits:
No Formal Leave Benefits

ABOUT THE BENEFIT:

Year Benefit Began: 1990

No. of Employees Using Benefit: 6

No. of Children Served: 7

Employer Costs:
Start-Up: N/A
Operating, 1990: N/A

Background: In 1990, the company decided to offer its employees a new benefit package structured to allow each employee to select the benefits that would best serve individual and family needs. Because women constitute such a large percentage of Lynchburg's workforce, the company decided to include a child care benefit option in their benefits menu.

Benefit Description: Employees are allocated a set amount of money each year (a lesser amount is granted to part-time employees) which may be used to cover benefits of their choice. Employees are given a listing of their benefit options when they are hired and are urged to consider them carefully. An employee who has no children, for example, may choose to place his/her allotted money into a health insurance fund. Conversely, a parent who incurs significant child care expenses and who is covered through a spouse's employer for health insurance, may choose to place all her benefit allotment into the child care reimbursement.

Lynchburg offers employees who choose child care a direct subsidy to cover child care costs. Once the employee has opted for the child care reimbursement, he or she must supply the company with a receipt from the child care provider. Reimbursement follows soon thereafter.

Company Costs: Although the company subsidizes care for children of all ages, the benefit is used most often for children under 12 years. When a parent decides to terminate the child care benefit, the money previously used for that purpose is transferred to another option.

Because the program is new, no cost/benefit analysis has been conducted, nor have costs for the past year been calculated.

Advantages: According to Vicky Ryan, Lynchburg's Medical Secretary: "There has definitely been a friendlier atmosphere in the center since the introduction of the new benefits package. The fact that benefit options can be tailored to an individual's needs is a huge advantage and was welcomed by our employees."

Problems: None.

Other Benefits: In addition to a range of benefits offered under the flexible benefits plan, parental leave is granted to employees who have accumulated personal days. Sick or emergency child care leave is granted to employees who decide to use their sick days to care for their child.

Contact:
Lynchburg Hematology-Oncology Center
Vicki Ryan, Medical Secretary
1937 Thomson Drive
Lynchburg, VA 24501
(804) 947-5925

CONCLUSION

More and more employers of all sizes are realizing the value of offering a child care benefit. Despite the seemingly high expenditures associated with such policies, these employers contend that the gains outweigh the costs. Employers cite the fact that their child care options have been instrumental in reducing recruitment costs through lower staff turnover; in improving employee productivity, commitment and morale; and in enhancing their firm's image as one that is sensitive to the needs of its employees. Although the national child care crisis cannot be solved solely by employers who provide benefits to their own workers, large and small employers alike can help to address the problem. By instituting child care policies, employers have the opportunity to improve significantly the lives of their employees while at the same time reaping important benefits.

APPENDIX I: CCAC NATIONAL ADVISORY PANEL

While the opinions and analysis contained herein are those of CCAC, the following CCAC National Advisory Panel members were especially helpful in our research:

Barbara Adolf
Buck Consultants
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Darrell D. Akins
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People Karch International Co., Ltd
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St. Paul, MN

Nick Theodore
Lieutenant Governor
Columbia, SC

Donald Thompson
Coalition for Children
Albuquerque, NM

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Save the Children
Child Care Support Center
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Task Force on Corporate Child Care
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Division of Youth and Family Services
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APPENDIX II: NATIONAL RESOURCES

For additional information on child care regulations, state and federal funding opportunities, employer-sponsored child care programs, and what makes for quality child care, call or write:

Child Care Action Campaign
330 7th Avenue, 17th floor
New York, New York 10001
phone: (212) 239-0138
fax: (212) 268-6515

Children's Defense Fund
122 C Street, N.W.
Washington, D.C. 20001
phone: (202) 628-8787

Families and Work Institute
330 7th Avenue, 14th floor
New York, New York 10001
phone: (212) 465-2044

**National Association of Child Care
Resource and Referral Agencies (NACCRRA)**
2116 Campus Drive, S.E.
Rochester, Minnesota 55904
phone: (507) 287-2020

**National Association for the Education
of Young Children (NAEYC)**
1834 Connecticut Avenue, N.W.
Washington, D.C. 20009
phone: (202) 232-8777

Work/Family Directions
930 Commonwealth Avenue, South
Boston, MA 02215-1212
phone: (617) 278-4000

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