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At the White House Conference on Child Care in October 1997, President Clinton and First Lady Hillary Rodham Clinton ~~highlighted the importance of child care both for economic reasons and for the social well-being of future generations.~~ At that conference, the President also asked me to bring together a group of business and labor leaders to look at child care problems facing working parents, and to identify best practices in the private sector and in public-private partnerships. The following report is the result of the group's work.

called together child care experts, advocates, economists, business leaders and parents to highlight an issue that has tremendous importance for America's working families of the economy.

to examine business investment in child care,

Over the last 30 years, the composition of the labor force has changed significantly. Today, there are 20 million families with either a single working parent or two working parents using child care. For too many of these families, quality child care is either unavailable or unaffordable. Addressing this issue should be a high priority of business, as well as government, for the benefit of business, workers and the economy.

There, we learn that child care is too often of poor quality, too often a

In this report, we identified and provided examples of a variety of ways that businesses can promote access to child care for their employees. In addition to providing on-site care, employers can also contribute to the cost of off-site care, help provide access to resource and referral networks, participate in public-private partnerships, and provide greater flexibility for working parents.

significant financial burden on families, and too often inaccessible

This report helps confirm a belief I have taken from my experience in the private sector: it makes good business sense to create a work environment that supports the needs of each individual, such as by providing access to child care. It not only benefits the individual, but it also benefits the company by enabling them to attract and retain the best people. With the changing nature of the workforce and a growing economy, this is more important to individual businesses now than ever before. And child care is also critically important to all businesses and our economy because today's children are tomorrow's workers.

The report carries an important lesson: investments in child care can pay off in real dividends for employers and employees. I encourage businesses to draw lessons from the best practices presented here to help determine what best meets their needs going forward. By identifying and publicizing programs such as the ones contained in this report, we hope to replicate these successes around the country in large and small businesses.

Thirty years ago, it would have seemed unusual for the Secretary of the Treasury to address the issue of child care. Today, however, I am convinced that addressing this issue is critical not only to the lives of the working parents and children involved, but to business, and the well-being of our economy as we enter a new century.

Robert E. Rubin

INTRODUCTION

Child care affects many employees and almost all employers. In 1996, 51 million Americans were working parents (children under 18), representing 38 percent of the labor force, and there were more than 10 million mothers and 12 million fathers of preschool children (younger than 6) in the labor force.¹ Of the ten million preschoolers of employed mothers, more than half were cared for by someone from outside the family.² There are also 24 million school-age children in need of care during out-of-school time.³ In some families both parents choose to work, in others it is a financial necessity, and in many single-parent families work is the only option. In all of these cases, however, parents need access to child care.

Working mothers and fathers face challenges in their dual roles as parents and employees. They are concerned about the affection, education, and stimulation their infants, toddlers and preschoolers are receiving. They are concerned about the financial burden of child care. They are concerned about what they will do if their regular child care provider is unable to care for their child, and about their school-age children before and after school and during school vacations. They are concerned about how the demands of child care affect their performance and productivity on the job.

problems and worries about

This report, *Investing in Child Care*, discusses what businesses can do to promote their employees' access to affordable, high quality child care. Although this report focusses on employers, parents are rightfully responsible for ensuring that their children receive high quality child care. If both parents work, they must research available options, select the type of care (center, family day care, etc.) their children receive, and pay for the care. Parents select the child care provider, and must do so taking into account factors such as the particular needs of their children; the provider's qualifications, experience, and interaction with the children; the environment in which the children receive care; convenience (including location and hours); and affordability.

or single parents

provide child care assistance to

Federal, state, and local governments, and labor unions also help working parents with affordable, high quality child care. Through both the tax code and a block-grant program for low-income families, the Federal government provides financial assistance to working families for child care, particularly those for whom the cost of care is a financial burden. The Earned Income Tax Credit and the recently enacted child tax credit also provide financial support to working families with children, though not directly for child care purposes. Federal, state, and local governments also promote efforts to improve the quality of care, through measures such as licensing, regulation of child care centers, and provider education.

significant

to low-income families,

Employee representatives, such as labor unions, can also play an important role in helping parents find affordable, quality care. Through collective bargaining, employers and employees have taken steps to address child care issues and improve worker satisfaction and productivity. Benefits that have been negotiated include child care subsidies for workers, time off for sick children, paid family leave, and resource and referral programs. In an informal survey of six major unions, the Labor Project for Working Families found more than 1.6 million workers covered by some type of child care benefits through their union contract.⁴

Employees have found that child care significantly impacts their businesses.

~~Child care is also an important issue for employers.~~ Lack of access to affordable, quality child care may make it difficult for businesses to hire qualified employees. Productive and valued employees may leave because of child care problems, increasing hiring and training costs. Employees may be forced to take time off because of child care problems, or spend time at work handling child care concerns. All of these factors can reduce productivity and profits. Many business recognize this, and support child care programs. But a recent study found that *only 1 percent of revenues* for child care and early education came from the private sector.⁵

Businesses can play a very important role in helping their employees find and use quality child ^{care}. There are a number of reasons employers may find it beneficial to support child care: to improve employee morale, to reduce turnover or absenteeism, to increase productivity, or as part of efforts to benefit their community. *Many companies have found that investment in child care benefits the bottom line.*

A recent survey of over 1,100 companies, conducted by Families and Work Institute, reinforces this point. This survey is the first to use a randomly selected sample of businesses to study the effects of family friendly policies on the bottom line.

- Employers who have conducted formal evaluations of child care programs find substantial benefits. More than half of those surveyed find that the benefits from child care programs are greater than costs, and another fifth report that the programs are cost-neutral.
- There are similar findings for programs that allow for flexible work schedules: of those companies that have done formal evaluations of the programs, one-third find that benefits exceed costs, and another one-third report that the programs are cost-neutral.
- For family leave policies subject to formal evaluations, almost one-half of employers find that the benefits outweigh the costs, and another fifth find that the programs are cost-neutral.

Many employers may view child care as a single issue--care for young children, with one solution--an on-site child care center. However, the issue is much more complex. Many parents choose other types of child care arrangements such as relative care or family day care; fewer than 30 percent of preschool children of employed mothers are cared for in formal settings, such as centers or nursery schools.⁶ Parents may also face other child care issues, such as after-school care for older children or the need for backup care. This report looks at a number of areas where employers can help their employees with child care, including:

- resource and referral programs;
- flexibility for working parents;
- public-private partnerships;

- corporate partnerships;
- on-site child care;
- off-site care;
- backup/sick child care; and
- out-of-school care.

It is important to note that child care is not only an issue for large employers. Small and medium-sized businesses can also take steps to improve employee access to quality child care. A business with only a few employees can face serious consequences if a vital worker is forced to leave because of a child care problem. Although some of the solutions to child care concerns discussed in this report will make sense primarily for larger employers, others will also apply to small and medium-sized firms.

Employers should also be concerned about child care because today's children are tomorrow's workers and consumers. Our changing economy requires a flexible, educated workforce. President Clinton's 1997 conference on early child development and learning highlighted the importance of brain development in early childhood. The President's child care conference in October 1997 emphasized the need that our youngest children receive the type of child care that prepares them for school and beyond. For some children, the majority of this care will come from their parents. For others, however, this care will come from a combination of parents and other caregivers. Quality child care is important if these children are to reach their full potential.

Section 1 of the report discusses the concerns facing workers as they balance their roles as parents and employees. Section 2 will discuss the economics of child care. Section 3 features results from the Families and Work Institute survey of 1,100 on child care practices, and how these practices have affected the bottom line; this survey is the first to take a comprehensive look at what employers are doing to promote access to child care, and how they benefit from these programs. This section also offers best practices in different child care areas. Section 4 offers suggestions on how employers who are interested in offering child care programs can proceed. There is also a listing of child care resources.

This report is not an exhaustive list of what companies can do to promote employee access to child care. It is, instead, a starting point for employers interested in learning about how they can benefit both their company and their employees through investment in child care.

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The importance of child care that enhances growth and prepares children to learn. It also stressed the urgent need for after-school opportunities for young people.
businesses

The needs of their children, child care cost and quality,

PROBLEMS FACING WORKING PARENTS

The 51 million employees who are also parents must make a number of important decisions about child care. Working parents of young children must decide what type of child care to use (i.e., family child care or a center), and then must select a specific provider. This decision depends on factors such as ~~price, the quality of care,~~ and the convenience offered. Parents must also make decisions about what to do if their regular provider is unavailable or if their child is sick. Parents of school-age children must find care during out-of-school time, or leave their children at home alone ("latch-key kids"). For many parents these are difficult choices, and sometimes they must make tradeoffs between different attributes of care, such as price and quality. This can make child care a source of concern for working parents. A 1992 study found that workers with children exhibited higher levels of stress than workers without children, and child care responsibilities appear to be one of the causes.⁸

I. Financial Concerns

Child care is a serious financial burden for many families. In 1993, for families that paid for care for their preschoolers, child care averaged \$79 a week per family, or about \$4000 annually, and represented about 7.5 percent of income. Costs are higher for younger children (particularly infants), for in-home baby sitters and child care centers, and in metropolitan areas. Child care costs have increased more than 20 percent since 1986, even after adjusting for inflation (Chart 1).⁹ Care for older children in after-school programs is somewhat less expensive, averaging about \$1000 during the school year.¹⁰

The cost of child care is a particular burden for low-income families (Chart 2). Child care costs are less than 6 percent of income for families with annual incomes of \$54,000 or more, but for the poorest families, those with incomes of \$14,400 or less, child care costs are more than one-quarter of income.¹¹ These high child care costs for low-income workers can represent a substantial impediment to work. And although there are programs in place to help low-income working families with child care, a recent study finds that many parents are not aware of them.¹²

II. Quality Concerns

Experiences during the first three years of childhood, including child care, can dramatically affect the rest of life. A growing body of research verifies that investments in young children nurture a child's physical and emotional development and that these investments can have positive returns for families, government and society.¹³

Quality is an important issue to parents and child care providers. "Quality" in child care encompasses many different components, such as health and safety, education, and provider-child interaction. Some attributes of quality, such as staff-child ratio and provider education, are relatively easy to measure. Other components of quality, such as the interaction between caregiver and child and the education component of care, have been less easy to quantify. However, researchers have increasingly become able to both define and measure these components of quality care. Interestingly, researchers' definitions of quality match what parents

value and desire in the care for their children.

The primary component of quality is the relationship between the child and the child care provider, particularly that this relationship be warm and responsible. Parents want a provider who cares about their child gives their child attention, ensures the child's safety, and communicates with the parents about what is going on.¹⁴

Studies have found that a number of factors make it more likely that the provider is warm and responsive. These include:

- a small number of children per adult (child to staff ratio);
- a small group size;
- a provider who has more education and training; and
- a low level of staff turnover.¹⁵

Three cross-national studies have found that child care quality is uneven in the United States. Between 12 and 14 percent of children are in arrangements that promote their growth and learning; another 12 to 21 percent are in arrangements that are potentially harmful. The remainder of children are in care that is of mediocre quality--the children are safe, but there is little learning. More than one-third of infants and toddlers are in care that is potentially harmful.

Several recent studies have shown that it is possible to improve quality in ways that can affect children's development. For example, a recent study in Florida has shown that lowering child to staff ratios and increasing teachers' educational requirements has improved children's cognitive, social, and emotional development.¹⁶

One area that is of particular concern is the child care labor market. According to the Center for the Child Care Workforce, the median hourly earnings of child care workers in 1996 was only about \$6, and about \$8 for preschool teachers. Earnings for family child care provider appear to be even lower.¹⁷ Perhaps because of these low wages, turnover is also very high; about one-third of child care workers leave their jobs every year.¹⁸ There is also evidence that child care workers receive little return to training and education, reducing the incentive to improve their skills.¹⁹ Together, all of these factors suggest that the labor market for child care workers can be an impediment to ensuring that children receive quality care.

Improved provider education and training and reduced turnover are direct ways to improve the quality of child care. As noted previously, however, the price of care is a financial burden for many families. Therefore, parents who would like to purchase quality care may be unable to afford it. An indirect, but equally important way, to improve the quality of care children receive is to give parents the financial ability to purchase the type of care that best suits their needs. Programs to make care more affordable will permit parents to purchase higher quality care.

Quality concerns for school-age care focus more on learning and actively engaging children in enrichment activities. Quality after-school programs can boost learning and achievement for children; poor programs can actually be detrimental.

III. Other Concerns

Parents are also concerned about providing backup care, when their regular provider is unavailable or their child is sick. Parents may also need to make alternative child care arrangements for older children before or after school or when schools are closed. A 1997 study found that more than 1 in 4 employed parents with children under the age of 13 had experienced a problem with their usual child care arrangement in the previous three months.

Employed parents with children under age 13 miss an average of 2.4 days of work annually because of child-related reasons, including child care breakdowns and sick children.²⁰

Parents may also be unaware of how to obtain child care in their area. Often information on providers is not readily available, and finding child care can be time-consuming. Parents may also be unsure about what qualities to look for in selecting a provider and how to measure the quality of care that their children receive.

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THE ECONOMICS OF CHILD CARE

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Child care is a significant economic issue for a number of reasons, including labor force trends, particularly the dramatic increase in the number of working women; the effects of child care costs on labor supply; and the effects of child care on employee productivity. Because of this, employers are recognizing the benefits of child care assistance for their workers.

II. I. Labor Force Trends

Labor force participation rates have increased dramatically for mothers over the past 50 years (Chart 3). In 1947 just over one-quarter of all mothers with children between 6 and 17 years of age were in the labor force, but by 1996 their labor force participation rate had tripled. The increase in the labor force participation of mothers with younger children is similarly dramatic. In 1996 more than half of all mothers whose youngest child was less than 3 years of age were labor force participants, versus only about one-fifth of such mothers in 1965.²¹

The labor force participation rate of women is expected to continue to rise in the future; by 2005, 6 of 10 women will be in the labor force. *Women are expected to comprise more than 60 percent of new labor force entrants between 1994 and 2005.* The Bureau of Labor Statistics (BLS) projects that female labor force participation of women will grow at double the rate for men from 1994 to 2005.²² In particular, women of childbearing age (15-44) are an increasing share of the labor force; they are now 3 in 10 workers, up from 2 in 10 in 1961.²³

The increase in the proportion of families with children headed by single women has also expanded families' child care needs (Chart 4). In 1995, 27 percent of families with children were headed by a single mother, up from fewer than 10 percent in 1960.²⁴ Many of these mothers require some form of child care while they are working to support their families, and this trend will continue with the implementation of welfare reform. A recent study from the National Conference of State Legislatures has found that lack of access to child care can be a serious impediment to work for single parents leaving welfare.

III. II. Child Care Costs

There is a substantial literature in economics that has studied the effects of child care costs on labor supply. Although the studies use different statistical techniques and data sets, nearly all find that *reducing child care costs allows parents who want to work to enter the labor force.* These studies find that a 10 percent reduction in the price of care increases the probability that a married mother will work by 2 to 8 percent. These studies find little effect of child care costs on the number of hours worked, however, given that the mother is already in the labor force.

Parents choose from a variety of types of child care, including paid and unpaid care (such as from a relative). Studies find that in areas with lower prices of care, working mothers are more likely to use paid care. Substitution of paid for unpaid care is particularly likely to occur as the price of paid care decreases because parents tend to be more dissatisfied with unpaid care than paid care.²⁵

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IV. Impact on Employee Behavior

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While ~~It is sometimes difficult to quantify the effect of child care programs on employee productivity.~~ *are hard to come by, surveys and other measures*
Some companies have not conducted evaluations of the programs; other evaluations are based on informal employee surveys, and only a small percentage of employees may respond, or the outcomes measured, like increased morale and job satisfaction, are difficult to translate into concrete benefits to the firm. Also, child care programs are highly individualized and results that apply to one firm may not apply to others.

~~However, given these caveats,~~ many companies have discovered significant gains from child care programs. According to a 1995 Conference Board survey, human resource professionals surveyed believe that there are substantial benefits from offering child care services:

suggest that investment can benefit the bottom line by improving employee productivity.

- 62 percent of respondents reported higher morale;
- 54 percent reported reduced absenteeism;
- 52 percent reported increased productivity; and
- 37 percent reported lower turnover.26

Other studies and reports have also pointed out the bottom line benefits of programs to assist working parents.

- Lexis-Nexis reduced operating expenses by more than 45 percent through a telecommuting program and a flexible work environment. Savings came from higher productivity, fewer facilities, greater geographical hiring pools, hiring of people with disabilities, and better use of technology.
- First Tennessee Bank reports reduced turnover costs of more than \$1 million annually from family friendly programs, including more flexible scheduling.
- Johnson & Johnson reports savings of more than \$4 for every \$1 invested in its work-life programs, including child care resource and referral information.
- Lancaster Laboratories has a turnover rate one-half the industry average, in part due to an on-site child care center.

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BEST PRACTICES AND NEW FINDINGS

There are a number of options available for companies that are interested in promoting employee access to affordable, high quality child care. While some, such as on-site care or after-school programs, represent a substantial investment, others have much smaller costs. In particular, employers can form partnerships with resource and referral agencies to provide employees with an excellent starting point for information on child care programs. This section briefly discusses some types of child care initiatives companies have undertaken, and provide specific examples. It will also offer examples of small and medium-sized businesses that have discovered benefits from investing in child care programs.

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NEW FINDINGS

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This section also contains results from a recent survey of businesses on support for programs to assist working parents. Earlier this year, the Families and Work Institute conducted a survey of 1,109 randomly selected employers.²⁷ The survey was of firms with 100 or more employees, and looked at family friendly policies, including child care, flexible work schedules, and leave for new parents. The interviewers spoke with human resource officials responsible for work-family programs. This survey is the first to use a randomly selected sample of businesses to study the effect of family friendly policies on the bottom line.

The firms surveyed represent a wide variety of sizes and industries (Charts 5 and 6). Many of the firms are small and medium-sized; one-fifth had fewer than 1,000 employees.²⁸ About half of the employees of the firms interviewed are female, slightly more than half are hourly employees, and about 15 percent are unionized. Among those companies with union employees, 13 percent of the child care programs were negotiated through collective bargaining.

According to the survey, employers offer a number of different reasons for investing in family friendly policies. The most common reasons given are:

- to retain employees in general (19 percent);
- to help employees balance work and family life (10 percent); and
- to improve employee morale (9 percent).

Other reasons employers institute work family programs are in response to employee requests, to increase productivity, to help retain highly skilled employees, and because it is the right thing to do.

When asked the main business obstacle in implementing these programs, almost one-third cite cost; the second-most common obstacle is administrative hassles (11 percent). Other business obstacles are competitive pressures, difficulty in supervising workers, and a belief that the programs are not cost-effective.

The Families and Work Institute survey found substantial benefits for companies that invest in child care programs.²⁹ Only one in ten companies have conducted formal evaluations of their

Q: Where companies asked about the effect of these practices, i.e. on worker productivity?

programs:

- However, of those firms that have conducted formal evaluations, more than half (56 percent) find that benefits from the programs are greater than costs, and another fifth report that the programs are cost-neutral.
- For companies that have not formally evaluated their child care programs, one-third of the human resource professionals believe that the benefits of the programs exceed costs, and another one-third believe that the programs are cost-neutral.

I Resource and Referral Programs

Child care resource and referral programs (CCR&Rs) provide information to parents about child care, including information about local providers, the elements of high quality care, and how to select a child care provider. The exact functions of a CCR&R agency vary, but in addition to providing parent education, many agencies provide community planning, recruit and train providers, and maintain a database of child care services. In 1994 CCR&Rs helped 1.5 million families find child care.³⁰

In addition, CCR&Rs help employers implement and evaluate family-friendly workplace policies, particularly support for child care. With their child care expertise and knowledge of community needs, CCR&Rs serve as a valuable resource to employers who are working to support child care. Employers and CCR&Rs cooperate in four main areas:

- **Consumer Assistance.** Corporations contract with CCR&Rs to provide consultation and referral services as a benefit for their employees.
- **Resource Development.** Employers work with CCR&Rs to increase the supply of child care in the community that meets the specific needs of the workforce. For example, CCR&Rs funded by Levi Strauss in Fayetteville, Arkansas work to increase the supply of infant care for Spanish-speaking families.
- **Quality Improvement.** CCR&Rs are involved with major national initiatives, such as the American Business Collaboration (ABC) for Quality Dependent Care, where they facilitate training in more than 75 percent of communities involved. CCR&Rs also work with local efforts to improve care, such as Corporate Hands, a Houston employer collaboration, and a consortium of public and private employers in Auburn and Opelika, Alabama.
- **Data.** CCR&R data on the supply of care, identified gaps, and assessment of needs provide valuable tools for businesses both as employers and local corporate citizens.

Some CCR&Rs are community-based; these are generally non-profit organizations that provide services in a particular community. There are approximately 500 community-based CCR&Rs nationwide, and many are part of statewide networks.³¹ A list of state resource and referral networks is included in the Resources section of this report. Other CCR&Rs offer services

nationwide to various companies under contract, and are often for-profit companies.³²

The Families and Work Institute survey finds that child care resource and referral is a very popular benefit offered to employees. More than half (55 percent) of the businesses offer access to information to help employees locate child care in their community. However, employee access to child care resource and referral depends on the size of the employer. The largest companies are more than twice as likely to offer access to information on locating child care services as the smallest companies.

ChildNet, State of Iowa

Through the statewide Child Care Resource and Referral system, Iowa has greatly expanded business and private sector involvement in meeting child care needs. ChildNet, a cooperative partnership between businesses and community-based child care resource and referral agencies, helps expand the supply of child care while providing comprehensive child care options to employers to help address absenteeism, productivity, and retention of employees. More than 40 employers support ChildNet, providing enhanced services to nearly 20,000 employees.

Johnson & Johnson

Johnson & Johnson offers child care consultation and referral through its LifeWorks program. LifeWorks helps Johnson & Johnson employees with finding and recognizing quality child care (including backup care), finding appropriate care for school-age children after school, planning for maternity/paternity leave and return, and adoption. LifeWorks is managed by WFD (formerly Work/Family Directions), a national consulting firm.

Overall, a WFD evaluation found that Johnson & Johnson saved more than \$4 in increased productivity for every \$1 invested in the LifeWorks program.

LifeWorks also includes an elder care referral service and educational components, but more than half of all LifeWorks consultations, referrals, and requests for educational materials are for child care-related issues. About one-fifth of J&J employees used LifeWorks in 1997, and 60 percent of participants said the program strengthened their commitment to the company. The program is also used by a broad section of employees: almost one-quarter had household incomes of less than \$50,000.

An evaluation of the LifeWorks program found benefits to both Johnson & Johnson and its employees who used the program:

- Employees saved, on average, 14 hours each time they used the service;
- More than one-half of the employees who used LifeWorks said it helped them be more productive at work with higher quality;
- One-quarter reported that there were fewer days when they arrived late or left early; and

- Another quarter percent reported that they took fewer days off.

II. Workplace Flexibilities

One way employers can help their employees with child care concerns is through flexible workplace policies. There are many ways in which businesses can make their workplace more flexible for working parents.

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- **Flex Time.** Flex time lets workers set their arrival and departure times, within specified time periods. For example, a father who wants to be home when his children return from school could agree to come in earlier in the morning and leave in time to meet his kids.
- **Compressed Work Schedule.** With a compressed work schedule, a normal work week is compressed into fewer than five full days.
- **Telecommuting.** Some parents whose job does not require them to be physically in an office can work from home. In most cases, someone else must still care for the child in most instances, but the parent can spend breaks with the child and deal with child care problems much more easily and efficiently.
- **Job Sharing.** Parents who want to continue to work but spend more time with their child can share jobs. For example, instead of one full-time worker, two workers can each work 3 days a week.
- **Parental Leave.** Firms may not want to lose valuable workers who would otherwise leave their job to stay at home with their child. One solution is extended maternity or paternity leave. Parents can stay at home for an agreed upon time, then return to the same (or comparable) job. The leave can be either paid or unpaid. The firm is able to retain the worker, and the worker does not need to start over in a new job.³³

The Families and Work Institute survey found substantial support for employee flexibility in work scheduling.

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- Almost three-quarters of firms allow workers to periodically change starting and quitting times, and about one-quarter allow workers to change starting and quitting times on a daily basis.
- Sixty percent of firms allow workers to move between full-time and part-time work, while remaining at the same position (or level).
- Almost one-half of the employers let employees share jobs, and more than 45 percent allow workers to compress their workweek by working longer hours on fewer days.
- More than two-thirds of employers allow employees to work at home occasionally, and almost one-half allow employees to work at home on a regular basis.

- More than three-quarters of employers allow new parents to return to work gradually after childbirth or adoption.

The size of the company makes little difference in whether employees have flexibility in scheduling work. The only areas where there are sizeable differences by firm size are in job sharing and compressed workweeks, where the largest firms are about 50 percent more likely to offer these options than the smallest.

Only 14 percent of employers who use flexible scheduling options have formally evaluated their programs.

- Of those companies that have done formal evaluations, one-third find that benefits exceed costs, and another one-third that the programs are cost-neutral.
- Of those companies that have not formally evaluated their programs, almost one-half of human resources officials personally believe that flexible scheduling programs provide benefits greater than costs, and another 29 percent believe they are cost-neutral.

Many of the companies surveyed also offer more [?]leave for new parents than required under the Family and Medical Leave Act. New mothers usually receive pay after giving birth, often as part of a temporary disability benefit. However, only one in ten new fathers have access to paid leave.

Less than one-tenth of employers ^{in the survey} have conducted a quantitative evaluation of leave programs.

- Of those companies that have, almost one-half (48 percent) find that the benefits outweigh the costs. Another 19 percent find that the programs are cost-neutral.
- Of those companies that have not conducted formal evaluations, 45 percent of human resource officials surveyed believe that the benefits of family leave programs outweigh the costs; another third believe that the programs are cost-neutral.

Salomon Smith Barney

Salomon Smith Barney offers employees a choice of alternative work arrangements, including flextime, job sharing, and telecommuting. The purpose is to retain well-performing employees by helping them balance work and personal life.

Salomon Smith Barney views these alternate arrangements as a privilege and not a right. Employees must have at least one year of service and a strong performance record. The worker requests the alternative work arrangement in writing from his or her manager, who evaluates the request, taking into account the cost of the alternate arrangement and schedule coordination. The manager also makes sure that alternate work arrangements are used consistently and fairly. If the manager approves the request, he or she notifies the Benefits Committee, which ensures that all the necessary issues have been addressed and any necessary human resource changes are made.

All alternate work arrangements are reassessed after implementation to evaluate their effectiveness.

Because Salomon Smith Barney wants to give managers flexibility in approving alternate work arrangements, the company does not keep track of the number of people using the program. However, informal evaluations have found the program very useful in retaining valuable employees and helping workers meet their obligations to both their families and the firm.

FirstBank of Colorado

FirstBank of Colorado established its reduced hours program in 1989 to provide workers the flexibility to both maintain a career and raise a family. Staff-level employees have always been able to work part-time, but the bank also has a program for officers. These officers must have a minimum of three years of service, be the primary caregiver of a child under age seven, and be able to work at least 28 hours a week. The participating office and the bank president agree on job responsibilities and work schedule. Arrangements are reviewed annually to ensure the arrangement is mutually beneficial to both the employee and the bank.

III. Public-Private Partnerships

Businesses across the country often join with the public sector to support child care. Through these partnerships, at both state and local levels, companies improve child care not only for their own employees, but for children and families in the broader communities as well. Such initiatives promote the quality, affordability, and availability of child care for all families, including low-income working families. Government, resource and referral, and community agencies have the skills, expertise, and information needed to identify problems and avoid unnecessary duplication.

Public-private partnerships not only help children and their families, but also benefit the business community. The private sector can invest resources that increase the supply and improve the quality of child care services, provide advice to the child care community about the tax code, management practices, marketing, human resource policies, and other issues; and examine child care needs and recommend improvements from a business perspective. By supporting child care, the private sector can reduce absenteeism, increase productivity, and make it easier to attract and retain employees. In the long-run, the businesses improve the education and development of children who will be potential employees in the future.

Types of public-private partnerships include:

- **Child Care Investment Fund.** Companies contribute resources to a fund which can be used to address a range of issues, including affordability and quality.
- **Loans to Child Care Providers.** A multi-bank community development fund can provide loans and business assistance to child care providers. States and communities have worked with both child care providers and financial institutions to encourage loans to

child care programs in accordance with the Community Reinvestment Act, which requires banks and savings institutions to address the credit needs of their communities.

- **Child Care Business Commission.** A commission of business and child care leaders can increase business support for child care and implement specific policy recommendations.
- **Model Planning and Zoning Programs.** Communities can remove planning and zoning obstacles in establishing child care facilities. They can also provide incentives to increase support for child care among real estate planners and developers.

More than one-half of the companies surveyed by the Families and Work Institute survey report that they are involved in child care partnerships with state or local governments, and 16 percent offer financial support for local child care through a fund or corporate contributions.

State of Colorado

Governor Roy Romer appointed corporate leaders to the Colorado Business Commission on Child Care Financing in May 1995 to examine child care from a business perspective and propose methods to help finance high quality, affordable, and accessible child care. The Commission met with other business representatives, child care providers, child development experts, and state and local leaders to develop a long-range funding plan for early childhood education. The Commission's recommendations led to the passage of several legislative initiatives, including a child care check-off box on the state income tax form, an increased commitment to child care, and an ongoing Commission to work toward implementation of the reforms suggested in the Commission's report. Other Commission recommendations included starting a multi-bank community development corporation to provide loans and other financial assistance to child care providers, and establishing a model planning and zoning program to increase the supply of child care.

The Commission, together with Bright Beginnings (a non-governmental private-public partnership designed to improve the lives of children from birth to age three), released a 45 page report on family friendly policies, listing the benefits of such policies and concrete steps businesses can take to implement these policies. The report also provides a work and family needs assessment survey and a list of resources that Colorado businesses can use in implementing family friendly policies.

State of Florida

In 1996 Florida passed legislation aimed at encouraging public-private partnerships to provide child care benefits. In fiscal year 1997-98 the state legislature allocated \$4 million for the program, and more than \$3 million has been raised from businesses so far. Communities wishing to participate must establish a local task force, with a majority of members representing employers, but parents must also play a role. The task force is responsible for developing a plan of action. Participating communities commit to matching state funds on a dollar-for-dollar basis with local matching funds from employers, local governments, and charitable foundations.

Employers may participate by contributing funds to cover a portion of child care costs for their own low-income employees eligible for subsidized child care. Alternatively, employers, foundations, and local governments can contribute to a general Child Care Purchasing Pool that serves children from low-income families in the community. In either case, the state contributes a dollar-for-dollar match, and parents pay a sliding scale fee.

At the state level, Governor Lawton Chiles appointed a Child Care Executive Committee, comprised of business leaders, to increase the involvement of private industry in the subsidized child care system. The Committee also assists in the development of child care policy and provides an annual report to the governor and state legislature.

State of North Carolina

North Carolina's Smart Start initiative aims to provide every child with access to quality and affordable child care, health care, and other support services. In each participating county, public and private sector leaders join together to develop a plan that assesses community needs, develops a shared vision, and provides for joint funding of needed early childhood services, including child care.

Under state law, the North Carolina Partnership for Children and the local partnerships are required to match 10 percent of the state appropriation (no more than half of the match can be in-kind contributions). In 1996 the total state allocation was about \$70 million. That same year the North Carolina Partnership for Children received almost \$10 million in contributions, and local partnerships received an additional \$5 million in financial and in-kind contributions.

Through a competitive grant application process, interested counties submit plans for approval to the North Carolina Partnership for Children--a nonprofit organization which oversees and provides guidance to local Smart Start partnerships. Once its plan is approved, each county partnership provides an array of Smart Start services. About 30 percent of funds are used to assist families in purchasing child care. Subsidies may be paid for care in any legally operating child care center or family child care home which parents choose. Communities also work to increase the availability of child care spaces; improve the quality of child care; promote the inclusion of children with disabilities; and provide education and support for child care teachers.

IV. Corporate Partnerships

Another way that businesses work together to promote child care is through corporate partnerships. For example, a number of businesses could jointly fund a child care center. Alternatively, businesses can lead community efforts to improve the quality of care and train providers.

American Business Collaboration for Quality Dependent Care and Work Family Directions

Through the American Business Collaboration for Quality Dependent Care (ABC), some 156 businesses (including 22 of the nation's largest corporations), governmental entities, and

Did Ted Childs send in revision/edits?
Alan G. Ford me

not-for-profit organizations have invested more than \$27 million in 45 communities in 25 states and the District of Columbia. They have supported 355 dependent care projects used by more than 277,000 individuals, including dependents of employees and community residents. WFD manages the funding resources of the Collaboration and provides technical assistance to support many different kinds of activities. ABC is committed to investing \$100 million in targeted communities over the next six years.

More than 100 projects are already underway; examples of ABC programs include:

- \$1.2 million to provide on-site training for staff and directors at 185 child care centers over a 12- to 18-month period in Atlanta, Dallas, Washington, DC, Tampa, and the Mid-Hudson Valley region in New York.
- Almost \$700,000 to expand a national program to support the professional development of early childhood teachers through intensive training and mentoring programs in Colorado, Florida, Illinois, and New York.
- More than \$1.5 million to provide technical assistance, on-site consultation, and small grants for more than 425 child care centers in 30 communities across the country. The funds will enable center directors to make quality improvements leading to accreditation.

Western New York Family Care Consortium

In 1996, United Auto Workers (UAW) members at a General Motors plant in Tonawanda, New York, talked with GM management about problems in finding quality child care that fit their scheduling needs. In response, GM and other employers in the Buffalo area surveyed their employees about child care and found a number of problems. Almost half of the workers cited child care as a reason they could not work overtime, and more than one-third missed 2-4 days of work over a 3-month period because of child care problems. In response, UAW-General Motors and UAW-American Axle, along with area employers DuPont and Praxair, founded the Tonawanda Business Community Childcare Consortium.

Now known as the Western New York Family Care Consortium, the program is managed by Childcare Network, Inc. In 1998 UAW-Delphi Thermal Systems joined the Consortium, and the current employee base is more than 13,000 area workers. Consortium services include:

- "Just for Kids," which provides care for school children before and after school (opening at 5:30 AM) and during school holidays at three sites, as well as a half-day program for children in kindergarten. Member families receive priority enrollment and pay reduced fees.
- "Just Like Home," an extended hours child care center near the worksite for ages 6 weeks to 12 years; the center meets the needs of second shift workers by staying open until 2 AM. Member families receive priority enrollment and discounted fees.

- "Just in Case," an emergency backup telephone network to connect parents with providers when their usual child care arrangements are interrupted. Enrollment is free for UAW members; others pay \$15 to register, with \$5 for each additional child.
- The Consortium also provided training to more than 160 local child care providers in 1997, and has helped two area child care centers receive accreditation from the National Association for the Education of Young Children.

V. On-Site Child Care

Perhaps the first thing employers think of when they hear about child care assistance is on-site care, where a child care center operates on company property. On-site centers are located in space that has been converted for child care use or specially constructed for child care. On-site centers allow the employer greater control over quality, and are often accredited by private organizations that evaluate child care quality.

The centers are often operated by outside contractors with experience in managing child care centers. Companies may provide various subsidies to on-site centers. Some employers pay for the construction and maintenance of a center, with parental fees covering the cost of operations, while others provide operating subsidies, effectively lowering costs for all users, or offer subsidies specifically to lower-income employees. Child care slots are generally reserved for company employees, but if the on-site center is not full, services can be offered to other parents in the community.

A 1998 study estimates that there are currently more than 8,000 on-site centers, sponsored by firms of all sizes. A number of firms offering on-site care had fewer than 500 employees; these firms typically worked with other small firms to jointly operate centers. Overall, 16 percent of the on-site centers had more than one corporate sponsor.³⁴

The Families and Work Institute survey found that one-fifth of firms offer on-site or near-site child care. However, this availability of this benefit depends on the size of the firm; the largest companies are four times more likely to offer on-site or near-site child care than the smallest companies.³⁵

A 1997 study of users of on-site care found beneficial effects for both employers and employees.³⁶

- With on-site care, parents have less need to take time off because of child care emergencies, increasing attendance and productivity.
- On-site centers play an important role in attracting quality employees and increasing retention. This is especially important in a time of low unemployment.
- On-site centers are convenient, eliminating the need for another trip to the baby sitter or child care center, reducing commuting time and stress.

- Working parents can visit their children during lunch or breaks; this additional time can also reassure parents about the quality of care that their children are receiving.
- On-site centers demonstrate commitment to employees, creating greater employee loyalty.

SC Johnson Wax

The Johnson Wax Child Care Center (CCC), located at company headquarters in Racine, WI, serves 250 children, providing full and half day care for ages newborn through 6 years. The center also offers full day kindergarten, as well as before- and after-school care and a summer day camp for older children. The CCC is managed by CorporateFamily Solutions, a national child care provider, and the center is accredited by the National Association for the Education of Young Children.

The CCC originally started in rented space in a church, but in 1991 moved to a state-of-the-art facility on the company's park and fitness center grounds. SC Johnson Wax paid for the construction of the facility and also provides maintenance; this allows CCC to keep costs low. In addition, families with incomes below \$60,000 pay reduced fees.

Lancaster Laboratories

In 1986 Lancaster Laboratories had 150 employees, but in a tight labor market was losing skilled workers who left after giving birth. The staff was young and largely female (62 percent), and an employee survey found that many workers were planning to start a family within the next five years. However, a good proportion of those wanted to continue their professional careers, provided they could find a good child-care solution. Lancaster Laboratories responded by opening an on-site child care center.

Lancaster Laboratories now has 600 employees, and 166 children are enrolled in the child care center, including two state-approved kindergarten classes. The on-site Family Center also includes a summer camp for school-age children and an adult day care center for older family members. The child care center is operated by Hildebrant Learning Center, which provides monthly reports to Lancaster Laboratories on program use, budget, and effectiveness. In addition, Lancaster Laboratories also has a liberal parental leave policy that exceeds the standards of the Family and Medical Leave Act.

Since the company opened the child care center in 1986, *94 percent of new mothers have returned to the company*, and most are back at work within three months after giving birth. Annual turnover is only 8 percent, less than half the industry average, especially important for a company that needs to retain skilled scientists. Lancaster Laboratories also has an important edge in recruiting new employees, and the programs also attract childless employees who like the company's family friendly policies.

VI. Off-Site Care

There are a number of options for companies which want to help their employees with child care but do not want to offer on-site care. Some employers help operate and/or fund centers near the place of business (near-site) or in the community. These centers can be collaborative, involving a number of sponsoring employers, or community-based. Other companies make arrangements with off-site centers so that employees have the first opportunity at available slots, and firms can also subsidize off-site care with a provider the employee chooses.

Off-site care offers a number of advantages:

- **Employee Choice.** Subsidies for off-site care allow workers to choose the child care provider which best works for them. Off-site programs benefit employees who use child care closer to home or near the workplace of other family members, or who work non-standard schedules. These factors may be especially important for firms with flexible scheduling, telecommuting, and mobile workers.
- **Equity Concerns.** Off-site care programs allow companies to provide services to workers when companies have multiple worksites or employees are geographically dispersed.
- **Space Issues.** Valuable building space or property is not diverted for child care use when it may be needed in the future for other purposes. Many companies believe that their premises should be for business use only.
- **Leadership and Corporate Citizenship.** By supporting local off-site efforts, companies reinforce their corporate citizenship and leadership roles in the community. Off-site care not only meets the needs of employees, but also helps other employers assist their workers and helps build the overall community tax base.

In addition to the 20 percent of firms that offered on-site or near-site care, the Families and Work Institute survey found that 8 percent of employers offer direct subsidies for child care, such as vouchers.

Katonah, New York

IBM joined with PepsiCo to develop one of the first child care centers in Northern Westchester County to serve infants, toddlers, and preschoolers in the same setting. The original project proved so successful that the two companies provided additional funding for the continued development of the property. The center now contains several acres of wooded land, a pond, a barn, trails, and a swimming pool. IBM and PepsiCo also added a summer science and nature program for school-age children. Recently, Texaco and Nynex joined IBM for the next phase of development. This second site offers backup care, care for school-age, and for children for who are too sick to use their regular provider, but who do not need to stay at home.

Local 2/Hospitality Industry Child Care and Elder Care Fund, San Francisco

In 1994, the Hotel Employees and Restaurant Employees Union Local 2 and the San Francisco Union Hotels negotiated the Child/Elder Care plan. Employers contribute 15 cents for every qualified-employee hour worked, and the fund has grown to almost \$1.5 million since the plan was negotiated. A labor-management committee worked together to design a program to meet the child and elder care needs of Local 2 workers. In particular, the committee had to address the needs of hotel employees, many of whom work nights or weekends and require care at odd hours.

The fund provides reimbursement to union members in four areas: newborn care; child care for children ages 1 to 14; subsidies for youth programs, such as after-school programs, classes, and summer camp; and elder care. Workers receive a subsidy of \$125 per month for newborn care, and \$60-\$100 per month for child care, with higher reimbursement for licensed care. Parents are free to select the child care provider that best fits their needs, and then use the subsidies to pay for this care. There are a limited number of slots in each of the four reimbursement areas, and assistance is offered on a first-come, first-served basis. In addition, the plan offers free counseling and referral services for child and elder care 24 hours a day, seven days a week.

VII. Backup/Sick Child Care

Although many families choose a method of care that depends on a single provider, such as a family day care provider, relative, babysitter, nanny or stay-at-home spouse, these forms of care are susceptible to last-minute breakdowns. In fact, care is estimated to break down 8 to 12 days per year in these arrangements, such as when a regular provider is ill or on vacation. Employees may need backup child care to supplement their full-time arrangements so that they can come to work when they might otherwise have to call in sick or take a vacation day.

In a 1996 survey of 300 CEOs by Cannon Consulting Group, 72 percent reported that worker absenteeism would be greatly reduced if a company offered on-site or backup child care services. A 1996 study conducted by the Merrill-Palmer Institute found that the annual cost of absenteeism due to child care problems among the companies it surveyed ranged from \$66,000 to \$3,500,000.

A high quality backup child care alternative near the work-site can offer support to employees when the regular care provider is unavailable; school is closed; or a mother is returning to work from maternity leave. One provider of backup care has found that the average family using one of its centers will use backup care more than five times a year. In trying circumstances, such as an unexpected loss of a caregiver or the return to work after maternity leave, a parent may use the program 20 times or more in a year.

In addition to backup care, parents may also need sick child care. Sometimes a child is too ill to attend school or go to their regular child care provider, but not ill enough that a parent needs to stay at home. Some employers offer care to address this circumstance. Also, employers may grant time (with or without pay) to employees who need to stay home with a sick child.

The Families and Work Institute survey found that 14 percent of employers offer backup or emergency child care, and another 11 percent offer care for sick children of employees. However,

this access depends on firm size. The largest firms are five times more likely to offer backup care, and four times more likely to offer sick child care, than the smallest firms.

New York Life

In 1993 New York Life surveyed its approximately 8,000 home office employees to evaluate the company's program and policies and employees' needs, including child care. The survey found that New York Life lost more than \$400,000 in lost productivity annually from employees calling in sick due to child care responsibilities. In response, the company opened a backup care facility in April 1996. The center is managed for New York Life by ChildrenFirst, a national provider of backup care services.

Children and grandchildren ages 6 months to 13 years are eligible, and more than 400 children are registered for the center--these are children who can use the center if backup care is needed. Total utilization in 1997 was 2000 spaces.

A survey of employees who had registered children for the center found benefits both to New York Life and its employees.

- The center has directly helped 79 employees avoid calling in sick a total of 388 times, saving New York Life approximately \$84,000 in lost productivity. This figure includes only those parents and grandparents who responded to the survey; total savings may be higher.
- Based on experience, 99 percent of respondents would recommend the backup care center to co-workers.

Eli Lilly

At Lilly's Tippecanoe Laboratories in Lafayette, Indiana, employees can take their sick children to the U.B.O.K. Sick Child Care Center at St. Elizabeth's Medical Center. In partnership with St. Elizabeth's, Lilly provides sick child care spaces at U.B.O.K. at a discounted fee. U.B.O.K. is open 7 days a week, 24 hours a day, and is staffed by skilled nursing assistants who care for sick children under the age of 14. Lilly is also working with state government, other Indiana companies, and the Purdue University Center for Families to address the need for care for similar programs throughout the state.

In addition, Lilly provides employees with eight days of flexible paid time off per calendar year for illness in the family. If a worker needs additional time to care for an ill family member, the employee's supervisor and human resources representative can evaluate the situation and authorize additional paid days off. Lilly employees can also request up to 12 weeks annually of unpaid leave to care for a child with a serious health condition, as called for in the Family and Medical Leave Act.

VII. Out-of-School Time

Many children and youth can benefit from extra learning time, enrichment, and recreation after school and during weekends, summers, and holidays. Providing these opportunities, while important to any parent, can be especially important for employed parents, reducing work absences and increasing retention rates. A 1994 survey of parents found that 56 percent believe that children are left alone too much after school.³⁷ A 1997 survey shows that parents would like after-school programs that offer computer skills, art, music, and drama, recreation, and public service.³⁸

In 1995 there were 23.5 million school-aged children with parents in the workforce, but the vast majority (over 20 million) did not have a supervised environment to go to after their day was over.³⁹ Yet this is exactly the time of day when young children and teenagers need supervision. According to data from the Federal Bureau of Investigation, youth between the ages of 12 and 17 are most at risk of committing violent acts and being victims of violent crime between 3:00 p.m. and 8:00 p.m.--when they are not in school.⁴⁰

While some businesses are developing and implementing after-school programs, especially for children of their employees, they are not widespread. The Families and Work Institute survey found that about 10 percent of employers offer care for school-age children during vacations. Again, availability of this benefit depends on the size of the company; the largest employers are more than twice as likely to offer care for school-age children during vacations as the smallest firms surveyed. A recent survey of 90 companies *already* implementing work/life programs such as elder care, child care, flex-time, and other benefits, found that only 20 percent had after-school programs.⁴¹

John Hancock Financial Services

John Hancock offers a comprehensive work/family program to its employees, ranging from flexible work arrangements to on-site child care. One of its unique programs is Kids-to-Go, which provides supervised activities and field trips for children, ages 6-14, from 7:30 a.m. to 4:30 p.m. during school holidays. Fifty children attend the program, staffed by a nonprofit social agency. The company initiated this program in response to an employee survey citing work/family issues as a major cause of concern to its employees. The company estimates a payback of \$4.17 for every dollar invested in family-friendly policies and programs, including Kids-to-Go, through increased performance and retention, stress reduction, and reduced absenteeism.

Hewlett-Packard

Recognizing that employees' schedules can make it difficult to keep in contact with their children during the school day, Hewlett-Packard, the California computer corporation, teamed up with the Santa Rosa City School District to establish the first work-site public school on the West Coast. The Hidden Valley Satellite School, a branch of the Hidden Valley Elementary School one mile away, is located on 2.6 acres of land adjacent to the company's Santa Rosa plant. Hewlett-Packard employees have priority registration for the school, and more than 75 percent of the students' parents are Hewlett-Packard employees.

The company's flextime policy enables its employees to take advantage of their proximity to the school by visiting their children during the day. Teachers report that parent participation is higher than they have seen at other schools, especially among fathers. Hewlett-Packard employees often join their children for lunch. The Hidden Valley Satellite School also encourages parents to volunteer in the classroom, and teachers work with parents to determine the best type of help for each class. Parents serve as teachers' aides, help children with projects, and even provide hands-on instruction in subjects like math and science.

IX. Small and Medium-Sized Businesses

Many of the policies discussed above are applicable to small and medium-sized business. For example, community-based child care resource and referral agencies can provide information to employees of small business, and small business can also participate in public-private partnerships. Small businesses can also arrange with off-site child care centers to reserve slots for employees. Another option available to small firms are child care consortiums, where small employers work together to sponsor child care.

Flexible work arrangements may be easier to arrange in a small firm. The Families and Work institute survey finds that many smaller companies (100 to 499 employees) have child care programs in place. More than two-thirds allow workers to periodically change starting and quitting times, and one-quarter allow this on a daily basis. More than one-half allow employees to move from full-time to part-time work and back, staying in the same position; more than one-third allow job sharing; one-third allow compressed workweeks; and one-half permit employees to occasionally work at home.

- Almost one-half of these smaller companies that have performed formal evaluations of flexible work arrangements find that the benefits exceed costs, and another quarter find that they are cost-neutral.
- For human resource managers of smaller firms that have not done formal evaluations, more than two-thirds personally believe that either the benefits of these programs exceed costs or that they are cost-neutral.

Smaller firms offer less in terms of access to child care, however. Surprisingly, less than one-third of these smaller companies offer access to information to help locate child care. Less than ten percent of these firms offer on-site or near-site care, child care subsidies, backup care, sick child care, or care during school vacations.

New Berlin Child Care Center, Inc.

In 1988 three employees left A&A Manufacturing, a business of 200 workers, because they were unable to find adequate child care. A&A discussed this with other small businesses in the New Berlin (Wisconsin) Industrial Park, and they realized that access to child care was an important issue in retaining skilled employees. None of the employers could individually afford to support a

child care center; however, the businesses together, with other contributions, were able to raise enough funds to build a child care center in the industrial park.

The New Berlin Child Care Center opened in 1992. Today, it is a cooperative effort serving 210 children, involving more than 80 businesses and the city of New Berlin. The center is accredited by the National Association for the Education of Young Children, and features a full-day kindergarten. It is governed by a non-profit corporation with a volunteer board of directors and managed by Bright Horizons Children's Centers, Inc., a for-profit company that specializes in employer-supported child care centers.

Most of the businesses that sponsor the center have fewer than 100 employees, and some are as small as 2 or 3 workers. Employees of sponsoring companies receive priority when an opening occurs, but parents are responsible for fees. The center has proven very effective in allowing employers to retain existing employees that might otherwise have left to care for their children. New Berlin Child Care Center estimates that at any one time, the center helps up to 150 workers remain at their jobs. In fact, the New Berlin Child Care Center has been so successful that it is expanding to meet the needs of the many children on the waiting list.

Lost Arrow/Patagonia

Lost Arrow is the parent company of Patagonia, a clothing designer, and other smaller subsidiaries. The Ventura, California-based company employs about 600 workers. Its Work-Family Program started in 1984 with an on-site child care center; now Lost Arrow also offers a generous leave policy, flexible work scheduling, subsidized off-site care, and a child care resource and referral program. Lost Arrow also supplies training and financial support for licensed child care providers who serve employees.

New parents, including those who adopt, are entitled to eight weeks of paid leave, plus an additional eight weeks of unpaid leave; in addition, Lost Arrow provides financial aid towards adoption costs. The company also offers on-site child care and covers 40 percent of the cost, with parental fees covering the remainder. Lost Arrow also offers employees subsidies for off-site care.

The generous leave and child care policies help keep turnover costs low; the company estimates that it costs \$50,000 to train a new worker. A Lost Arrow evaluation found that over a two-year period the Work-Family Program has more than recovered its cost of \$585,000, producing net benefits of about \$4,000. This savings come from lower turnover and reduced Federal and state taxes. Other benefits Lost Arrow cites from its Work-Family Program include increased employee morale, increased productivity, reduced absenteeism, and enhanced recruitment.

WHAT TO DO NEXT

If you are an employer, hopefully this report has given you some ideas about how to benefit both your company and your employees by *Investing in Child Care*. If you are an employee, you can give this report to your employer as an example of what other businesses are doing to support their employees access to high quality child care. The "Resources" section is an excellent place to start if you are interested in finding out more about implementing child care programs in the workplace.

The Child Care Action Campaign suggests five things employers can do if they are interested in starting or expanding child care programs.

- Have lunch with your employees and listen to their child care concerns.
- Do a survey of employees to identify work/family problems and potential solutions.
- Ask whether your personnel policies help or hinder parents' needs to balance work and family.
- Call your local resource and referral agency to find out what's most needed in your community, what other employers are doing, and what information and counseling the agency can provide. Use the list state resource and referral contacts in "Resources," or call Child Care Aware at (800) 424-2246, to locate the resource and referral agency in your area.
- Put child care on the agenda of your next Chamber of Commerce, Business Roundtable, Rotary, or other business organization meeting. Invite a panel of parents, child care providers, resource and referral representatives, and a business owner who is already using child care programs.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 31, 1998

MEMORANDUM FOR CHILD CARE WORKING GROUP

FROM: Joyce Carrier
Sarah Fordney

- Attached to this memo, you will find a draft of the Child Care Working Group's report. We would like to thank all of you for your contributions to this project. We would also like to acknowledge the tremendous contribution of Gus Faucher who, as all of you know, worked tirelessly to pull all of the information together.

We very much see this as a draft report and would welcome your edits and suggestions. We would appreciate it if you would send your comments to Gus either by fax (202-622-1294) or e-mail (Gus.Faucher@treas.sprint.com). In order to make all of our deadlines it would be helpful if government agencies could submit comments by Tuesday, April 7 and private sector participants by Friday, April 10. As always, please feel free to call Gus at 202-622-0714 if you have any questions.

- Everything is still on schedule for our final meeting on Thursday, April 23rd at 10:30 a.m. We are currently working out the details of the event including possible White House participation. As soon as we have the final plans we will let you know. We would hope that the members of the working group would be willing to talk to the press about the report. If you public relations staff would like some guidance please have them call Dan Israel at 202-622-1996.

We look forward to seeing you all on the 23rd.

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INTRODUCTION

Child care affects many employees and almost all employers. In 1996 51 million Americans were working parents (children under 18), representing 38 percent of the labor force, and there were more than 10 million mothers, and 12 million fathers, of preschool children (younger than 6) in the labor force.¹ Of the ten million preschoolers of employed mothers, more than half were cared for by someone from outside the family.² In some families both parents choose to work, in others it is a financial necessity, and in many single-parent families work is the only option. In all of these cases, however, parents need access to child care.

Working mothers and fathers want to do a good job both at work and at home, but face challenges in their dual roles as both employee and parent. They are concerned about the affection, education, and stimulation their infants, toddlers and preschoolers are receiving. They are concerned about the financial burden of child care. They are concerned about what they will do if their regular child care provider is unable to care for their child. They are concerned about their school-age children before and after school and during school vacations. They are concerned about how the demands of child care affect their performance and productivity on the job.

Parents, obviously, are responsible for ensuring that their children receive high quality child care. If both parents work, they must research available options, select the type of care (center, family day care, etc.) their children receive, and pay for the care. Parents select the child care provider, and must do so taking into account factors such as the provider's qualifications, experience, and interaction with the children; the environment in which the children receive care; convenience (including location and hours); and affordability. However, Federal, state, and local governments, employers, and labor unions can all play important roles in promoting access to affordable, high quality child care for working parents.

Through both the tax code and a block-grant program for low-income families, the Federal government provides financial assistance to working families for child care, particularly those for whom the cost of care is a financial burden. The Earned Income Tax Credit and the recently enacted child tax credit also provide financial support to families with children, though not directly for child care purposes. Federal, state, and local governments also promote efforts to improve the *quality* of care, through measures such as licensing, regulation of child care centers, and provider education.

Child care is also an important issue for employers. Lack of access to affordable, quality child care may make it difficult for businesses to hire qualified employees. Productive and valued employees may leave because of child care problems, increasing hiring and training costs. Employees may be forced to take time off because of child care problems, or spend time at work

¹Bureau of Labor Statistics.

²Casper (1995, 1996).

handling child care concerns. All of these factors can reduce productivity and profits.

Employee representatives, such as labor unions, can also play an important role in helping parents find affordable, quality care. Through collective bargaining, employers and employees have taken steps to address child care issues and improve worker satisfaction and productivity. Benefits that have been negotiated include child care subsidies for workers, time off for sick children, paid family leave, and resource and referral programs. In an informal survey of six major unions, the Labor Project for Working Families found over 1.6 million workers covered by some type of child care benefits through their union contract.³

This report will discuss, in particular, *what businesses can do to promote their employees' access to affordable, high-quality child care.* Of course, child care is rightfully the primary responsibility of parents. However, there are many steps that businesses can take to help their employees find quality child care. There are a number of reasons employers may find it beneficial to support child care: to improve employee morale, to reduce turnover or absenteeism, to increase productivity, or as part of efforts to benefit their community. *Many companies have found that investment in child care benefits the bottom line.*

Many employers may view child care as a single issue--care for young children, with one solution--an on-site child care center. However, the issue is much more complex. Parents may face other child care problems, such as after-school care for older children or the need for backup care. There are many ways in which employers can help their employees with child care, such as resource and referral networks, off-site care, public-private partnerships, and greater flexibility for working parents.

It is important to note that child care is not only an issue for large employers. Small and medium-sized businesses are also affected by child care. A business with only a few employees can face serious consequences if a vital worker is forced to leave because of a child care problem. Although some of the solutions to child care concerns discussed in this report will make sense primarily for larger employers, others will also apply to small and medium-sized firms.

This report will proceed as follows. Section 1 will discuss the concerns facing workers as they balance their roles as parents and employees. Section 2 will discuss the economics of child care. Section 3 features results from a recent Louis Harris survey of 1100 randomly selected companies of 100 or more employees on child care practices, and how these practices have affected the bottom line. This survey is the first to look comprehensively at what *employers* are doing to promote access to child care, and how they benefit from these programs. Section 4 will offer best practices in different child care areas. Section 5 provides further resources for companies interested in starting or expanding child care programs.

³This number is not comprehensive because not all union contracts are included.

This report is not an exhaustive list of what companies can do to promote employee access to child care. It is, instead, a starting point for employers interested in learning about how they can benefit both their company and their employees through investment in child care.

PROBLEMS FACING WORKING PARENTS

The 51 million employees who are also parents must make a number of important decisions about child care. Working parents of young children must decide what type of child care to use (i.e., home day care or a center), and then must select a specific provider. This decision depends on factors such as price, the quality of care, and the convenience offered. Parents must also make decisions about what to do if their regular provider is unavailable or if their child is sick. For many parents these are difficult choices, and sometimes they must make tradeoffs between different attributes of care, such as price and quality. This can make child care a source of concern for working parents. A 1992 study found that workers with children exhibited higher levels of stress than workers without children, and child care responsibilities appears to be one of the causes.⁴

I. Financial Concerns

Child care is a serious financial burden for many families. In 1993, for families that paid for care for their preschoolers, child care averaged \$79 a week per family, or about \$4000 annually, and represented about 7.5 percent of income. Costs are higher for younger children (particularly infants), for in-home baby sitters and child care centers, and in metropolitan areas. Child care costs have increased more than 20 percent since 1986, even after adjusting for inflation (Chart 1).⁵

The cost of child care is a particular burden for low-income families (Chart 2). Although poor families spend less, on average, for care than wealthier families, child care costs represent a *much greater percentage of income* for poor families. While child care costs are less than six percent of income for families with annual incomes of \$54,000 or more, and about 8.5 percent of income for families with incomes between \$36,000 and \$54,000, child care costs are almost 12 percent of income for families with annual incomes between \$14,400 and \$36,000. For the poorest families, those with incomes of \$14,400 or less, *child care costs are more than one-quarter of income*.⁶ These high child care costs for low-income workers can represent a substantial impediment to work.

⁴Galinsky et al (1993).

⁵Casper (1995).

⁶Casper (1995).

II. Quality Concerns

Although there is some uncertainty about the exact relationship between child care quality and child development, the level of child care quality is of concern to both parents and child care professionals. "Quality" in child care is difficult to define, because it encompasses many components, such as health and safety, education, and provider-child interaction. Some attributes of quality, such as staff-child ratio and provider education, are relatively easy to measure. Other quality components, however, are less easy to quantify, including the interaction between caregiver and child and the education component of care. About two-thirds of parents are satisfied with the quality of care that their child receives.⁷ However, indicators of child care quality that are important to professionals, such as licensing and formal education, may be less important to parents.⁸

There is evidence that the quality of care some children receive may be detrimental to child health, safety, and development. A recent study of child care centers found that 86 percent of the centers surveyed provided mediocre or poor quality care, when judged from the perspective of child development, and in 12 percent, children's basic health and safety needs were only partially met. The study also found that almost half of infants and toddlers were in rooms where basic health and safety needs were not met.⁹ In a study of family day care, 91 percent of providers were found to provide inadequate or only adequate care.¹⁰ There is also evidence that the informal, home-based care that many low-income children receive is of lower quality than that received by higher-income children.¹¹

Experiences during the first three years of childhood, including child care, can dramatically affect the rest of life. A growing body of research verifies that investments in young children nurture a child's physical and emotional development and that these investments can have big payoffs for families, government and society.¹²

III. Other Concerns

Parents are also concerned about backup care, when their regular provider is unavailable or their

⁷Mitchell et al.

⁸CEA (1997a).

⁹Cost, Quality & Outcomes Team (1995).

¹⁰Helburn and Howes (1996).

¹¹Phillips (1995).

¹²CEA (1997b).

child is sick. Parents may also need to make alternative child care arrangements for older children before or after school or when schools are closed. A 1992 study found that 26 percent of employed parents with children under the age of 13 had experienced a problem with their usual child care arrangement in the previous three months.¹³

These problems can cause parents to miss work; parents of children under the age of 13 missed almost one day of work every three months, on average, because of child-related reasons (including child care problems and sick children). These problems also caused parents to either arrive late or leave early about once every five months. These problems were much greater for mothers than fathers.¹⁴ According to the Child Care Action Campaign, *companies lose up to \$3 billion annually* in reduced production because of employee absences from child care problems.

Parents may also be unaware of how to obtain child care in their area. Often information on providers is not readily available, and finding child care can be time-consuming. Parents may also be unsure about what qualities to look for in selecting a provider and how to measure the quality of care that their children receive.

THE ECONOMICS OF CHILD CARE

Child care is an significant economic issue for a number of reasons. Perhaps most important is the effect of child care on labor supply. Working parents are a large part of the labor force, and child care is an important factor in the productivity of working parents.

I. Labor Force Trends

Employers are beginning to recognize the need for child care and related benefits to assist their workers. This is fueled by several related labor force trends involving women, particularly mothers.

Labor force participation rates have increased dramatically for mothers over the past 50 years (Chart 3). In 1947 just over 25 percent of all mothers with children between 6 and 17 years of age were in the labor force, but by 1996 their labor force participation rate had almost tripled to more than 77 percent. The increase in the labor force participation of mothers with younger children is similarly dramatic. In 1947 only about 12 percent of mothers with children under the age of 6 were in the labor force; by 1996 this figure had risen to 63 percent. In addition, in 1996 more than half of all mothers whose youngest child was less than 3 years of age were labor force

¹³Galinsky et al (1993).

¹⁴Galinsky et al (1993).

participants, versus only about one-fifth of such mothers in 1965.¹⁵

The labor force participation rate of women is expected to continue to rise in the future. By the year 2005, 62 percent of all women will be in the labor force. *Women are expected to comprise more than 60 percent of new labor force entrants between 1994 and 2005.* While women made up 30 percent of the labor force in 1950 and 45 percent in 1987, it is estimated that by the year 2005 women will compose about 48 percent of the labor force. The labor force is projected to grow at an annual rate of 1.1 percent over 1994-2005, compared to 1.4 over 1982-1993. The Bureau of Labor Statistics (BLS) projects that female labor force participation will grow at an annual rate of 1.4 percent from 1994 to 2005, compared to 0.7 percent annually for men.¹⁶ In particular, women of childbearing age (15-44) are an increasing share of the labor force. In 1961 they made up only about 20 percent of the labor force, but now are more than 30 percent of the labor force.¹⁷

The increase in the proportion of families with children headed by single women has also expanded families' child care needs (Chart 4). In 1960 fewer than 10 percent of families with children were headed by a single mother. This increased to 27 percent of families with children by 1995.¹⁸ Many of these mothers require some form of child care while they are working to support their families, particularly with the implementation of welfare reform. A recent study from the National Conference of State Legislatures has found that lack of access to child care can be a serious impediment to work for single parents leaving welfare.

II. The Effects of Child Care Costs

There is a substantial literature in economics that has studied the effects of child care costs on labor supply. Although the studies use different statistical techniques and data sets, nearly all find that *reducing child care costs reduces the barriers to work for some parents.* The magnitude varies across studies, but in general they find that a 10 percent reduction in the price of care increases the probability that a married mother will work by 2 to 8 percent. These studies find little effect of child care costs on the number of hours worked, however, given that the mother is already in the labor force. This suggests that corporate programs to reduce the cost of care can have a significant impact on hiring.

Way to say this is it is clear that child care costs enables those who want to need to work to do so.

Parents choose from a variety of types of child care, including paid and unpaid care. Studies find

¹⁵*The Greenbook* (1996), "Employment Characteristics of Families Summary;" Bureau of Labor Statistics.

¹⁶Fullerton (1995).

¹⁷Fullerton (1993).

¹⁸*The Greenbook* (1996).

that in areas with lower prices of care, working mothers are more likely to use paid care. Although estimates vary, most of these studies find that a 10 percent decrease in the hourly cost of care increases the use of paid care by working mothers by 1 to 2 percent. Substitution of paid for unpaid care is particularly likely to occur as the price of paid care decreases because parents tend to be more dissatisfied with unpaid care than paid care.¹⁹

III. Impact of Child Care on Employee Behavior

It is sometimes difficult to quantify the effect of various corporate child care programs on employee productivity. Some companies have not conducted evaluations of the programs, while other evaluations are based on informal employee surveys. Results from these surveys are difficult to interpret because only a small percentage of employees may respond, and the outcomes measured, like increased morale and job satisfaction, are difficult to translate into concrete benefits to the firm. However, other studies look at more quantitative measures, such as retention and output.

Also, it is difficult to extrapolate the results from one firm to others. One reason is that child care programs are highly individualized. Also, it can be expected that those firms that institute programs are those that are most likely to benefit, perhaps because of the characteristics of the firm's workforce.

However, given these caveats, many companies have discovered significant gains from child care programs. A 1995 Conference Board survey of human resource professionals found substantial benefits from offering child care services:

- 62 percent of respondents reported higher morale;
- 54 percent reported reduced absenteeism;
- 53 percent reported enhanced recruitment;
- 52 percent reported increased productivity;
- 37 percent reported lower turnover;
- and 35 percent reported decreased tardiness.²⁰

Other data?

¹⁹For a more complete discussion of these issues, see Council of Economic Advisors (1997a).

²⁰Parkinson (1996).

Other studies and reports have also pointed out the bottom line benefits of programs to assist working parents.

- Lexis-Nexis *reduced operating expenses by more than 45 percent* through a telecommuting program and a flexible work environment. Savings came from higher productivity, fewer facilities, greater geographical hiring pools, hiring of the physically challenged, and better use of technology.
- First Tennessee Bank reports *reduced turnover costs of more than \$1 million annually* from family-friendly programs, including more flexible scheduling.
- Johnson & Johnson reported *savings of over \$4 for every \$1 invested* in its work-life programs, including child care resource and referral information.
- Lancaster Laboratories has a *turnover rate one-half the industry average*, in part due to an on-site child care center.
- A recent article in the *Wall Street Journal* highlighted family-friendly policies the Big Six accounting firms are taking in their efforts to hire and retain employees.²¹

NEW FINDINGS

[Insert 2 to 3 pages of results from Louis Harris survey here.]

BEST PRACTICES

There are a number of options available for companies that are interested in promoting employee access to affordable, high-quality child care. While some, such as on-site care or after-school programs, represent a substantial investment, others have much smaller costs. In particular, employers can partner with resource and referral agencies to provide employees with an excellent starting point for information on child care programs. This section will briefly discuss some of the major child care initiatives that companies have undertaken, then provide specific examples. It will also offer examples of small and medium-sized businesses that have discovered benefits from investing in child care programs.

I. Resource and Referral Programs

There are two types of child care resource and referral (CCR&R) agencies. *Community-based* CCR&Rs are generally non-profit organizations that provide services in a particular community. There are approximately 500 community-based CCR&Rs nationwide, and many are part of

²¹Shellenbarger (1998).

statewide networks.²² A list of state resource and referral networks is included in the Resources section of this report. *Nationwide CC&Rs* offer services to various companies under contract, and are often for-profit companies.²³

CCR&Rs provide information to parents about child care, including information about local providers, the elements of high quality care, and how to select a child care provider. The exact functions of a CCR&R agency vary, but in addition to providing parent education, many agencies provide community planning, recruit and train providers, and maintain a database of child care services. *In 1994 CCR&Rs helped 1.5 million families find child care.*²⁴

In addition, CCR&Rs help employers implement and evaluate family-friendly workplace policies, particularly support for child care. With their child care expertise and knowledge of community needs, CCR&Rs serve as a valuable resource to employers who are working to support child care. Employers and CCR&Rs cooperate in four main areas:

- **Consumer Assistance.** Corporations contract with CCR&Rs for enhanced consultation and referral services as a benefit for their employees. According to a recent study, 33 to 37 percent of mid- to large-sized businesses offer child care resource and referral to their employees while an additional 20 percent say they plan to offer these services in the future.²⁵
- **Resource Development.** Employers work with CCR&Rs to increase the supply of child care in the community that meets the specific needs of the workforce. For example, CCR&Rs funded by Levi Strauss in Fayetteville, Arkansas work to increase the supply of infant care for Spanish-speaking families.
- **Quality Improvement.** CCR&Rs are involved with major national initiatives, such as the American Business Collaboration (ABC) for Quality Dependent Care, where they facilitate training in over 75 percent of communities involved. CCR&Rs also work with local efforts to improve care, such as Corporate Hands, a Houston employer collaboration, and a consortium of public and private employers in Auburn and Opelika, Alabama.
- **Data.** CCR&R data on the supply of care, identified gaps, and assessment of needs

²²For more information on community-based CCR&Rs, see National Association of Child Care Resource and Referral Agencies (1996) and Adams et al (1996).

²³For information on nationwide CCR&Rs, see Friedman and Pauker (1997).

²⁴Adams et al (1996).

²⁵William M. Mercer, Incorporated (1996), and Hewitt and Associates (1996).

provide valuable tools for businesses both as employers and local corporate citizens.

State of Iowa

Through the statewide Child Care Resource and Referral system, Iowa has greatly expanded business and private sector involvement in meeting child care needs. One example is ChildNet, which is a cooperative partnership between businesses and community-based child care resource and referral agencies. ChildNet helps expand the supply of child care while providing comprehensive child care options to employers to help address absenteeism, productivity, and retention of employees. More than 40 employers support ChildNet, providing enhanced services to nearly 20,000 employees.

Johnson & Johnson

Johnson & Johnson began offering child care and elder care consultation and referral nationwide in 1989 through Work/Family Directions (now WFD), a national consulting firm. In 1991 adoption and education components were added, and in 1994 WFD introduced LifeWorks for Johnson & Johnson.

More than half of all LifeWorks consultations and referrals and requests for education materials are for child care-related issues. LifeWorks helps Johnson & Johnson employees with adoption, planning for maternity/paternity leave and return, finding and recognizing quality care (including backup care), and finding appropriate care for school-age children after school and during vacations.

About 20 percent of employees used LifeWorks in 1997, and 60 percent of participants said the program strengthened their commitment to J&J. The program is also used by a broad section of employees: 23 percent had household incomes of less than \$50,000.

An evaluation of the LifeWorks program found benefits to both Johnson & Johnson and its employees who used the program:

- employees saved, on average, 14 hours each time they used the service;
- 54 percent of employees who used LifeWorks said it helped them be more productive at work with higher quality;
- 26 percent reported that there were fewer days when they arrived late or left early;
- another 26 percent reported that they took fewer days off;
- and 60 percent of users said LifeWorks strengthened their commitment to J&J.

Overall, a WFD evaluation found that Johnson & Johnson saved more than \$4 in increased productivity for every \$1 invested in the LifeWorks program.

II. Workplace Flexibilities

One way employers can help their employees with child care concerns is through flexible workplace policies. There are many ways in which businesses can make their workplace more flexible for working parents.

- **Flex Time.** Flex time lets workers schedule work hours to best meet their needs. For example, a father who wants to be home when his children return from school could agree to come in earlier in the morning and leave in time to meet his kids. Employees work the same number of hours, but in a way that allows them to better balance work and family needs. One type of flex time is a compressed work schedule, where a normal work week is compressed into fewer than five full days.
- **Telecommuting.** Some parents whose work does not require them to be physically in an office can work from home. Obviously, someone else must still care for the child in most instances, but the parent can spend breaks with the child and deal with child care problems much more easily and efficiently.
- **Job Sharing.** Parents who want to continue to work but spend more time with their child can share jobs. For example, instead of one full-time workers, two workers can each work 3 days a week.
- **Parental Leave.** Firms may not want to lose valuable workers who would otherwise quit to stay at home with their child. One solution is maternity/paternity leave. Parents can stay at home for an agreed upon time, then return to the same (or a similar) job. The leave can be either paid or unpaid. The firm is able to retain the worker, and the worker does not need to start over in a new job.²⁶

Salomon Smith Barney

Salomon Smith Barney offers employees a choice of alternate work arrangements. The purpose is to retain strong performing employees by helping them balance work and personal life. The program includes flextime, job sharing, and telecommuting.

²⁶Under the Family and Medical Leave Act, signed by President Clinton in 1993, firms with 50 or more workers are required to grant up to 12 weeks of unpaid leave to parents after the birth or adoption of a child. However, many companies grant longer leave, and some offer pay (either partial or full) during a leave.

Salomon Smith Barney views these alternate arrangements as a privilege and not a right. Employees must meet certain conditions to be eligible, including at least one year of service and a strong performance record. If the worker meets these conditions, he or she requests the alternative work arrangement in writing from his or her manager. The manager then considers the appropriateness of the request, taking into account the cost of the alternate arrangement and schedule coordination. The manager also makes sure that alternate work arrangements are used consistently and fairly. If the manager approves the request, he or she notifies the Benefits Committee, which ensures that all the necessary issues have been addressed and any necessary human resource changes are made. All alternate work arrangements are reassessed 30 to 60 days after implementation to evaluate their effectiveness.

Because Salomon Smith Barney wants to give managers flexibility in approving alternate work arrangements, the company does not keep track of the number of people using the program. However, informal evaluations have found the program very useful in retaining valuable employees and helping workers meet their obligations to both their families and the firm.

FirstBank of Colorado

FirstBank of Colorado established its reduced hours program in 1989 to provide officers with the flexibility to maintain a career *and* raise a family. Officers must have a minimum of three years of service, be the primary caregiver of a child under age seven, and be able to work at least 28 hours a week. The participating office and the bank president agree on job responsibilities and work schedule. Arrangements are reviewed annually to ensure the arrangement is mutually beneficial to both the officer and the bank. Part-time work is also available to staff-level employees.

III. Public-Private Partnerships

Businesses across the country often join with the public sector to support child care. Through these partnerships, at both state and local levels, companies improve child care not only for their own employees, but for children and families in the broader communities as well. Such initiatives promote the quality, affordability, and availability of child care for all families, including low-income working families. While local governments initiate some partnerships, businesses are the driving force behind others.

Public-private partnerships not only help children and their families, but also benefit the business community. By supporting child care, the private sector improves the business infrastructure and climate, reducing absenteeism, increasing productivity, and making it easier to attract and retain employees. In the long-run, the businesses improve the education and development of children who will be potential employees in the years to come. Support for child care also raises a company's profile and promotes public relations.

The private sector has many resources to offer, including:

- **Leadership and Planning.** Companies can examine child care needs and recommend improvements from a business perspective.
- **Business Advice.** Companies can provide advice to the child care community about the tax code, management practices, human resource policies, and other issues.
- **Funding.** Businesses can invest resources that increase the supply and improve the quality of child care services.

Under a public-private partnership, business involvement with child care is developed in conjunction with the public sector. Government, resource and referral, and community agencies have the skills, expertise, and information needed to identify problems and avoid unnecessary duplication. Examples of the types of public-private partnerships include:

- **Child Care Business Commission.** A commission of business and child care leaders can increase business support for child care and implement specific policy recommendations.
- **Child Care Investment Fund.** Companies contribute resources to a fund which can be used to address range of issues, including affordability and quality.
- **Model Planning and Zoning Programs.** Communities can remove planning and zoning obstacles in establishing child care facilities. They can also provide incentives to increase support for child care among real estate planners and developers.
- **Loans to Child Care Providers.** A multi-bank community development can provide loans and business assistance to child care providers. States and communities have worked with both child care providers and financial institutions to encourage loans to child care programs in accordance with the Community Reinvestment Act, which requires banks and savings institutions to address the credit needs of their communities.

State of Colorado

Governor Roy Romer appointed corporate leaders to the Colorado Business Commission on Child Care Financing in May 1995 to examine child care from a business perspective and propose methods to help finance high-quality, affordable, and accessible child care. The Commission met with other business representatives, child care providers, child development experts, and state and local leaders to develop a long-range funding plan for early childhood education.

The Commission's final report included an array of strategies for generating revenue to improve and increase the supply of child care services. These recommendations included establishing a model planning and zoning program to increase the supply of child care and starting a multi-bank

community development corporation to provide loans and other financial assistance to child care providers. The Commission's recommendations led to the passage of several legislative initiatives, including a child care check-off box on the state income tax form, an increased commitment to child care, and an ongoing Commission to work toward implementation of the reforms suggested in the Commission's report.

The Commission, together with Bright Beginnings (a non-governmental private-public partnership designed to improve the lives of children from birth to age three), released a 45 page report on family friendly policies, listing the benefits of such policies and concrete steps businesses can take to implement these policies. The report also provides a work and family needs assessment survey and a list of resources that Colorado businesses can use in implementing family friendly policies.

State of Florida

In 1996 Florida passed legislation aimed at encouraging public-private partnerships to provide child care benefits. In fiscal year 1997-98 the state legislature allocated \$4 million for the program, and more than \$3 million has been raised from businesses so far. Communities wishing to participate must establish a local task force, with a majority of members representing employers, but parents must also play a role. The task force is responsible for developing a plan of action. Participating communities commit to matching state funds on a dollar-for-dollar basis with local matching funds from employers, local governments, and charitable foundations.

Employers may participate by contributing funds to cover a portion of child care costs for their own low-income employees eligible for subsidized child care. Alternatively, employers, foundations, and local governments can contribute to a general Child Care Purchasing Pool that serves children from low-income families in the community. In either case, the state contributes a dollar-for-dollar match, and parents pay a sliding scale fee.

At the state level, Governor Lawton Chiles appointed a Child Care Executive Committee, comprised of business leaders, to increase the involvement of private industry in the subsidized child care system. The Committee also assists in the development of child care policy and provides an annual report to the governor and state legislature.

State of North Carolina

North Carolina's Smart Start initiative aims to provide every child with access to quality and affordable child care, health care, and other support services. In each participating county, public and private sector leaders join together to develop a plan that assesses community needs, develops a shared vision, and provides for joint funding of needed early childhood services, including child care.

Through a competitive grant application process, interested counties submit plans for approval to

the North Carolina Partnership for Children--a nonprofit organization which oversees and provides guidance to local Smart Start partnerships. Twelve new counties were recently approved to enter the planning phase, while 43 other counties already provide Smart Start services. Smart Start's goal is to gradually increase the initiative to cover all 100 counties.

Once its plan is approved, each county partnership provides an array of Smart Start services. About 30 percent of funds are used to assist families in purchasing child care. Subsidies may be paid for care in any legally operating child care center or family child care home which parents choose. Communities also work to increase the availability of child care spaces; improve the quality of child care; promote the inclusion of children with disabilities; and provide education and support for child care teachers.

Under state law, the North Carolina Partnership for Children and the local partnerships are required to match 10 percent of the state appropriation (no more than half of the match can be in-kind contributions). In 1996 the total state allocation was about \$68 million. That same year the North Carolina Partnership for Children received \$9.5 million in contributions, and local partnerships received an additional \$4.8 million in financial and in-kind contributions.

IV. Corporate Partnerships

Another way that businesses work together to promote child care is through corporate partnerships. These are collections of businesses that together promote access to child care. For example, a number of businesses could jointly fund a child care center. Alternatively, businesses can create and manage community efforts to improve the quality of care and train providers.

American Business Collaboration for Quality Dependent Care and Work Family Directions

Through the American Business Collaboration for Quality Dependent Care (ABC), some 156 businesses (including 22 of the nation's largest corporations), governmental entities, and not-for-profit organizations have invested more than \$27 million in 45 communities in 25 states and the District of Columbia. They have supported 355 dependent care projects which have been utilized by more than 277,000 individuals, including dependents of employees and community residents. WFD manages the funding resources of the Collaboration and provides technical assistance to support many different kinds of activities. ABC has already committed to investing \$100 million in targeted communities over the next six years.

More than 100 projects are already underway; examples of ABC programs include:

- \$1.2 million to provide on-site training for staff and directors at 185 child care centers over a 12- to 18-month period in Atlanta, Dallas, Washington, DC, Tampa, New Jersey, and the Mid-Hudson Valley in New York.

- \$692,000 to expand a national program to support the professional development of early childhood teachers through intensive training and mentoring programs in Colorado, Florida, Illinois, and New York.
- \$1.54 million to provide technical assistance, on-site consultation, and small grants for more than 425 child care centers in 30 communities. The funds will enable center directors to make quality improvements leading to accreditation.
- \$145,000 to support a three-year training and professional development program for some 150 to 250 child care providers serving 800 young children in the Greater Phoenix area.

Western New York Family Care Consortium

In 1996, a number of employers in the Buffalo area surveyed their employees about child care and found a number of problems. Almost half of the workers cited child care as a reason they could not work overtime, and more than one-third missed 2-4 days of work over a 3-month period because of child care problems. In response, area employers DuPont and Praxair, along with the United Auto Workers (UAW) and UAW employers General Motors and American Axle, founded the Tonawanda Business Community Childcare Consortium.

Now known as the Western New York Family Care Consortium, the program is managed by Childcare Network, Inc. In 1998 UAW-Delphi Thermal Systems joined the Consortium, and the current employee base is over 13,000 area workers. The Consortium offers a number of services.

- “Just for Kids” provides care for school children before and after school (opening at 5:30 AM) and during school holidays at three sites, as well as a half-day program for children in kindergarten. Member families receive priority enrollment and pay reduced fees.
- “Just Like Home” is an extended hours child care center near the worksite for ages 6 weeks to 12 years; the center meets the needs of second shift workers by staying open until 2 AM. Member families receive priority enrollment and discounted tuition.
- “Just in Case” is an emergency backup telephone network to connect parents with providers when their usual child care arrangements are interrupted. Enrollment is free for UAW members; others pay \$15 to register, with \$5 for each additional child.
- The Consortium also provided training to more than 160 local child care providers in 1997, and has helped two area child care centers receive accreditation from the National Association for the Education of Young Children.

V. On-Site Child Care

Perhaps the first thing employers think of when they hear about child care assistance is on-site

care, where a child care center operates on company property. On-site centers are located in space that has been converted for child care use or specially constructed for child care. The centers are often operated by outside contractors with experience in managing child care centers. Companies may provide various subsidies to on-site centers. Some employers pay for the construction and maintenance of a center, with parental fees covering the cost of operations, while others provide operating subsidies, effectively lowering costs for all users, or offer subsidies specifically to lower-income employees. Child care slots are generally reserved for company employees, but if the on-site center is not full, services can be offered to other parents in the community.

A 1998 study estimates that there are currently more than 8000 on-site centers. These centers are evenly distributed in firms with fewer than 1000 employees, between 1000 and 2000 employees, between 2000 and 4000 employees, and more than 4000 employees. A number of firms offering on-site care had fewer than 500 employees; these firms typically worked with other small firms to jointly operate centers. Overall, 16 percent of the on-site centers had more than one corporate sponsor.²⁷

A 1997 study of users of on-site care found beneficial effects for both employers and employees.²⁸

- With on-site care, parents will have less need to take time off because of child care emergencies, increasing attendance and productivity.
- On-site centers can play an important role in attracting quality employees and increasing retention. This is especially important in a time of low unemployment.
- On-site centers are convenient, eliminating the need for another trip to the baby sitter or child care center, reducing commuting time and stress.
- Working parents can visit their children during lunch or breaks, allowing them to spend additional time with their kids. This additional time can also reassure parents about the quality of care that their children are receiving.
- On-site centers demonstrate commitment to employees, creating greater employee loyalty.

In addition, on-site centers allow the employer greater control over quality. On-site centers are often accredited by private organizations that evaluate child care quality.

²⁷Burud & Associates (1998).

²⁸Andrews et al (1997).

SC Johnson Wax

The Johnson Wax Child Care Center (CCC), located at company headquarters in Racine, WI, has served more than 1000 children since its opening in 1985. The CCC originally started in rented space in a church, but in 1991 moved to a state-of-the-art 20,000 square foot facility on the company's park and fitness center grounds. The child care facility provides full and half day care for ages newborn through 6 years. The CCC is managed by Corporate Family Solutions, a national expert in child care, and the center is accredited by the National Association for the Education of Young Children. The CCC currently serves 250 children in the child care program. The center also offers full day kindergarten, as well as before- and after-school care and a summer day camp for older children.

SC Johnson Wax paid for the construction of the facility and also provides maintenance. This allows CCC to keep costs low. In addition, the company provides tuition assistance for families with incomes below \$60,000.

Lancaster Laboratories

In 1986 Lancaster Laboratories had 150 employees, but in a tight labor market was losing skilled workers who left after giving birth. The staff was young and largely female (62 percent), and an employee survey found that many workers were planning to start a family within the next five years. However, a good proportion of those wanted to continue their professional careers, *provided they could find a good child-care solution*. Lancaster Laboratories responded by opening an on-site child care center. When the center first opened, only five children showed up, instead of the 22 anticipated. Within two months, however, 20 children were enrolled.

Now Lancaster Laboratories has expanded to 600 employees, and 166 children are enrolled in the child care center, including two state-approved kindergarten classes. The 26,300 square foot on-site Family Center also includes a summer camp for 43 school-age children, an adult day care center for 25 older family members, and an employee fitness center. The child care center is operated by Hildebrant Learning Center, which provides monthly reports to Lancaster Laboratories on program use, budget, and effectiveness. In addition, Lancaster Laboratories also has a liberal parental leave policy that exceeds the standards of the Family and Medical Leave Act.

Since the company opened the child care center in 1986, *94 percent of new mothers have returned to the company*, and most are back at work within three months after giving birth. Annual turnover is only 8 percent, less than half the industry average, especially important for a company that needs to retain skilled scientists. Lancaster Laboratories also has an important edge in recruiting new employees, attracting even potential parents or those without dependents who like the company's family friendly policies.

VI. Off-Site Care

Corporations are not limited to on-site child care centers in assisting their employees in obtaining quality child care. There are a number of options for companies which want to help their employees with child care but do not want to offer on-site care. Some employers help operate and/or fund centers near the place of business (near-site) or in the community. These centers can be collaborative, involving a number of sponsoring employers, or community-based. Other companies make arrangements with off-site centers so that employees have the first opportunity at available slots, and firms can also subsidize off-site care with a provider the employee chooses.

Off-site care offers a number of advantages:

- **Space Issues.** Valuable building space or property is not diverted for child care use when it may be needed in the future for other purposes. Many companies believe that their premises should be for business use only.
- **Leadership and Corporate Citizenship.** By supporting local off-site efforts, companies reinforce their corporate citizenship and leadership roles in the community. Off-site care not only meets the needs of employees, but also helps other employers assist their workers and helps build the overall community tax base.
- **Equity Concerns.** Off-site care programs allow companies to provide services to workers when companies have multiple worksites or employees are geographically dispersed.
- **Employee Choice.** Subsidies for off-site care allow workers to choose the child care provider which best works for them. Workers may find this more valuable than an on-site center.
- **Convenient Location and Time.** Off-site programs offer flexible locations for families that choose to have their children closer to home or near the workplace of other family members. Off-site care may also be more convenient for employees that work non-standard schedules. These factors may be especially important for firms with flexible scheduling, telecommuting, and mobile workers.

Katonhah, New York

IBM joined with PepsiCo to develop one of the first child care centers in Northern Westchester County to serve infants, toddlers, and preschoolers in the same setting. The original project proved so successful that the two companies provided additional funding for the continued development of the property. The center now contains several acres of wooded land, a pond, a barn, trails, and a swimming pool. IBM and PepsiCo also added a summer science and nature

program for school-age children.

Recently, Texaco and Nynex joined IBM for the next phase of development. This second site offers backup care and care for school-age and mildly ill children. A unique feature is the all-season sports court, used to teach children a number of sports, including basketball, golf, and tennis.

Local 2/Hospitality Industry Child Care and Elder Care Fund, San Francisco

In 1994, the Hotel and Restaurant Employees Local 2 and the San Francisco Union Hotels negotiated the Child/Elder Care plan. Employers contribute 15 cents for every each qualified-employee hour worked, and the fund has grown to almost \$1.5 million since the plan was negotiated. A labor-management committee worked together to design a program to meet the child and elder care needs of Local 2 workers. In particular, the committee had to address the needs of hotel employees, many of whom work nights or weekends and require care at odd hours.

The fund provides reimbursement to union members in four areas: newborn care; child care for children ages 1 to 14; subsidies for youth programs, such as after-school programs, classes, and summer camp; and elder care. Workers receive a subsidy of \$125 per month for newborn care, and \$60-\$100 per month for child care, with higher reimbursement for licensed care. Parents are free to select the child care provider that best fits their needs, and then use the subsidies to pay for this care. There are a limited number of slots in each of the four reimbursement areas, and assistance is offered on a first-come, first-served basis. In addition, the plan offers free counseling and referral services for child and elder care 24 hours a day, seven days a week.

VII. Backup/Sick Child Care

Only 20 percent of working parents who use child care choose centers as their primary care arrangement. The other 80 percent prefer the care provided by a family day care provider, relative, babysitter, nanny or stay-at-home spouse. However, these forms of care are dependent on a single provider and are susceptible to last-minute breakdowns. In fact, care is estimated to break down 8 to 12 days per year in these arrangements.

Employees need backup child care to supplement their full-time arrangements so that they can come to work when they would otherwise have to call in sick or take a vacation day. A high quality backup child care alternative near the work-site can offer valuable support to employees when the regular care provider is ill or takes a vacation day; school closes for a holiday, professional day or vacation; mothers return to work from maternity leave, as a compliment to a flexible work arrangement such as job share, flex-time or part-time; or to ease corporate relocation or travel issues. One provider of backup care has found that the average family using one of its centers will use backup care more than 5 times a year. In trying circumstances, such as an unexpected loss of a caregiver or the return to work after maternity leave, a parent may use the

program 20 times or more in a year.

A 1997 survey of 2,000 employers conducted by *Working Mother* found that the need for backup child care is an important issue for both employers and employees alike. There is compelling research to confirm that backup child care is a win-win investment that typically pays for itself within a few short months of implementation in terms of increased productivity due to decreased absenteeism and tardiness, enhanced recruitment and retention, and improved corporate morale.

In a 1996 survey of 300 CEOs by Cannon Consulting Group, 72 percent reported that worker absenteeism would be greatly reduced if a company offered on-site or backup child care services. A 1996 study conducted by the Merrill-Palmer Institute found that the annual cost of absenteeism due to child care problems among the companies it surveyed ranged from \$66,000 to \$3,500,000.

In addition to backup care, parents may also need sick child care. Sometimes a child is too ill to attend school or go to their regular child care provider, but not ill enough that a parent needs to stay at home. Some employers offer care for mildly sick children to address the circumstance. Also, employers may grant time (with or without pay) to employees who need to stay home with a sick child.

New York Life

In 1993 New York Life surveyed its approximately 8000 Home Office employees to evaluate the company's program and policies and employees' needs, including child care. More than one-third of respondents had children and one-half anticipated having child care responsibilities within the next two to three years. The survey also found that New York Life lost more than \$400,000 in lost wages annually from employees calling in sick due to child care responsibilities. A more detailed survey on employees' specific child care needs was conducted, and in 1995 the Human Resources Department recommended that New York Life build an on-site backup care facility. The Executive Management Committee agreed, and the center opened in April 1996. The center is managed for New York Life by ChildrenFirst, a national provider of backup care services.

Children and grandchildren ages 6 months to 13 years are eligible, and more than 400 children are registered for the center--these are children who can use the center if backup care is needed. Total utilization in 1997 was 2000 spaces, an average of about 8 children a day.

A survey of employees who had registered children for the center found benefits both to New York Life and its employees.

- The center has directly helped 79 employees avoid calling in sick a total of 388 times, saving New York Life approximately \$84,000 in lost productivity. This figure includes only those parents and grandparents who responded to the survey; total savings may be

higher.

- Based on experience, 99 percent of respondents would recommend the backup care center to co-workers.
- Almost all respondents (99 percent) believe the backup care center enhances New York Life's reputation as an "Employer of Choice."

Eli Lilly

At Lilly's Tippecanoe Laboratories in Lafayette, Indiana, employees can take their sick children to the U.B.O.K. Sick Child Care Center at St. Elizabeth's Medical Center. In partnership with St. Elizabeth's, Lilly provides sick child care spaces at U.B.O.K. at a discounted fee. U.B.O.K. is open 7 days a week, 24 hours a day, and is staffed by skilled nursing assistants who care for sick children under the age of 14. Lilly is also working with state government, other Indiana companies, and the Purdue University Center for Families to address the need for care for mildly ill children throughout the state.

In addition, Lilly provides employees with eight days of flexible paid time off per calendar year for illness in the family. If a worker needs additional time to care for an ill family member, the employee's supervisor and human resources representative can evaluate the situation and authorize additional paid days off. And of course Lilly employees can request up to 12 weeks annually of unpaid leave to care for a child with a serious health condition, as called for in the Family and Medical Leave Act.

VII. Out-of-School Time

Many children and youth can benefit from extra learning time, enrichment, and recreation after school and during weekends, summers, and holidays. Providing these opportunities, while important to any parent, can be especially important for employed parents, reducing work absences and increasing retention rates. Parents want their children to be positively engaged in their out-of-school hours. A 1994 survey of parents found that 56 percent believe that children are left alone too much after school.²⁹ A 1997 survey shows that parents would like after-school programs that offer computer skills, art, music, and drama, recreation, and public service.³⁰

While there is a demand for out-of-school programs, the need for more is clear. In 1995 there were 23.5 million school-aged children with parents in the workforce, but the vast majority (over

²⁹Metropolitan Life (1994).

³⁰U.S. Department of Education (1997).

20 million) did not have a supervised environment to go to after their day was over.³¹ Yet this is exactly the time of day when young children and teenagers need supervision. According to 1997 report using data from the Federal Bureau of Investigation, youth between the ages of 12 and 17 are most at risk of committing violent acts and being victims of violent crime between 3:00 p.m. and 8:00 p.m.--a time when they are not in school.³²

While some businesses are developing and implementing after-school programs, especially for children of their employees, they are not widespread. A 1996 Hewitt Associates survey found that of 902 large employers offering child care services, only 4 percent offered before- and after-school care and only 2 percent offered summer care. A recent survey of 90 companies *already* implementing work/life programs such as elder care, child care, flex-time, and other benefits, found that 39 percent had summer/holiday programs, 36 percent had backup/emergency care programs, 27 percent operated school-age child care programs, 20 percent had after-school programs, and 20 percent ran summer camps.³³

John Hancock Financial Services

John Hancock offers a comprehensive work/family program to its employees, ranging from flexible work arrangements to on-site child care. One of its unique programs is Kids-to-Go, which provides supervised activities and field trips for children, ages 6-14, from 7:30 a.m. to 4:30 p.m. during school holidays. Fifty children attend the program, staffed by a nonprofit social agency. The company initiated this program in response to an employee survey citing work/family issues as a major cause of concern to its employees. The company estimates a payback of \$4.17 for every dollar invested in family-friendly policies and programs, including Kids-to-Go, through increased performance and retention, stress reduction, and reduced absenteeism.

G. T. Water Products, Inc.

This small California company operates a free, year-round, on-site school to serve the children of its 24 employees. The students, ages 4 to 16, attend school during business hours, which eliminates employee worries over child care. Because of the extended day, students rarely take assignments home, freeing evenings to spend as family time. Parents are actively involved in the classroom: they join their children on field trips, teach special classes and tutor in the classroom, and often eat lunch with their children. For its \$50,000 annual investment in the school, the

³¹The School-Age Care Project (1997).

³²Fight Crime: Invest in Kids (1997).

³³Otterbourg (1997). This report also provides more detailed information on employer involvement in education, including out-of-school time.

company reports many benefits, including virtually no employee turnover. Students perform at or above national averages on standardized tests, and the company cites many other benefits to the children from the school and the increased family involvement it supports.

IX. Small and Medium-Sized Businesses

Many of the policies discussed above are applicable to small and medium-sized business. For example, community-based child care resource and referral agencies can provide information to employees of small business, and small business can also participate in public-private partnerships. Flexible work arrangements may be easier to arrange in a small firm. Small businesses can also arrange with off-site child care centers to reserve slots for employees. Another option available to small firms are child care consortiums, where small employers work together to sponsor child care.

New Berlin Child Care Center, Inc.

In 1988 A&A Manufacturing, a small business of 200 workers, lost three employees because as working mothers they were unable to find adequate child care. A&A discussed this with other small businesses in the New Berlin Industrial Park, and they realized that access to child care was an important issue in retaining skilled employees. None of the employers could individually afford to support a child care center; however, the businesses together, with other contributions, were able to raise enough funds to build a child care center in the industrial park.

The New Berlin Child Care Center opened in 1992. Today, it is a cooperative effort involving more than 80 businesses and the city of New Berlin, serving 210 children. The center is conveniently located on 10 acres with wooded trails in the industrial park. The center is accredited by the National Association for the Education of Young Children, and features a full-day kindergarten and an on-site kitchen. It is governed by a non-profit corporation with a volunteer board of directors. The actual facility is managed by Bright Horizons Children's Centers, Inc., a for-profit company that specializes in employer-supported child care centers.

Most of the businesses that sponsor the center have fewer than 100 employees, and some are as small as 2 or 3 workers. Employees of sponsoring companies receive priority when an opening occurs, but parents are responsible for tuition. The center has proven very effective in allowing employers to retain existing employees that might otherwise have left to care for their children. New Berlin Child Care Center estimates that at any one time, the center allows up to 150 workers to remain at their jobs. In fact, the New Berlin Child Care Center has been so successful that it is expanding to meet the needs of the many children on the waiting list.

Lost Arrow/Patagonia

Lost Arrow is the parent company of Patagonia, a clothing designer, and other small subsidiaries. The company is based in Ventura, California and employs about 600 workers. Its Work-Family

Program started in 1984 with an on-site child care center; now Lost Arrow also offers a generous leave policy, flexible work scheduling, subsidized off-site care, and a child care resource and referral program.

New parents, including those who adopt, are entitled to eight weeks of paid leave, plus an additional eight weeks of unpaid leave; in addition, Lost Arrow provides financial aid towards adoption costs. The company also operates on-site child care and covers 40 percent of the cost, while parental tuition covers the remaining 60 percent. Lost Arrow also offers employees subsidies for off-site care.

The generous leave and child care policies help keep turnover costs low; the company estimates that it costs \$50,000 to train a new worker. A Lost Arrow evaluation found that over a two-year period, the Work-Family Program has more than recovered its cost of \$540,000, producing *net benefits* of more than \$130,000. This includes reduced turnover and savings in Federal and state taxes. Other benefits Lost Arrow cites from its Work-Family Program include increased employee moral, increased productivity, reduced absenteeism, and enhanced recruitment.

RESOURCES

Child Care Support Organizations

**The AFL-CIO Working Women's
Department**

815 16th Street, N.W.
Washington, D.C. 20006
(202) 637-5064
<http://www.aflcio.org>

**American Business Collaboration for
Quality Dependent Care**

WFD
930 Commonwealth Ave.
Boston, MA 02215
(800) 767-9863

**Center for Career Development in Early
Care and Education**

Wheelock College
200 The Riverway
Boston, MA 02215-4176
(617) 734-5200, ext. 211

Child Care Action Campaign

330 Seventh Avenue, 17th Floor
New York, NY 10001
(212) 239-0138

Child Care Law Center

22 Second Street, 5th Floor
San Francisco, CA 94105
(415) 495-5498

Children's Defense Fund

Child Care and Development Division
25 E St., N.W.
Washington, D.C. 20001
(202) 662-3547

The Conference Board

845 Third Avenue
New York, NY 10022
(212) 759-0900

Ecumenical Child Care Network

8765 West Higgins Road, Suite 405
Chicago, IL 60631
(312) 693-4040

Families and Work Institute

330 Seventh Ave.
New York, NY 10001
(212) 465-2044
<http://www.familiesandwork.org>

The Labor Project for Working Families

IIR, 2521 Channing Way, #5555
Berkeley, CA 94720
(510) 643-6814
[http://socrates.berkeley.edu/~iir/workfam/
home.html](http://socrates.berkeley.edu/~iir/workfam/home.html)

**National Association for Family Child
Care**

206 Sixth Avenue, Suite 900
Des Moines, IA 50309-4015
(515) 282-8192
(619) 466-8340 (California)

**National Association for the Education
of Young Children**

1509 16th St., N.W.
Washington, D.C. 20036-1426
(800) 424-2460

National Association of Child Advocates
1522 K St., N.W., Suite 600
Washington, D.C. 20004
(202) 393-5501

**National Association of Child Care
Resource and Referral Agencies**
1319 F St., N.W., Suite 810
Washington, D.C. 20004
(202) 393-5501

**National Black Child Development
Institute**
1023 15th St., N.W., Suite 600
Washington, D.C. 20005
(202) 387-1281

**National Center for the Early Childhood
Work Force**
733 15th St., N.W., Suite 1037
Washington, D.C. 20005
(800) U-R WORTHY
(202) 737-7700

National Child Care Information Center
301 Maple Avenue West
Suite 602
Vienna, VA 22180
(800) 616-2242
Fax: (800) 716-2242
TTY: (800) 516-2242
<http://ericps.ed.uiuc.edu/nccic/nccichome.ht>

National School-Age Child Care Alliance
2140 West 44th St.
Indianapolis, IN 46208
(317) 283-3817

School-Age Child Care Project
Wellesley College Center for Research on
Women
106 Central St.
Wellesley, MA 02181
(202) 638-1144

Women's Wire
<http://www.womenswire.com/work/>

Working Mother Magazine
100 Best Companies for Working Mothers
<http://www.womweb.com/100intro.htm>

State Resource and Referral Network Contacts

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Alabama Child Care Network
c/o Child Care Resource Network
Ft. Payne, AL 35967
(205) 845-8238

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Michigan 4C Association
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East Lansing, MI 48823
(517) 351-4171

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Rochester, MN 55904
(507) 287-2497

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St. Louis, MO 63103
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Columbus, OH 43215
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Roanoke, VA 24004
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WI CCR&R Network, Inc.
519 W. Wisconsin Avenue
Appleton, WI 54911
(414) 734-0966

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Very preliminary draft

Den - This is the draft
of Ellen's report that
I mentioned
N.

I think this will be a very important complement to the DOT report because it will provide more research detail.

It has not been fact checked.

In addition, I think it could be reformatted so that findings are in bold, much in the same style we use for the 1997 NSCW

EMPLOYER-SUPPORTED CHILD CARE 1997

by (Authors to come)

WHAT IS EMPLOYER-SUPPORTED CHILD CARE?

In the early years of research on work and family life, employer-supported child care was seen as the assistance provided from employers to help employees come to work and concentrate on their jobs without being distracted by worries about their children.

Accordingly, work and family life were seen—at best—as separate, non overlapping domains of life. Employer assistance was needed to retain this separation—to keep child-related issues from causing problems at work. In fact, child care was often defined as a problem. The solutions posed by employers were aimed at helping employees find child care or Child Care Resource and Referral; helping employees pay for child care through direct subsidies or vouchers from employers or through dependent care assistance plans where the employees' pretax salaries are used to reimburse child care expenditures; or providing on- or near-site child care.

After a more than a decade of research, it is clear work and family or personal life are not separate. It is also clear that work is far more likely to spill over into home life than home life is to spill into work life. And finally, it is clear that work and family life can conflict with each other or can enhance each other.

Thus, we pose a new definition of employer-supported child care. We include any assistance provided by employers to help employees care for their own children as well as to use others to care for them. We include flexible time and leave for parents in this definition. It is a definition that builds on what we have learned from research in child care and in the brain development of young children. Rather than set child care and parent care as opposing poles, we need to focus on *the continuum of care* that children need from their families and from the other important people in their lives.

In the following report, we discuss the impact of employer-supported child care on business productivity and employee well-being, we describe the programs and benefits that companies provide for employees, we assess which companies are most likely to provide employer-supports for child care, we describe the access that employees have to child care assistance, and we analyze which employees are most likely to have such access. In these analyses, we rely on two studies conducted by the Families and Work Institute, the *1998 Business Work-Life Study* and the *1997 National Study of the Changing Workforce*. These studies which are described more fully below, are both conducted with representative samples. The *1998 Business Work-Life Study* is conducted with a representative sample of employers with 100 or more employees and the *1997 National Study of the Changing Workforce* is conducted with a representative sample of the U.S.

labor force. Each of these studies is or will be repeated, enabling the Families and Work Institute to assess trends over time.

WHAT IS THE IMPACT OF EMPLOYER-SUPPORTED CHILD CARE ON PRODUCTIVITY AND EMPLOYEE WELL-BEING?

Here I would like to re-analyze 1997 NSCW, using access to flexibility and dependent care assistance as the dependent variables. If not, we can use data from Chapter 8 in 1997 NSCW.

WHAT PROGRAMS AND BENEFITS DO COMPANIES OFFER EMPLOYEES?

To assess the programs and policies that companies offer employees we used the 1998 Business Work-Life Study, conducted by the Families and Work Institute. (Need footnote funders, Louis Harris, response rate, also need to thank Dana Markow and Liz Cooner from LHA for their remarkable help with this) In this study, representatives from a representative sample of businesses with 100 or more employees were interviewed by telephone between February and March 1998. The sample for this study is 1109 businesses.

Provision of Flexible Time

As shown in Table 1, we found that:

- More than three-quarters of companies (76 percent) allow employees to return to work gradually after childbirth or adoption and 11 percent who don't offer this benefit are considering doing so.
- Seven in ten companies (72 percent) allow employees to periodically change their starting and quitting times and another 14 percent are considering offering this program, flextime.
- Two-thirds of companies (66 percent) allow employees to work at home occasionally and 11 percent are considering offering this program.
- Six in ten companies (60 percent) provide part-time work, which we defined as allowing employees to move from full-time, to part-time, and back again while remaining in the same position or level. Another 8 percent are considering offering part-time work. Another form of part-time work is allowing employees to share jobs and almost half of employers (49 percent) offer this, with another 17 percent considering doing so. Part-time, on average, is considered 30 hours a week (median). Thirty percent of companies provide full health care benefits to part-timers while 20 percent provide pro-rated benefits.
- More than half of companies (53 percent) allow employees to take a few days off work to care for a mildly ill child without using vacation days and without losing pay. The median number of days off is six days and the mean is 11 days.

- Almost half of companies (47 percent) allow employees to work at home regularly—possibly linked to their workplace by a computer or telephone—and an additional 15 percent are considering offering this program.
- One quarter of companies (25 percent) allow employees to change their starting and quitting times on a daily basis and 9 percent are considering offering this benefit.

Table 1: Employer Provision of Flexible Work Arrangements

Does your company allow employees....	Yes	Does not allow, yes considering
To periodically change starting and quitting times?	(n=1109) 72%	(n=305) 14%
To change starting and quitting times on a daily basis?	(n=1109) 25	(n=833) 9
To return to work gradually after childbirth or adoption?	(n=1101) 76	(n=270) 11
To care for a mildly ill child, to take a few days off work without using vacation days and without losing pay?	(n=1109) 53	Not asked
To move from full-time to part-time and back again while remaining in the same position or level?	(n=1109) 60	(n=443) 8
To share jobs?	(n=1109) 49	(n=562) 17
To work at home occasionally?	(n=1109) 66	(n=376) 11
To work at home or off-site on a regular basis, possibly linked by telephone and computer?	(n=1109) 47	(n=587) 15

Source: Families and Work Institute, 1998 Business Work-Life Study

Provision of Leave

Because we sampled companies with 100 or more employees, they are required to comply with the 1993 Family and Medical Leave Act (FMLA) which stipulates that employers with 50 or more employees within a 75 mile radius must provide 12 weeks of job-guaranteed leave for birth, adoption, foster care placement, the serious illness of a child or family member, or one's own illness.

As shown in Table 2, we found that:

- Four percent of companies reported that the maximum length of leave their company allows to *female employees who give birth to a child* (including the period of disability and other related time) is less than 12 weeks, the legal requirement of FMLA. Forty-six percent allow 12 weeks, while 27 percent

allow 13-26 weeks, and another 13 percent allow more than 26 weeks. The median amount of time off is 20 weeks and the mean is 12 weeks.

- Employers were asked, "excluding vacation days, accrued sick days, or other paid personal time off, do employees giving birth receive any pay during the period of disability? Almost two-thirds (63 percent) do provide pay. Of those, 31 percent provide full pay, 43 percent provide partial pay, and another 21 percent report that it depends.
- Of those receiving pay, 81 percent state that this is part of their general temporary disability insurance coverage.
- On the other hand, women giving birth clearly take far less time than they are allowed. Companies report that 2 percent take less than six weeks, 18 percent take six weeks, 29 percent take 7-11 weeks, and 25 percent take 12 weeks. Only 8 percent of women giving birth take more than 12 weeks off—while at the other end of the spectrum, 20 percent take six weeks or less. The median is 9 weeks and the mean is 10 weeks.
- The vast majority of women giving birth return to their companies after childbirth leave. Only 9 percent of companies report that fewer than 75 percent return. The median percent of returning women is 89 percent, while the mean is 85 percent.

The above findings lend themselves perfectly to bar charts or graphic representation.

- When asked about the maximum length of job-guaranteed leave that companies allow for *male employees whose partner gives birth to a child*, five percent report less than 12 weeks—the amount of time they are required to provide by FMLA, 59 percent report 12 weeks, 15 percent say 13-26 weeks, and 7 percent more than 26 weeks. The median here is 12 weeks and the mean is 16 weeks. It is interesting to note that about half as many companies (22 percent) allow more than 12 weeks off for fathers as do for mothers (40 percent). Comparing the length of leave allowed to mothers and fathers upon the birth of a child. Employers did not know how much time male employees actually took off so this question was dropped from the study.
- In contrast to the 63 percent of companies that provide full or partial pay for women giving birth, only 10 percent provide paid leave for fathers (excluding vacation days, accrued sick days or other personal paid time off) when their partners give birth.
- The provision for *mothers and fathers to care for newly adopted children or newly placed foster children* is similar to that for men whose partners have given birth. Five percent allow less than 12 weeks (thus failing to meet the legal requirement of FMLA), 60 percent allow 12 weeks, 16 percent allow 13-26 weeks, and 6 percent more than 26 weeks. The median amount of time off is 12 weeks and the mean is 16 weeks. Twelve percent of these companies report providing paid time off (excluding vacation days, accrued sick days or other personal paid time off).

- In terms of *caring for seriously ill children*, 3 percent allow less than 12 weeks—the amount of time they are required to provide by FMLA, 64 percent allow 12 weeks, 14 percent allow 13-26 weeks, and 6 percent more than 26 weeks. The median is 12 weeks and the mean 16 weeks.
- In sum, the mean amount of time off allowed for birth, adoption, and newly placed foster children is 12 weeks—the legally required amount of time off for companies of 100 or more employees.

Table 2: Employer Provision of Leave Policies

Leave Policy	6 Weeks or Less	7-11 Weeks	12 Weeks	13-26 Weeks	More than 26 Weeks	Median Number of Weeks
Maternity Leave	2%	2%	46%	27%	13%	12 weeks
Paternity Leave	4	1	59	15	7	12 weeks
Adoption, Foster Care Leave	3	2	60	16	6	12 weeks
Care of Seriously Ill Children Leave	2	1	64	14	6	12 weeks

n=1109; Note: Percentages do not always add up to 100% because of respondents who answered "don't know."

Source: Families and Work Institute, 1998 Business Work-Life Study

Maybe table should be redone to include don't knows.

Note: I would like to include the number of companies that offer flexible time and leave programs as we do with employee data but I would want them recalculated so that they include the same items as we do below.

Provision of Dependent Care Assistance

As shown in Table 3, we asked companies about the provision of dependent care assistance. We found that:

- Nearly nine in ten companies (86 percent) allow their employees to take time off from work to attend their children's school or child care functions.
- Seven in ten companies (73 percent) provide dependent care assistance plans to help their employees pay for child care with pretax dollars.
- Over half (55 percent) provide child care resource and referral and another 20 percent are considering offering this service.
- Nineteen percent of companies provide on- or near-site child care and 14 percent are considering doing so. The medium number of sites where child care is offered is two and the mean is seven.

- Sixteen percent of companies provide financial support to child care through a fund or through corporate contributions above and beyond what they contribute through United Way.
- Fourteen percent of companies provide back-up or emergency care for the children of employees and 9 percent are considering doing so. The median number of sites where this service is offered is two and the mean is ten.
- Eleven percent offer care for employees' children who are sick and 7 percent are considering this service. The median number of sites where sick child care is offered is three and the mean is 17.
- One in ten companies (10 percent) provides child care for employees' children on holiday and 5 percent are considering doing so. The median number of sites where vacation care is offered is two and the mean is 11.
- Nine percent of companies provide employees with reimbursement of child care costs when they travel for business and eight percent reimburse child care costs when employees work late.

Table 3: Employer Provision of Dependent Care Assistance

Does your company provide....	Yes	Does not provide, yes considering
Access to information to help locate child care in the community?	(n=1109) 55%	(n=501) 20%
Dependent care assistance plans (DCAPs) that help employees pay for child care with pretax dollars?	(n=1109) 73	Not asked
Payment for child care with vouchers or other subsidies that have direct costs to the company?	(n=1101) 8	(n=1020) 8
Reimbursements of child care costs when employees work late?	(n=1109) 6	Not asked
Reimbursement of child care costs when employees travel for business?	(n=1109) 9	Not asked
Child care at or near the worksite?	(n=1109) 19	(n=901) 14
Flexibility to take time off from work to attend their children's school or child care functions?	(n=1109) 86	Not asked
Child care for school-age children on vacation?	(n=1109) 10	(n=996) 5

Back-up or emergency care for employees when their regular child care arrangements fall apart?	(n=1109) 14	(n=956) 9
Sick care for the children of employees?	(n=1109) 11	(n=1109) 7
Financial support of local child care through a fund or corporate contributions beyond United Way?	(n=1109) 16	Not asked
	(n=1109)	(n=1109)
To work at home or off-site on a regular basis, possibly linked by telephone and computer?	(n=1109) 47	(n=587) 15

Source: Families and Work Institute, 1998 Business Work-Life Study

WHICH EMPLOYERS ARE MORE LIKELY TO PROVIDE EMPLOYER-SUPPORTED CHILD CARE?

This needs to be done, program by programs, hitting the highlights

WHAT ACCESS TO EMPLOYED PARENTS HAVE TO EMPLOYER-SUPPORTED CHILD CARE?

To assess employee access to employer-supported child care, we used the *National Study of the Changing Workforce* (NSCW), a research program of the Families and Work Institute that surveys representative samples of the nation's labor force every five years. We focus on findings from the 1997 study. (Need to footnote funders, Louis Harris, response rate, also need to reference report and to thank study authors) Only employed parents who are wage and salaried, over 18 years old, and who have children under 13 living with them half or more of the time are considered here. The sample size is 1003 parents— 531 fathers and 472 mothers.

Access to Flexible Time and Leave

First, we examine access to flexible time and leave. The questions asked in the 1997 NSCW were not designed to determine whether these flexible arrangements are formal policies affecting all workers; normative practices in the workplace, or case-by-case decisions made by supervisors. They do reveal, however, actual practice in the workplace and thus provide a reasonable basis for investigating the extent to which employees are allowed to have time off and flexibility so that they can care for family members. As depicted in Table 4, we found that:

- Nearly all employed parents (94 percent) say that women can take time off to recuperate from childbirth without jeopardizing their jobs and most (79.5 percent) say that men can take time off when they become fathers.
- Almost three-fourths of employed parents (73 percent) say that they decide when they take breaks and nearly two-thirds (64 percent) report that they find it "not hard at all" or "not too hard" to take time off during their work day to take care of personal or family matters.
- Among parents who work part-time, 53 percent say that they could or might be able to arrange to work full-time in their present position, while 38 percent of parents who are employed full-time feel that they could or might be able to work part-time in their current position.
- On the other hand, only 48 percent of employed parents can take a few days off to care for a sick child without losing pay, using a vacation day, or having to make up some other excuse.
- Likewise, just over four in ten employed parents (43 percent) can choose their starting and quitting times within some range of hours (traditional flextime) and one quarter (24.5 percent) can make these changes on a daily basis (daily flextime).
- Finally, 28 percent currently work or could work at least part of their regularly scheduled hours at home.

Table 4: Access to flexible time and leave

Are you allowed to choose your own starting and quitting times within some range of hours?	(n=1002)
Yes	43%
No	57
Are you allowed to change your starting and quitting times on a daily basis?	(n=996)
Yes	24.5%
No	75.5
Are you allowed to take a few days off to care for a sick child without losing pay, without using vacation days, and without having to make up some other reason for your absence?	(n=977)
Yes	48%
No	52
Are women who work for your employer able to take time off work to recuperate from childbirth without endangering their jobs?	(n=927)
Yes	94%
No	6

Are men who work for your employer able to take time off work when they become fathers without endangering their jobs?	(n=871)
Yes	79.5%
No	20.5
How hard is it for you to take time off during your work week to take care of personal or family matters?	(n=871)
Not too hard, not at all hard	64%
Somewhat hard, very hard	36
I decide when I take breaks	(n=1001)
Strongly, somewhat agree	73%
Strongly, somewhat disagree	27
If presently part-time, could you arrange to work full time in your current position?	(n=137)
Yes, maybe	53%
No	47
If presently full-time, could you arrange to work part-time in your current position?	(n=844)
Yes, maybe	38%
No	62
Currently work or would you be allowed to work at least part of regularly scheduled hours at home?	(n=1003)
Yes	28%
No	72

Source: Families and Work Institute, 1997 National Study of the Changing Workforce

Using these items, we developed an index of flexibility. The results show that four in ten employed parents have little or no access to flexibility at the workplace (see Table 5).

Table 5: Overall access to flexible time and leave

Few or no flexible time and leave programs	(n=1003) 41%
Some	23
Many or all	35

Source: Families and Work Institute, 1997 National Study of the Changing Workforce

- Even though more than a third of employees have access to most or all of these programs or policies, a very large majority of parents (70 percent) feel that they do not have enough time with their children. **Is this under 18 or 13 or are these the same?**
- It is not surprising that parents want more time with their children. On average, employed parents are working xx hours beyond their regularly scheduled hours. **Give data.** When asked how many hours they would prefer to work, they would like to reduce their hours by xx.

Clearly, not even greater flexibility can compensate for working very long hours.

Access to Dependent Care Assistance

Far fewer employed parents have access to dependent care assistance than to flexible time and leave. As shown in Table 6, we found that:

- The most frequently available dependent care benefit is a dependent care assistance plan (DCAPs), where employees can set aside part of their pay before taxes into an account to pay for child care. Just under one third of parents (31 percent) have access to DCAPs.
- One in five employed parents (20 percent) works for an employer who provides child care resource and referral, a service to help employees find child care.
- Very few employed parents have access to direct financial assistance for child care (13 percent) or to on- or near-site child care (12 percent).
- Furthermore, comparisons with the 1992 *National Study of the Changing Workforce* reveals that employee access to these four benefits have not changed over the past five years.

Table 6: Access to dependent care assistance

Does your employer have a program or service that helps employees find child care?	(n=966)
Yes	20%
No	80
Does your employer operate or sponsor a child care center for employees' children on or near the worksite?	(n=987)
Yes	12%
No	87
Does your employer provide employees with any direct financial assistance for child care?	(n=979)
Yes	13%
No	87
Does your employer have a program that allows employees to put part of their pay—before taxes—into an account that can be used to pay for child care or other dependent care?	(n=962)
Yes	31%
No	69

Source: Families and Work Institute, 1997 *National Study of the Changing Workforce*

While more than one third of employed parents (35 percent) has access to most or all of the flexible time and leave programs or policies we assessed, far fewer (20 percent) have access to dependent care assistance (see Table 7). In fact, 55.5 percent have no or very little access to dependent care assistance.

Table 7: Overall access to dependent care assistance

	(n=985)
Few or no programs	55.5%
Some	24
Many or all	20

Source: Families and Work Institute, 1997 National Study of the Changing Workforce

WHICH EMPLOYEES ARE MORE LIKELY TO HAVE ACCESS TO EMPLOYER-SUPPORTED CHILD CARE?

It is important to delve beyond these overall statistics to determine whether there is differential access to employer-supported child care. Are some employees more likely to receive help at the workplace while others don't?

Access to Flexible Time and Leave by Different Employee Groups

- Lower-wage workers, workers from lower-income families, and single parents have much less access to *traditional flextime* than other workers. For example—when we divide hourly earnings into quartiles, we see that 37 percent of worker in the bottom quartile (\$7.85 an hour or less) are able to choose—within a range of hours—their starting and quitting times compared with 58 percent of workers in the top quartile (\$18.97 an hour or more) do. Even more dramatic are the figures for workers from low-income households. In the bottom quartile (under \$28,650 per year), 29 percent of workers have access to traditional flextime compared with 61 percent in the top quartile (\$71,600 or more per year). Likewise, while 45 percent of employees who are married or living in a marriage-like relationship have access to traditional flextime, only one-third (33 percent) of single parents do.
- Fathers are more likely (28.5 percent) to have access to *daily flextime* than mothers (20 percent). Lower-wage workers in the bottom quartile of hourly earnings have less access (16 percent) than those in the top quartile (40 percent). Similarly, parents in the bottom quartile of household income have three times less access (14 percent) than parents in the top quartile (41 percent). Finally, single parents have less access (17 percent) than those who live with a spouse or partner (26 percent).
- There are no differences between mothers and fathers in their ability to take time off to *care for a sick child* without losing pay, using vacation days, or having to make up some other reason. However, parents in the lowest quartile of hourly earners have less access to leave to care for sick children (36 percent) than their counterparts in the highest quartile of earners (60.5 percent). Likewise, parents living in households in the lowest quartile of household income have half as much access to this time off to care for sick children (31 percent) than those in highest quartile of household income (64 percent). Finally, 51 percent of employed parents who are living with a spouse or partner can take time off for sick children compared with 38 percent of single employees.
- Interestingly, there are no differences among parent groups in their access to *maternity and to paternity leave*. There are also no differences among employee groups in their reported ability to take *time off during the work day*

to take care of personal or family matters. Alternatively, employed parents with lower hourly earning and living in lower-income households are less likely to decide when they take breaks.

- While part-time mothers and fathers who are married and single, with higher and lower wages and household incomes report equal access to being able to move to full-time work in their current position, there is much less equal access when it comes to full-timers moving to part-time work. For example, only 32 percent of fathers compared with 45.5 percent of mothers feel that they could move to part-time work. Full-time employed parents who make higher wages and live in higher-income households also are less likely to feel they could move to part-time work than those at the lower ends of the wage and household income spectrum do. Likewise, only 36 percent of full-time employed parents living with a spouse or partner feel they could arrange part-time work compared with 47 percent of single full-time employed parents.
- Conversely, employed parents with higher wages and living in households with higher incomes are more likely to report that they currently do or could work at least part of their regularly scheduled hours at home. For example, 24 percent of employed parents with wages in the lowest quartile compared with 40 percent of those in the highest quartile could or do work at home.

In Table 8 and Table 9, we examine the issue of overall access by developing an index of flexibility, created by combining responses to the ten types of flexible time and leave we have discussed above. We found that employed parents with the lowest wages and living in the lowest income households have less access to flexibility than their wealthier counterparts. In other words, those with the least resources have the least flexibility from their employers.

Table 8: Flexibility Index by Employees' Hourly Earnings at Their Main Job

Flexible benefits	Quartile 1 \$7.85 or less	Quartile 2 >\$7.85-\$12	Quartile 3 >\$12-\$18.97	Quartile 4 >\$18.97	Total
Few or none	46%	54%	41%	27%	42%
Some	25	23	20	24	23
Many or all	29	23	39	49	35

Significance= $p < .000$; $n=933$; Source: Families and Work Institute, 1997 National Study of the Changing Workforce

Table 9: Flexibility Index by Employees' Total Household Income in 1996

Flexible benefits	Quartile 1 <\$28,650	Quartile 2 \$28,650- \$46,250	Quartile 3 \$46,250- <\$71,600	Quartile 4 \$71,600 and >	Total
Few or none	55%	45%	39.5%	29%	42%
Some	22	27	27	16	23
Many or all	23	28	33	55.5	35

Significance= $p < .000$; $n=961$; Source: Families and Work Institute, 1997 National Study of the Changing Workforce

Note: I left employer size out of these analyses because NSCW would have to be re-coded to match the employer size distinctions in the Employer Survey. I don't know if we can do it in time.

Access to Dependent Care Assistance by Different Employees Groups

Do the same kind of difference we found in employee access to flexible time and leave assistance also hold for access to dependent care assistance?

- The only difference in access to child care resource and referral was for employees with differing household incomes. About half as many employees from low-income households (the lowest quartile) have access to child care resource and referral as those from the high-income households (the highest quartile): 13.5 percent for low-income employees versus 27 percent for high-income employees.
- There are no difference in parent employees' access to on- or near-site child care.
- Likewise, there are no differences in access to financial assistance for child care.
- On the other hand, employees with lower-hourly earnings and living in lower-income household had less access to dependent care assistance plans (DCAPs) than their higher income counterparts. For example, twice as few employed parents in the lowest quartile of hourly earnings (20 percent) have access to DCAPs as those in the top quartile of hourly earnings (43 percent). An even greater difference emerges when one examines household income. There, 14 percent of employed parents living in households in the bottom quartile of family income have access to DCAPs compared with 47 percent from the top quartile—a differential of more than three times.

As shown in Table 10 and 11, the same type of disparity in access to flexibility between more and less advantaged parents holds true in terms of access to dependent care assistance. This index was developed by combining responses to all four types of dependent care assistance.

Table 10: Dependent Care Index by Employees' Hourly Earnings at Their Main Job

Dependent care benefits	Quartile 1 \$7.85 or less	Quartile 2 >\$7.85-\$12	Quartile 3 >\$12-\$18.97	Quartile 4 >\$18.97	Total
Few or none	64%	66%	52%	44%	56%
Some	18	20	25	32	24
Many or all	19	14	23	24	20

Significance = p < .000; n = 911; Source: Families and Work Institute, 1997 National Study of the Changing Workforce

Table 11: Dependent Care Index by Employees' Total Household Income in 1996

Dependent care benefits	Quartile 1 <\$28,650	Quartile 2 \$28,650- \$46,250	Quartile 3 \$46,250- <\$71,600	Quartile 4 \$71,600 and >	Total

Few or none	70%	60.5%	52%	42%	56%
Some	15	21	29	30	24
Many or all	14	19	19	28	20

Significance = $p < .000$; n = 939; Source: Families and Work Institute, 1997 National Study of the Changing Workforce

- In sum, although employed parents with lower earnings have less access to dependent care assistance from their employers, it is parents from low-income households that fare the worst. Half as many employed parents from the lowest quartile of household income (14 percent) have many or all of the four dependent care programs compared with employed parents from the highest quartile (28 percent).
- It is important to note, however, the only 20 percent of employed parents with children under 13 have much assistance from their employers in finding, paying for or providing child care.

IMPLICATION OF THESE FINDINGS

CONCLUSION

Employees

Family Friendly Policies				
Employees				
Bnr.	Bnr. Pt.	Banner Title	Bnr Sub-title	Notes
2	1	Total		
		Female Employees (% of Total)		
	2		0%-24%	Q115<=24
	3		25%-49%	25<=Q115<=49
	4		50%-74%	50<=Q115<=74
	5		75%-100%	Q115>=75
		Unionized Employees (% of Total)		
	6		0%-32%	Q130<=32%
	7		33%-66%	33%<=Q130<=66%
	8		67%-100%	Q130>=67%
		Hourly Employees (% of Total)		
	9		0%-32%	Q135<=32%
	10		33%-66%	33%<=Q135<=66%
	11		67%-100%	Q135>=67%
		Part-time Employees (% of Total)		
	12		0%-4%	Q230<=4%
	13		5%-9%	5%<=Q230<=9%
	14		10%-49%	10%<=Q230<=49%
	15		50%-100%	Q230>=50%
		Evaluation of Programs		
	16		Evaluation	Q250 OR Q340 OR Q445 OR Q520 OR Q846 = 1 OR 2 OR 3
	17		No Evaluation	Q250 AND Q340 AND Q445 AND Q520 AND Q846 = 4
		Mgmt Considers Personal Needs		
	18		True	Q975E=1 OR 2
	19		Not True	Q975E=3 OR 4

Family Friendly Policies

Family Friendly Policies				
Family Friendly Programs				
Bnr.	Bnr. Pt.	Banner Title	Bnr Sub-title	Notes
3	1	Total		
		Flexible Work Arrangements		
	2		0-1 Programs	Q204-8A: Special Table Score=0 or 1
	3		2-3 Programs	Q204-8A: Special Table Score=2 or 3
	4		4-6 Programs	Q204-8A: Special Table Score=4 or 5 or 6
	5		7-8 Programs	Q204-8A: Special Table Score=7 or 8
		Child Care		
	6		0-1 Programs	Q404-424A: Special Table Score=0 or 1
	7		2 Programs	Q404-424A: Special Table Score=2
	8		3 Programs	Q404-424A: Special Table Score=3
	9		4+ Programs	Q404-424A: Special Table Score>=4
		Elder Care		
	10		0 Programs	Q504-508A: Special Table Score=0
	11		1 Program	Q504-508A: Special Table Score=1
	12		2-3 Programs	Q504-508A: Special Table Score>=2
		Family Conflict Resolution		
	13		0 Programs	Q604-612A: Special Table Score=0
	14		1-2 Programs	Q604-612A: Special Table Score=1 or 2
	15		3 Programs	Q604-612A: Special Table Score=3
	16		4 Programs	Q604-612A: Special Table Score=4
		Family & Medical Leave		
	17		Less than 5 Programs	Q304-Q312: Special Table Score < 5
	18		5 Programs	Q304-Q312: Special Table Score =5
		Training Programs		
	19		0 Programs	Q970A-E: Special Table Score=0
	20		1-2 Programs	Q970A-E: Special Table Score=1 or 2
	21		3-4 Programs	Q970A-E: Special Table Score=3 or 4

