
CHILD CARE OPTIONS



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The Response of Employers to Changing Social and Economic Environments

Child care has emerged as a top company benefit with 80 percent of American employers providing some type of child care assistance to their employees. According to a Hewitt Associates study, about 86 percent of employers provide some form of child care benefit. Of the child care options, dependent care assistance plans have proven to be the most popular option and are offered by 97 percent of employers with child care aid. About 40 percent of employers provide resource and referral services, while 13 percent offer sick or emergency child care, a growing trend according to Hewitt. Child care benefits are found in rural and urban companies, in small and large businesses, among both conservative and progressive employers, and not necessarily at firms which are predominately female. Child care benefits make good business sense.

Child Care Benefits Take The Form Of:

1. Child Care Resource and Referrals
2. Parent Education
3. Dependent Care Assistance Plans
4. Flexible Personnel Policies
5. Mildly Ill Child Care Programs
6. Flexible Benefit Plans
7. On-site/Near-site Child Care Centers
8. Vendor Programs
9. Family Child Care Networks
10. Consortium Models
11. Child Care Vouchers

1. Resource and Referral Services

- ¥ Resource and referral (R&R) services provide parents with current information on child care options and openings in their area. Employers interested in implementing an R&R service can do so at a low cost.
- Trained child care counselors locate openings in child care programs for employees and give information on how to select a child care provider.
 - In many cases, R&R services can help parents obtain financial assistance to cover child care costs; educate parents on how to select an appropriate child care center; recruit providers; educate the community on the increasing need for child care services; and, promote quality child care.
 - Another option for employers is “enhanced referral” which provides employees with specific information on child care, such as locale, fees, openings, types of programs, hours, etc. Employers may also contract with the service to provide access to an on-site counselor who can offer guidance and support services.
 - This option might also include parent education workshops offered at the work site during lunch, or other convenient times.
 - Companies may choose to create an in-house service by contracting with an existing organization to provide the service; or, combine resources with other employers for child care.

ADVANTAGES

For Employers:

It is a visible service that is easy to implement
Services all employees with children of all ages
Promotes the role of parents by providing them with options in choosing care for their children

For Employees:

Eases problems in finding child care
Parents have options and choices for the care of their children
Counseling to meet individual needs

DISADVANTAGES

For Employers:

Requires extensive publicity at the worksite
Costs can multiply if options such as counseling, follow-up, etc., are added
Depending on follow-up, little control of quality care

For Employees:

Unless subsidized, this does not counteract the high cost of child care
May not directly create new child care options for employees

2. Parent Education

- Parent education in the form of lectures, classes or discussion groups provides information to employees seeking guidance when dealing with family issues. Many community colleges and other organizations in Washington provide such programs, but are often difficult to access by working parents.
- Employers can sponsor employee seminars on topics such as “How to Choose a Child Care Setting,” “Discipline,” “Time Management for Working Parents,” and other parenting issues. These sessions can be held at the work site during the lunch hour or at other appropriate times or places, and can be organized by a resource and referral service, a group of interested employees, or through employee assistance programs.
- In addition to seminars, there are other options for employers who wish to provide parent education.
- A resource library can be established at the work place with information on community resources, parenting issues, and guidelines for choosing child care.
- Employers may wish to contract with a parent counselor to work on-site for a set amount of time each week.
- A company can publish a “Parenting Newsletter” or contract with a community resource to receive one.

ADVANTAGES

For Employers:

- Can help reduce employee stress caused by work-family conflicts
- Produces good employee relations
- Easy to administer at a low cost

DISADVANTAGES

For Employers:

- Some employees may be reluctant to discuss personal problems at work

3. Dependent Care Assistance Plan

- Dependent Care Assistance plan allows a portion of an employee's pre-tax salary to be withheld and deposited into an account set aside for care of a dependent. No more than \$5,000 per year may be withheld; and, this cannot be used in conjunction with a dependent care tax credit. Any money remaining in the account at the end of the year is forfeited.

ADVANTAGES

For Employers:

Lowers payroll taxes for employer

For Employees:

Employees pay no federal taxes on the money withheld from their pay

DISADVANTAGES

For Employers:

Additional accounting expense

For Employees:

If employee does not use all the monies withheld, they cannot recover it

Only benefits employees with incomes of \$25,000 or more per year

4. Flexible Personnel Policies

- Responsive personnel policies can help working parents meet conflicting demands of family and work. Policies may include:
- Flextime: Employees choose their hours.
- Flexplace: Employees complete all or part of their work at a location other than the normal work site.
- Regular Part-Time: Employees work part-day, part-week, part-month, or part-year.
- Job Sharing: Two employees share a full-time job.
- Personal Leave: Employees use this leave for any personal business, such as caring for sick children, attending school conferences, etc.
- Sick Leave: Parents' sick leave may be used to care for sick children.
- Extended Maternity Leave: Employees have more flexibility to determine when to return to work after the birth of a child.
- Paternity Leave: Fathers may take time off following the birth of a child.
- Adoption Leave: Adoptive parents can take time off following the adoption of a child.

ADVANTAGES

For Employers:

- Reduced absenteeism and turnover
- Hours of business can be expanded with flextime
- Presents an equitable benefit
- Provides a competitive edge for attracting and retaining employees

For Employees:

- Enables more flexibility in dealing with child care and parenting issues
- Reduces pressures of commuting

DISADVANTAGES

For Employers:

- Scheduling and planning workflow could be demanding for employer
- Options are not applicable to all jobs

For Employees:

- Perception that working part-time on flexible hours will make them less desirable employees
- Does little to expand the child care supply

5. Mildly Ill Child Care

- Mildly ill child care programs provide care for mildly ill children who are too ill to be allowed to attend their regular child care program. This care may be provided by:
 - Family child care homes recruited by the company to care for employees' sick children.
 - Hiring nurse's aides to go to employee's homes to care for the sick children.
 - Establishing a child care facility which cares for children recently recovering from an illness but not yet ready to return to regular child care.
 - Purchasing slots in an already established sick child care facility.

ADVANTAGES

For Employers:

Reduces absenteeism and tardiness

For Employees:

Reduces stress and worry associated with inadequate care arrangements

DISADVANTAGES

For Employers:

Usually a high cost service

For Employees:

Parents may prefer to remain at home with their sick children

6. Flexible Benefits Plan

- Flexible benefit or “cafeteria-style” plans allow employees to devise their own benefit package from a list of options. This may include:
- Salary reduction: Employees can request money for dependent care costs be deducted from paychecks before taxes to reduce taxable salary. In addition, the employer pays taxes only on the employee’s reduced gross, resulting in savings to the employers as well. Please see Dependent Care Assistance Plan (3).
- Flexible spending: Unused benefit credits from medical, life insurance, or profit-sharing plans can be exchanged for “flex-dollars” and put into a flexible spending account. This is usually funded through a combination of salary reduction and employer contributions.

ADVANTAGES

For Employers:

Lowers turnover
Equitable benefit for most employees

For Employees:

Child care as a benefit could help employees with child care costs

DISADVANTAGES

For Employers:

Administrative difficulties, i.e., cost involved in altering and administering benefit system

For Employees:

It is usually not very helpful to single parents

7. On-site/Near-site Child Care

- Of all the management options for helping working parents, the most visible and probably the best known is the establishment of a child care center at or near the work place. Employer and employee shares of operational costs vary widely. An employer may:
- Operate the facility and exercise full control; or,
- Contract with an outside organization, non-profit or for-profit, to operate the facility.

ADVANTAGES

For Employers:

High visibility enhances the company's public image
Best option to reduce absenteeism and turnover as well as aid requirement
Humanized workplace which increases morale and productivity
Offers flexibility regarding hours and shift requirements
Quality of care is easily monitored by company
Tax credits available

For Employees:

Parents spend more time with children commuting and during free periods
Reduced stress and increased security due to reliable care
Children learn about parent's work
Reduced child care fees
Reduced transportation needs
Tax credits available

DISADVANTAGES

For Employers:

May require high capital investment
Needs careful study of health and safety hazards to children
Not all employees' needs will be met
Initial enrollment is often less than expected

For Employees:

Another form of child care may be preferred
Rush hour transportation

8. Vendor Program/Contracting for Child Care Slots

- An employer may reserve a number of spaces in existing child care facilities for employee use. The employer pays the cost of care directly to the care-giver, usually at a discounted rate, but the employer then deducts some or most of the cost from the employee's salary, on a sliding scale or at a flat rate.

ADVANTAGES

For Employers:

Does not require capital investments or start up costs
Ideal for small companies with few employees
With greater financial security, providers can assure supply

For Employees:

Cost of care may be reduced
Tax credit available
Increased availability of child care for employees

DISADVANTAGES

For Employers:

Little public relations value because of low visibility
Possible to discriminate against some providers in the community
Requires commitment of spaces by the employers with no guarantee of use by the employee

For Employees:

May not meet the needs of some families
Child care settings may not be in convenient locations
Little or no choice in the type of care
Quality of service varies from center to center

9. Family Child Care Network (Satellite System)

- A network of family child care homes may be established by an employer or private agency to provide child care for employees. This may include recruitment and training of providers, financial and in-kind support, or arranging for employees to use the services of trained, licensed care givers. The network can be administered by the employer or a private agency. While initial administration may be time-consuming, this option may be most viable for meeting specific needs of employees through recruitment of appropriate care givers. For example, an employer may recruit providers who will agree to accept drop-ins, infants, sick, or special-needs children, or children requiring before and after school care.

ADVANTAGES

For Employers:

Assists in enhancing the quality of child care by training providers and monitoring care
Limited financial investment for the company

For Employees:

Good choice for parents who work shifts, late hours or weekends
Parents have a choice of locations near their home or work
Small group or single child setting may be preferred by many employees

DISADVANTAGES

For Employers:

High provider turnover can be a problem
Homes must be monitored to assure quality of care
Location and opening will not meet the needs of all employees

For Employees:

Child care home may not offer all services needed
Other forms of child care may be preferred
quality of care varies from home to home

10. The Consortium Model

- Any combination of employers, unions, or community organizations may choose to work cooperatively to develop and support a child care center; a network of family child care homes; a mildly ill child care center; a before and after school or summer camp program; or any option, as outlined in this publication.

ADVANTAGES

For Employers:

Resources, cost and liability are shared by several companies
Employers with small work force can participate
Large labor pool may prevent underenrollment
Aids in recruitment; reduced absenteeism and turnover

For Employees:

Children may be located close to parents' place of employment
Assurance of reliable care reduces stress
Reduced fees
Tax credits available

DISADVANTAGES

For Employers:

Cooperative agreements may require complicated negotiations
Labor pool may be so large that it limits service
Not all employees' needs will be met

For Employees:

Site may be inconvenient
Additional transportation may be needed
Another form of child care may be preferred

11. Child Care Vouchers

- A child care voucher system enables a firm to assist employees with child care expenses while allowing the employee a choice of programs. Under this option, the employer issues a voucher to an employee for a predetermined amount or a percentage of the total cost of child care. The employee may use this voucher at licensed programs, and must pay the difference between the value of the voucher and the cost of child care.

ADVANTAGES

For Employers:

Community image is enhanced
Beneficial to the employer who has many small locations
Use of facilities and programs already available in the community is maximized in a non-discriminatory manner
Minimal management or staff requirements

For Employees:

Reduces cost of child care
Supports parents' choice
Services all children regardless of age
Flexibility is assumed in terms of location

DISADVANTAGES

For Employers:

Company has "no control" over the quality of care given
Can be costly unless limits are placed on eligibility
Limits on eligibility may cause equity problems

For Employees:

Little is done to increase the number of child care services

**If you have questions about types of benefits or
want help setting up surveys or a task force,
call:**

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