

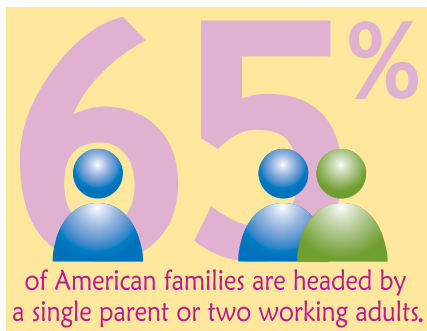


# Building a Quality Workforce



## Responsive Workplaces

As an employer, you juggle multiple challenges, including retaining a well trained, productive, high quality workforce. In this fast-paced world, employees must work harder to maintain a strong work-life balance. For the 65% of American families headed by either a single parent or two working adults, balancing work hours, child care and other work-life responsibilities is an essential part of their daily lives. As more and more working adults have dual—and dueling—responsibilities on the job and at home, employers who implement policies and practices that support their employees’ child care needs are better able to retain quality staff, avoid costly turnover, reduce absenteeism and improve productivity.



## Turnover

Employee retention has a direct impact on your organization’s bottom line. To find, hire and train a new person, it costs 150% of a salaried employee’s annual pay and 75% of the annual salary of an hourly employee. This includes indirect costs such as lost productivity and inefficiency. Per-worker turnover is clearly substantial; for large businesses with high turnover, the effect gets multiplied and can add up to millions of dollars.

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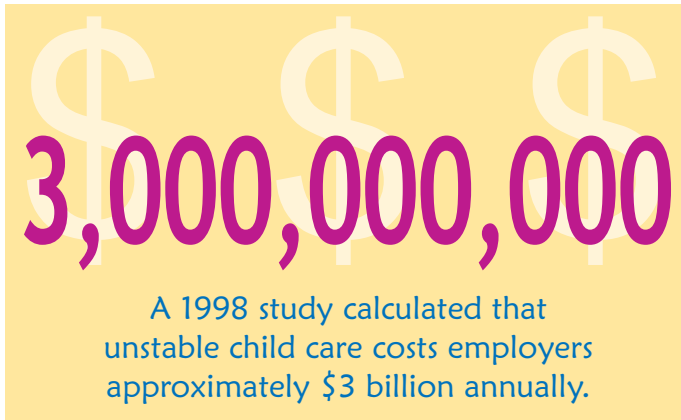
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## Absenteeism

Workplace flexibility directly enhances productivity. A Watson Wyatt study found that flexible work arrangements and other work-life balance policies created a “surge in productivity” because workers were able to use their time more effectively.



Child care breakdowns caused 45% of parents to miss at least one day of work every six months. These parents averaged 4.3 days missed in a six-month time frame. Another 65% of parents had their work schedules affected due to child care challenges. This occurred an average of 7.5 times per employee in a six-month time frame. A 1998 study conducted by The American Prospect calculated that unstable child care costs employers approximately \$3 billion annually.

Child Action, Inc. offers a variety of services to assist you as you make choices about work-life balance policies for your employees.

**(916) 369-0191**  
[www.childaction.org](http://www.childaction.org)

## Getting Started

There are many resources in your community that can help you determine which family-friendly options would be best for your organization. Child Action, Inc. offers a variety of services to assist you as you make choices about work-life policies for your employees. Child Action, Inc. can provide free child care referrals to your employees. Our Constructing Connections project can provide you with technical assistance, a free child care needs assessment and resources about the process of opening a quality child care center. You can also receive information on a variety of topics including site feasibility, licensing, fire inspections, business plan review, site design and development and child care demographic data.





# How Your Company Can Benefit



## Work-Life Balance Programs

You and your employees can benefit from a well-designed work-life program. When companies provide child care support services, employee turn-over decreases, while recruitment and job performance improve. Family-friendly policies also improve your organization's public image.

## Recruitment and Retention

Employers with programs and policies that encourage work-life balance have an increase in employee retention. In a study of employees with children in employer-sponsored child care programs, almost

all respondents said that work site child care was an important factor in considering a job change. 19% had actually turned

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*42% of parents report that child care was an important factor in their decision to join the organization for which they work.*

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down another job, rather than lose their work site child care. 26% of those who turned down other job opportunities were managers. 42% of parents report that child care was an important factor in their decision to join the organization for which they work.

## Employee Job Satisfaction and Performance

Employees who use, or are aware of, work-life programs are often the most committed employees in the company and are less likely to feel overwhelmed or burned out. According to a work-life study conducted by DuPont, employees who use their work-life balance programs were 45% more willing to "go the extra mile" to help their company succeed. This directly contradicts the traditional assumption that employees with family responsibilities are unwilling or unable to extend themselves for their employers.

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According to a study conducted by the National Institute of Business Management, unscheduled absences cost employers between \$650 and \$1,000 per employee per year. A four-year review of JPMorgan Chase's back-up child care program showed that 98% of parents who use the program would have had to take unscheduled time off from work to care for their children had the back-up program not been available. In just one year, the back-up program generated more than a 100% return on investment.

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*98% of parents who used their employer's in-house child care program would have had to take unscheduled time off from work had the program not been available.*

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## Tax Benefits

There are a variety of Federal and State tax incentives that can be claimed by an organization when planning for, carrying out or contracting for child care for the children of employees. Further, companies realize benefits in tax deductions, tax credits and capital expenditure amortization, the most common of which are noted below.

For more information, on child care tax benefits for organizations please visit [www.irs.gov](http://www.irs.gov) or your tax preparer.

## Federal Employer Tax Credits

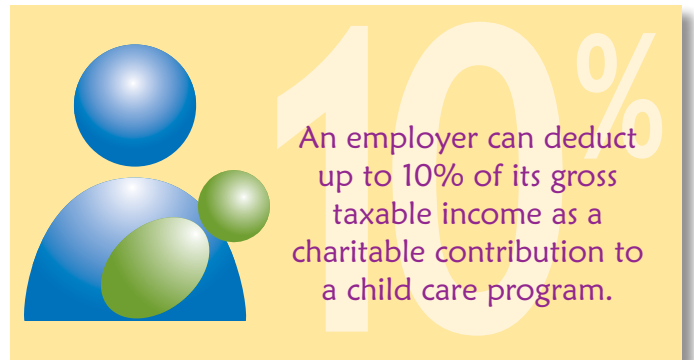
The Economic Growth and Tax Relief Reconciliation Act of 2001 created a Federal employer tax credit for certain child care expenses beginning in 2002. Employers can receive a credit of 25% of their spending on the construction or rehabilitation of a child care facility or on contracts with a third-party child care facility to provide child care services to employees. In addition, employers can receive a credit of 10% of their spending on resource and referral services for employees. The total credit cannot exceed \$150,000 annually.

## Child Care as a Business Expense

Your organization may be able to claim child care as a business expense under Ordinary and Necessary Business Expenses. The test for this write-off is whether child care would help the employees reduce absenteeism, increase productivity or increase training opportunities.

## General Charitable Contributions

An employer can provide a donation to a child care center which supports a majority of non-employee children as well as employee children. An employer can deduct up to 10% of its gross taxable income as a charitable contribution to a child care program.



## California Personal Income Tax (PIT) and Bank and Corporation Tax (BCT)

California provides several tax credits for child care assistance programs that allow employers to deduct the costs of certain contributions toward employee child care expenses incurred.

Specifically, employers may deduct:

- 30% of the start-up costs of establishing a child care program, the costs of constructing a child care facility and/or the costs of child care referral services, up to \$50,000 per tax year.
- 30% of the cost of contributions to a qualified child care plan. These costs must be associated with programs primarily used by children (under age 15) of the taxpayer's employees.



# Flexibility & Financial Options



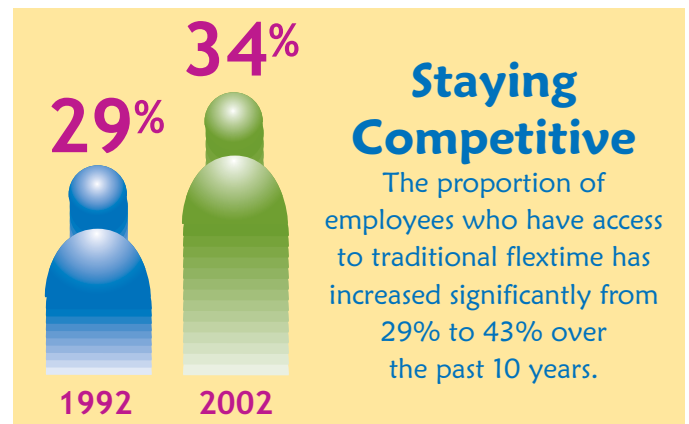
Employer supported programs generate a powerful return on investment. You can establish policies that help employees balance their work and family responsibilities. There are many options to choose from, including adjusting employee work schedules, providing more flexibility with sick and vacation time and offering assistance with the cost of child care.

This type of assistance is an investment in your employees and an investment in the success of your company. By providing programs that allow parents to work and perform to their full capacity, you will reduce the recurring costs of recruiting and retaining skilled employees.

The National Study of the Changing Workforce found that employees who report that they have more access to flexible work options are more committed to their organizations and more engaged on the job.

## Flexible Schedules

Employers can offer work hours which meet the various and changing needs of their employees. Examples include staggered starting and quitting times around certain core hours, a compressed work week in which employees work longer hours per day, but fewer days per week, or a formalized plan for making up time lost due to unplanned absences.



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## Flexiplace

This option allows employees to work off-site part or all of their work week. Paying employees for their function instead of their time can also work for some companies.

## Personal Leave

This option redefines sick leave and vacation time, including one or more of the following:

- creating “family sick leave” which allows employees to use sick time for themselves or family members
- allowing a certain number of sick leave days to be taken as personal days
- allowing sick and/or vacation leave to be taken in part-day increments
- combining sick leave, holidays and vacation time into one category called personal leave to be taken at the employee’s discretion

## Dependent Care Leave

This allows employees to address situations that require full time care of another family member. Providing leave with job security, with or without pay, is a way to retain valuable employees.

## Accommodations for New Parents

You may consider setting aside office space for infants and parent-hired caregivers. This type of arrangement allows new parents to successfully transition back to work without separating from their infants.

## Flexible Benefit Plans

Also known as cafeteria plans, these plans allow employees to choose from a menu of one or more taxable and non-taxable benefits which best suit their needs, including health insurance, life insurance or child care benefits.

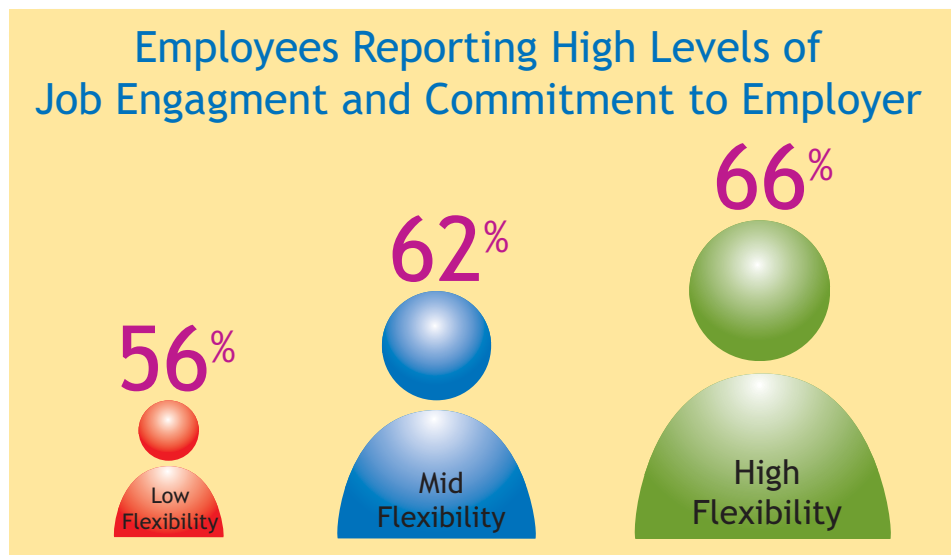
## Dependent Care Assistance Plans (DCAP)

DCAP are salary set-aside plans which allow employees to set up a pre-tax account from which they pay for child care. This can be included as a part of a cafeteria plan.

## Direct Subsidies

An employer can assist with the cost of an employee’s child care fees in the following ways:

- direct reimbursement to the employee
- payment to providers through vouchers/ scholarships
- purchase of reserved spaces at designated child care facilities





# Employee Child Care Options

When you help employees with their child care needs, you drive down turnover, reduce absenteeism and increase productivity on the job. Employer supported child care options may be as simple as providing assistance with child care for special circumstances or as complex as establishing an on-site child care center.

## \$ Making Cents \$

A study done of Union Bank in Pasadena, California showed that the organization saved between \$138,000 and \$232,000 annually in operations due to a reduction in turnover and absenteeism from their on-site child care program.

### **Child Care Resource and Referral Services**

You may choose to offer resources to employees to help them identify and select high quality child care. Child Action, Inc. offers free child care referrals, consumer information and workshops to assist parents with their child care needs.

### **Work-Life Education**

Your organization may choose to offer workshops or seminars on a variety of work-life issues including:

- elder care
- stress management
- parenting

### **Reserved Spaces**

If the local supply of child care is adequate, reserving spaces (paid or partially paid by the employer) in local centers or family child care homes may be more feasible than trying to develop new programs.

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## Employer-Supported Community Child Care

This option allows an organization to fund quality improvements such as renovations, furniture, or teacher training at a local child care center directly or through Child Action, Inc. to improve the caliber and availability of local child care choices for their employees. In return for reserved spaces at that center for their employees. This allows the employer to better control costs and still enable them to access the tax benefits of donations to a non-profit.

## Consortium Programs

A child care consortium consists of two or more organizations working together to address child care needs.

## Supporting the Search

Looking for and selecting high quality child care is a complex, time-consuming job. Successful organizations allow employees sufficient time to research their child care choices.

## School Age Vacations

This benefit offers care to school age children of employees at times of the year when school is not in session. Some organizations opt to sponsor day camp/field trip programs and other innovative projects to address these particular needs.

## Family Child Care Networks

There are several ways you can work with the family child care providers in your area: recruit and train new providers near your company, supply support services, contract with family child care providers or organize a network of family child care homes.

## Care for Special Circumstances

Your organization can choose to provide child care assistance for a variety of circumstances, including:

- ill children
- conferences and meetings
- overtime/after hours
- out of town assignments

This assistance can be in the form of direct payments for child care services or you may choose to form a consortium with other employers to offer these types of benefits.

## On-Site Child Care Center

This option creates a child care facility that is run by your agency or contracted out to a child care provider. A needs assessment can help you determine if on-site child care is feasible for your organization.

## Potential Child Care Partners

You may already have relationships with some of the groups listed below. Talk with them about the needs in your workplace and determine the types of support and information they can provide to assist you.

- Chambers of Commerce
- Child Action, Inc.
- Child care providers
- City and County Economic and workforce development staff
- Civic organizations
- Faith-based organizations
- Head Start
- Law enforcement
- Media
- Other employers
- Parents
- State and local child care and child and family service agencies

## Sources

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"Bright Horizons Child Care Trends," 2002

"DuPont Work-Life Study," 1995

*Personnel Journal*, December 1990

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"Responsive Workplaces," *The American Prospect*, February 2007

"When Work Works," Ellen Galinsky, James T. Bond, E. Jeffrey Hill, 2004