

THE BUSINESS CASE FOR ON-SITE CHILD CARE

Best practices to reduce pay inequality in Oregon



Employers that offer on-site child care facilities can help to reduce pay inequality while strengthening their operations.

Child care issues are the most common family issue in the workplace, frequently responsible for absenteeism in the form of entire missed days of work or even just partial day absences. And the absence of affordable, high quality child care continues to be the reason why many women drop out of the workforce.





The business case

Businesses that provide on-site child care benefit from having an asset that prospective employees want: the ability to know that their children are in safe, nearby care. The business case for offering on-site or employer-sponsored child care benefits is strong:

- On-site child care can be a competitive advantage in **employee recruitment and retention**.
- Providing on-site care can **improve morale and productivity**, leading to less turnover and absenteeism.
- Subsidies can give parents the ability to pursue more stable child care arrangements, while businesses can benefit from **tax credits for employer-provided child care**.

Lack of reliable child care has a direct effect on the cost of doing business.

On a national level, the cost of absenteeism of working parents costs employers millions of dollars a year in lost productivity.¹ While many businesses may be initially reluctant about costs, a 2005 study, “How Companies Can Benefit from On-Site Child Care,” details how employers that offer on-site child care saw returns and savings between 50 and 200 percent of the costs to operate the child-care.² While large employers typically have more resources to invest in on-site child care, small employers have tools at their disposal to provide on-site or near-site child care to their employees. Small businesses can collaborate with other area small businesses to provide on or near-site child care, and share the cost.³

“At Intel, we believe that employer-sponsored child care is a win-win-win.”

Adam Sorensen, Global Work/Life Manager

1. Employees with access to on-site child care have higher levels of productivity and improved morale.

A U.S. General Services Administration study determined that fifty-five percent of workers who were offered a child care subsidy expressed that they were better able to concentrate at work and forty-eight percent were more likely to stay, while three-fourths believed that the subsidy has improved their job performance.⁴ Similarly, a survey of Bristol Meyers Squibb employees found that employees who used the on-site child care centers had a deeper commitment to the company and felt better able to balance work and life responsibilities. As a result, the workers felt more positive about their relationship with their supervisor and were much more positive in general than non-users.⁵

2. The presence of on-site child care is an employee benefit that can be a valuable recruitment tool to attract high quality employees.

A study conducted by Simmons College Graduate School of Management found that ninety-three percent of parents consider work-site child care as an important factor in job change, and that forty-two percent of all employees surveyed said that the availability of on-site child care was a significant factor in choosing their current employer.⁶

Through a partnership with Learning Tree Day School, the hospital offers near-site child care for all employees at reduced rates.

Tuality Hospital

3. Subsidies and tax incentives provide benefits to both employers and employees in Oregon.

Several tax credits are available to employers and employees seeking support for on-site child care:

- Oregon is one of twenty states in the country that offers a state tax credit for dependent care assistance to employees, allowing employers to offset fifty percent of their child care expenditures against their state tax liability.⁷
- The Child and Dependent Care tax credit and the Working Family Child Care tax credit help lower income Oregon families afford child care through the reduction of tax obligations, and in some circumstances, a tax refund when the credit exceeds tax liability.
- The Employer Provided Dependent Care tax credit allows businesses to apply a tax credit which equals up to fifty percent of expenditures for providing child care assistance and referral information.⁸

Although several tax credits expire in December 2015, the Oregon Legislature approved a bill (HB 2015) for employment-related child care that, at minimum, provides for one year of eligibility regardless of changes in employment, permits students enrolled in coursework and self-employed persons to receive subsidized employment-related child care, and provides for reduced copayments when child care providers meet specified minimum standards.⁹

The centers offer an open-door possibility that allows family members to visit their children throughout the day in the interest of promoting a healthy work/life balance.

Fred Meyer and Oregon Health Sciences University

Case studies: What employers are saying

Oregon businesses large and small understand that providing on-site child care benefits their employees and their bottom line:

Adam Sorensen, the Global Work/Life Manager of **Intel**:

“At Intel, we believe that employer-sponsored child care is a win-win-win. It’s good for our employees and their children, who benefit from easily accessible, high-quality care. It’s good for our bottom line, since every dollar we spend on child care saves us at least three dollars in reduced absenteeism, turnover, and work disruption caused by child-care problems. And it’s good for our communities, since our programs are designed to benefit both Intel employees and members of the communities where we operate. Providing child care is one way to make Intel a great place to work for our employees while giving something back to our communities.”¹⁰

The Portland area accounting firm of **Pittman & Brooks, PC** provides an on-site child care program. The program is a crucial benefit to employees who work the long hours of tax season.

Tuality Hospital in Hillsboro offers several child care benefits to employees. Through a partnership with Learning Tree Day School, the hospital offers near-site child care for all employees at reduced rates. In addition, Tuality Hospital offers child care grants to give employees who work at least seventy-two hours per pay period and earn less than \$30,000 (for an employee with one child) or \$45,000 (for two wage earners with two or more dependent children) twelve calendar months of child care at fifty percent off regular rates at Learning Tree Day School.¹¹

Bonneville Power Administration offers both on-site child care and subsidies to its employees and recognizes that, “the convenience and security of on-site child care is an important employment benefit.”¹² BPA’s child care option is located in a building adjacent to the BPA headquarters building and is operated by Joyful Noise Child Care Centers, Inc., with the ability to provide child care to up to seventy-two children from the age of six weeks to five years old. The Bonneville Power Administration also offers subsidies to employees through the child care center for employees who may not be able to afford such care.

Both **Fred Meyer** and **Oregon Health Sciences University** have created partnerships with Children’s Creative Learning Centers to provide on or near-site child care for its employees’ children. The centers offer an open-door possibility that allows family members to visit their children throughout the day in the interest of promoting a healthy work/life balance.

Notes

- 1 Ohio Employer Tool Kit of Child Care Options, 2nd Edition, 2009, <http://ohio4kids.org/wordpress/wp-content/uploads/2012/04/Ohio-Employer-Toolkit-updated-version-091609.pdf>
- 2 As cited in Yes! Your Human Resource Solution: How Companies Can Benefit from On-Site Child Care, <http://yeshrsolution.com/news/employee-wellness/how-companies-can-benefit-from-on-site-child-care/>
- 3 Child First: Employers’ Guide to Childcare Solutions, http://www.scshehelps.org/_ChildFirst/download/EmployersGuide.pdf
- 4 World at Work Alliance for Work Life Progress: A Business Case for Work-Life Work-Life Effectiveness Can Impact Your Business
- 5 Ibid
- 6 Children’s Choice Learning Centers: Bright Horizons Early Education and Preschool <http://www.childrenschoice.com/benefits-of-employer-sponsored-child-care>
- 7 Tax Credits, <http://www.oregon.gov/OCC/Pages/taxcredits.aspx>
- 8 Child Care: Good for Kids, Good for Business, http://cffo.convio.net/site/DocServer/ERDC_Policy_Brief_2013_v15_MC_web.pdf?docID=3142
- 9 House Bill 2015, Pre-session Bill sponsored by Representative Kotek and Senator Steiner Hayward, <https://olis.leg.state.or.us/liz/2015R1/Downloads/MeasureDocument/HB2015/Introduced>
- 10 Effective Workplace Series, Work-Family Information on: Employer Supported Child Care (Sloan Work and Family Research Network, compiled by Judi Casey, MSW and Jason Dobbs) https://workfamily.sas.upenn.edu/sites/workfamily.sas.upenn.edu/files/imported/pdfs/EWS_ESCC.pdf
- 11 Tuality Healthcare and Other Important Benefits, http://www.tuality.org/home/themes/tuality/images/uploads/2015_Benefits_at_a_Glance.pdf
- 12 Bonneville Power Administration Careers: Child Care, https://careers.bpa.gov/New_Employee/child.cfm

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Val Hoyle, Commissioner

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