An Overview of Child Care Options for Employers

- Flex Time
- Part Time
- Job Sharing
- Donations
- Family Child Care
- Vendor and Voucher
- Flexible Benefits
- Information and Referral
- On or Near-Site Child Care Centers
- Consortiums

Why Child Care Benefits Your Company

Why should businesses get involved?

Child care today is an essential part of our modern society. This is an issue that needs to be addressed. Child care needs have risen as a result of the rising number of dual-career families and single parents.

Employers can help in making the child care transition easier for their employees. Employers can offer a wide range of services that in turn will help to benefit them. Some examples of these benefits are:

- less turnover
- less absenteeism
- more successful recruitment
- higher morale

Employees, while looking for a job, are beginning to look, not only at the benefits a company has to offer, but also at the options available through employer sponsorship.

Why not look into the options that your company could offer to your employees. This document will assist you in choosing the best child care plans for your company.
Flex Time, Part Time, Job Sharing

Flexible Time
The purpose of flex time is to allow employees to work eight hours with a range of shifts. This type of plan can be an incentive to work harder during work days because it helps employees realize that employers care about them. Employees will have fewer distractions at work and they will be able to take care of personal business on their time-off. Flex time can make a huge difference in the attitudes and stress levels of employees.

Flex Time Options:
- Employer and employee decide work hours
- Employees work longer hours—fewer days
- Employees can be given a task for a set fee instead of by the hour

Permanent Part-Time
This work option is designed to require less than forty hours a week and does not involve splitting or sharing the responsibilities with another person. The Employee has a work schedule, benefit plan, and salary.

Job Sharing
With job sharing the work and responsibilities of one full-time job are divided between two or more employees. They each have similar and overlapping duties and have prorated salary and benefits.

Benefits
Employer
- Decreased absenteeism
- Decreased tardiness
- Productivity increases

Employee
- Reduced cost for child care
- More time to spend with the family
- Decreased job stress
Family Child Care

Description
Family child care is care in the home of a caregiver and preferably a licensed child care provider. This type of child care is the most often used in the United States. An employer can use family child care in several different ways:

- The employer can refer its employees to a family child care provider.
- The employer can provide financial assistance by either paying employee costs or contributing money or services directly to providers.
- An employer can organize a group of providers into a network and supply support services such as; equipment and toy lending libraries, training seminars, group purchasing, and substitute providers in case the usual provider is ill, on vacation, or has an emergency.
- An employer can contact an existing network and make donations in return for secured spots for the employees.

Benefits

Employer
- This meets the diverse needs of many parents.
- It works well with options such as information and referral, and voucher services.
- There is little to no start up cost.
- The program is flexible enough to serve in different locations.

Employee
- Family child care provides a home setting, a small group of children, and is usually in the neighborhood or nearby.
- These providers are usually more flexible in hours, day and evening shifts, and able to care for mildly ill children.
- Family care accepts a wide variety of ages and is often able to care for several siblings in the same home.
- Parents are able to choose their own provider.
Vendor and Voucher

Vendor
The vendor program is a good way for those employers who want to help, but cannot be involved in the day to day running of a program. When using the vendor program, an employer arranges for employee discounts using an existing local, licensed child care site (Family child care or center based). In exchange for such discounts, these sites are guaranteed a certain number of spaces will be paid on a regular basis whether the employee’s child is present or absent. The employer may purchase a number of spaces at a discounted fee from the provider and then charge the employee a reasonable discount. This gives the employee a percentage reduction in their child care costs.

Voucher
Employers either reimburse employees for all or part of child care expenses or pay the provider directly. The employers may sometimes specify which providers may be used, although typically the programs are parental choice.

Benefits
Employer
- May offer a child care option with minimum direct involvement
- Reduces number of employees who do not return from maternity leave
- Supports existing community facilities

Employee
- Assists parents to afford stable, quality child care
- Provides parental choice of child care plan

For tax credits or deductions, it is advisable to contact your business accounting firm.
Flexible Benefits

Cafeteria Plans
Cafeteria plans are flexible benefit plans in which employees select their own benefit package from options that include child care assistance.

Dependent Care Assistance Plans (DCAP)
DCAP'S make it possible for employers to offer child care as a tax-free benefit for employees. The DCAP must follow the guidelines of IRC section 129 and must be given to employees as a written plan. Any money provided for child care is not subject to employment taxes from the employer or employee. The employer under a DCAP may provide child care, contract with third parties for child care, or reimburse employees for child care expenses.

Salary Reduction-Flexible Spending Account (FSA)
This type of account is a variation on reimbursements whereby the employee elects to have a portion of salary set aside for child care expenses. This is nontaxable income. The employer may or may not contribute to the account.

Benefits

Employer
- Flexible plans help control cost because benefits are allocated only to those employees who choose them
- The employees are able to choose options so equality takes place
- These types of plans help a wide range of needs among a diverse workforce

Employee
- They are able to choose their own child care
- Less FICA with lower income
Information and Referral

Enhanced Referral

In this type of program employers contact the local resource and referral agency. This agency will provide customized assistance to employees in search of child care, as well as the development of needed child care resources. Customized services may be obtained by an employer through direct purchase or by purchase of all or a portion of a provider specialist’s salary. The counselor from the agency will discuss the types of child care available and the questions to ask in evaluating child care providers. The local agency in San Luis Obispo County is: CAPSLO Child Care Resource Connection (888) 727-2272

The benefits of this type of program are:
- Service to all parents with children between infancy and fourteen years old
- Calls to providers to account for openings
- Information and a check list to help a parent select a provider
- Referrals of providers that meet the parent specified needs including licensing information, fees, location, environment, and activities
- Help for acceptable alternatives in the case a provider cannot be found
- A follow up call to find out whether the parent found care and is satisfied with the care being given
- Membership in the local toy and lending library (nominal fee)
- Parent Education and Counseling

Parent Education

There is a great need for working parents to have accurate child care information. Parent education is a way for a company to help their employees receive accurate information on child care issues. This information helps reduce family related stress by learning coping strategies and relieves stress in the work place. This also shows concern on the employer’s part of their employees. Some suggestions are: post and/or distribute printed materials like posters, and newsletters; hold seminars on-site using either people from your company or outside experts; or sponsor an information fair.

Benefits

Employer
- Low financial commitment
- Increased recruitment, higher morale, and productivity
- Decreased absenteeism
- Helps meet a broad range of employee needs

Employee
- Accurate information about what is available in the community
- Decreases stress with concern to child care
- Increases productivity
- Decreases absenteeism
On or Near Site Child Care Centers and Consortiums

On Site Child Care Centers
On-site child care programs have been viewed conceptually as one of the most popular child care options for working parents. Parents have ready access to children in case of illness or emergencies, ongoing exposure to the child’s development, reduced cost in travel time to child care centers, and a center which is open when it is most convenient. These programs can be run on a profit or non-profit basis. This distinction will influence the source of funding for the program and tax advantages or incentives. Employers will find this option the most costly choice. Also, if an employer requires business hours other than the normal work week, a center may not serve all employees. In such cases, employers may wish to have other child care options for evening and/or night employees.

Near-Site Child Care Centers
A near-site program is located away from the company work-site. The principal distinction is that; instead of locating the child care center on the work-site, it is placed near the workplace or near the residence of the majority of most employees. This type of program can be community based or company-controlled like an on-site center.

Consortium Programs
This type of program is when a number of companies get together to provide near-site child care for their combined employees. Consortium programs take more time to plan and organize because of the contractual agreements involved. The companies share in the expenses and the organization of the off-site center.

Benefits
Employer
- Increased morale
- Decreased employee absenteeism, employee turnover rate, and time of maternity leave

Employee
- The parent or parents will have close access to their children in case of illness and emergencies
- It can help the employees have more exposure to their children’s child development
- There will be a reduced cost in travel
- The stress of family child care problems will decrease
- The parent or parents can spend more quality time with their children