



Child Care Strategies

Recompete Pilot Program
Virtual Summit
February 2023

Agenda

- Overview of the child care crisis in the US
- Crafting a child care strategy
- Tactics for strategy implementation
- Discussion, Questions, and Closing

THE U.S. CHILDCARE CRISIS

LACK OF AFFORDABILITY

- Average cost of US childcare is ~11K per child a year, ~15% of median household income
- In 34 states and DC, average cost of center-based childcare for infants is more than in-state, public college tuition

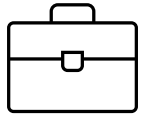
INSUFFICIENT SEATS

- Over 50% of Americans live in a “childcare desert” (at least 3 kids per licensed slot)
- Only 8% of childcare centers offer care between 6pm-7am
- Under 25% of construction and manufacturing workers have childcare for the hours needed

DIFFERING QUALITY

- High turnover of workers due to low wages
- Lack of parent ability to vote with feet

Childcare is critical to U.S. economic and industry growth



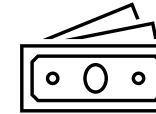
• Employers

- **Employers lose \$23B a year** to child care challenges faced by employees
- **Over 70%** of working caregivers **said better child care** would make them **more productive**
- **Over 80% of parents** with kids 0-5 stated child care benefits would be an **important factor in retention**



• HOUSEHOLDS

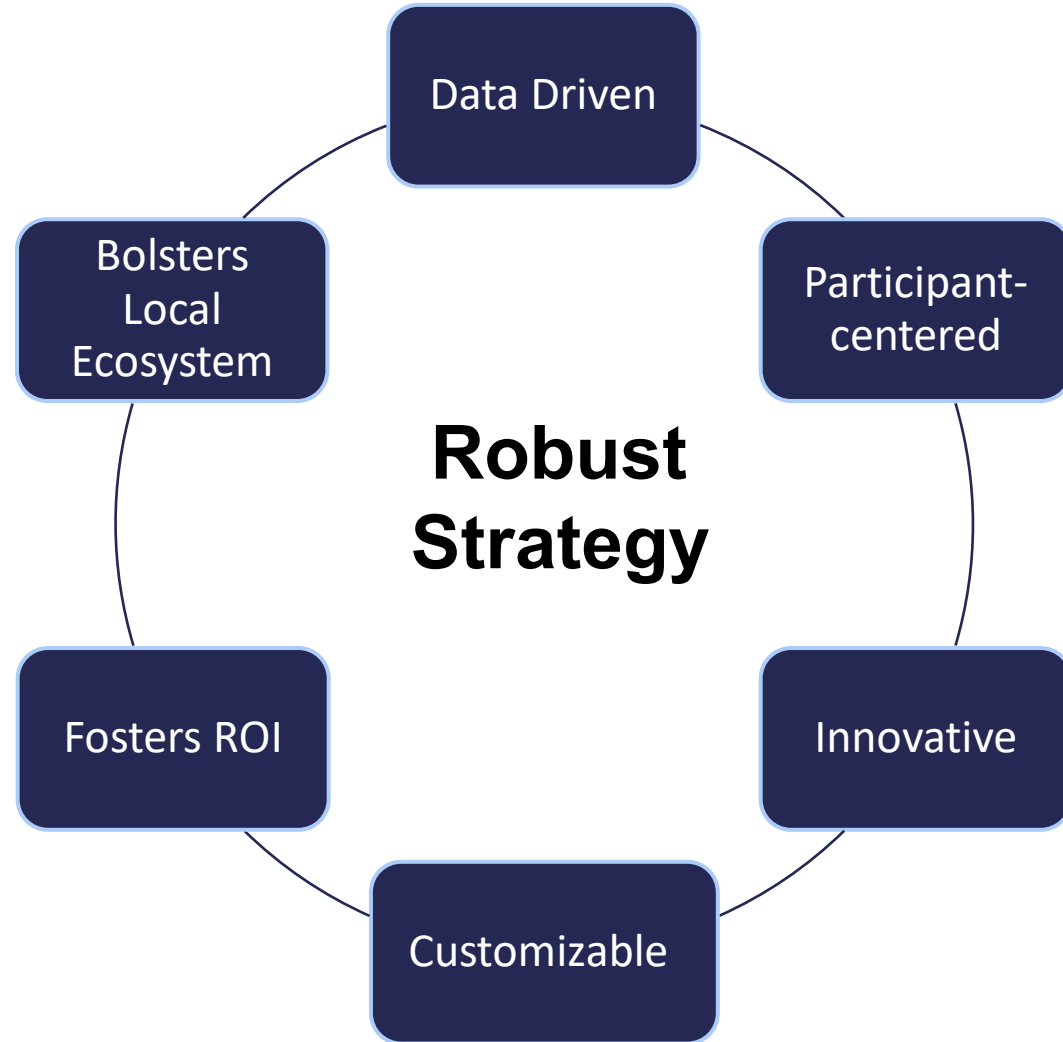
- A 2023 report shows that **26% of parents quit a job; 23% were fired; 17% were demoted; 40% turned down a job and 25% turned down promotion** due to child care challenges
- **Families lose \$78B a year** in forgone earnings and job search expenses due to 0-3 child care challenges



• U.S. ECONOMY

- Nation's **infant-toddler child care crisis now costs \$122B a year** in lost earnings, productivity, and revenue
- **Taxpayers lose \$21B each year** in lower federal and state/local tax revenue

Child Care Strategy Characteristics



Child Care Strategy Continued...

Accessible

- Seats are available and not subject to long waitlists
- Care location is aligned to needs and preferences of workers (e.g., onsite, near-site, customized)
- Care is provided during hours needed (e.g., traditional and non-traditional hours)

Reliable

- Schedules are reliable so that care can be arranged in advance
- Care solutions are considered for back-up and/or emergency coverage
- Flexibility in granting alternative arrangements for care crisis situations

Affordable

- Price of care is defrayed such that it is within reach for low- and medium-income households

High-Quality

- Multiple licensed and unlicensed settings are considered (centers, home-based care)
- Providers and staff are well-compensated and appropriately trained and resourced
- Settings are in line with quality safeguards (e.g., regulations, quality rating systems, etc.)

Child Care Strategies: Moving to Action

1

Understand Worker Needs

- Devise solutions **responsive** to the specific needs of workers such as during non-traditional hours and per regional market (supply, price, household) dynamics.

2

Work with Community Partners

- **Work with community stakeholders**, including state and local governments and local groups with expertise administering child care, **to create effective solutions.**

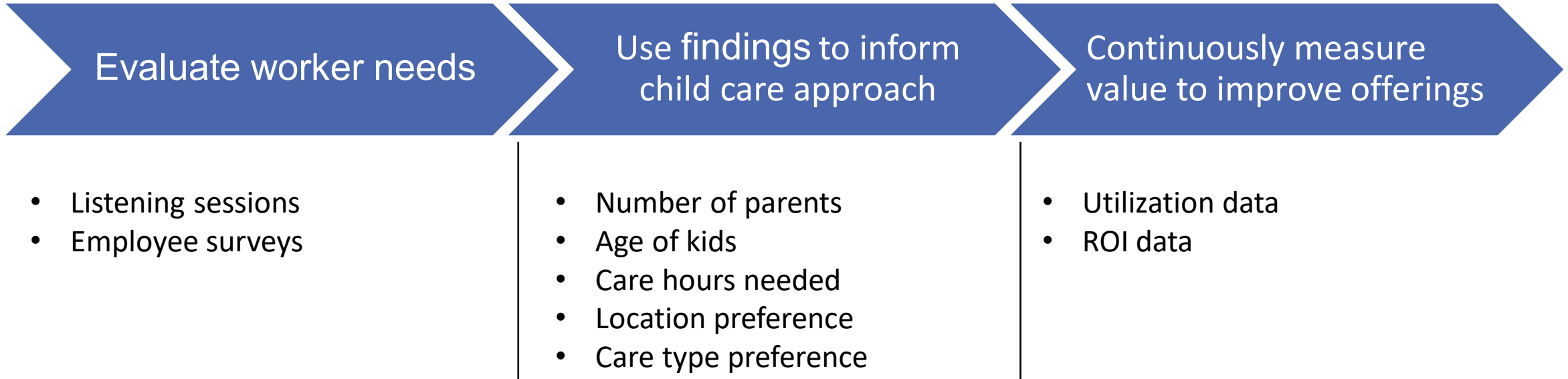
3

Design & Roll Out Child Care Offerings

- Design and roll out a **concrete menu of practices, policies and partner types** that can meet the **diverse child care needs** of workers

1 Understand Worker Needs

Applicants are expected to **devise solutions responsive to the specific needs of their workers** such as during non-traditional hours and per regional market (supply, price, household) dynamics.



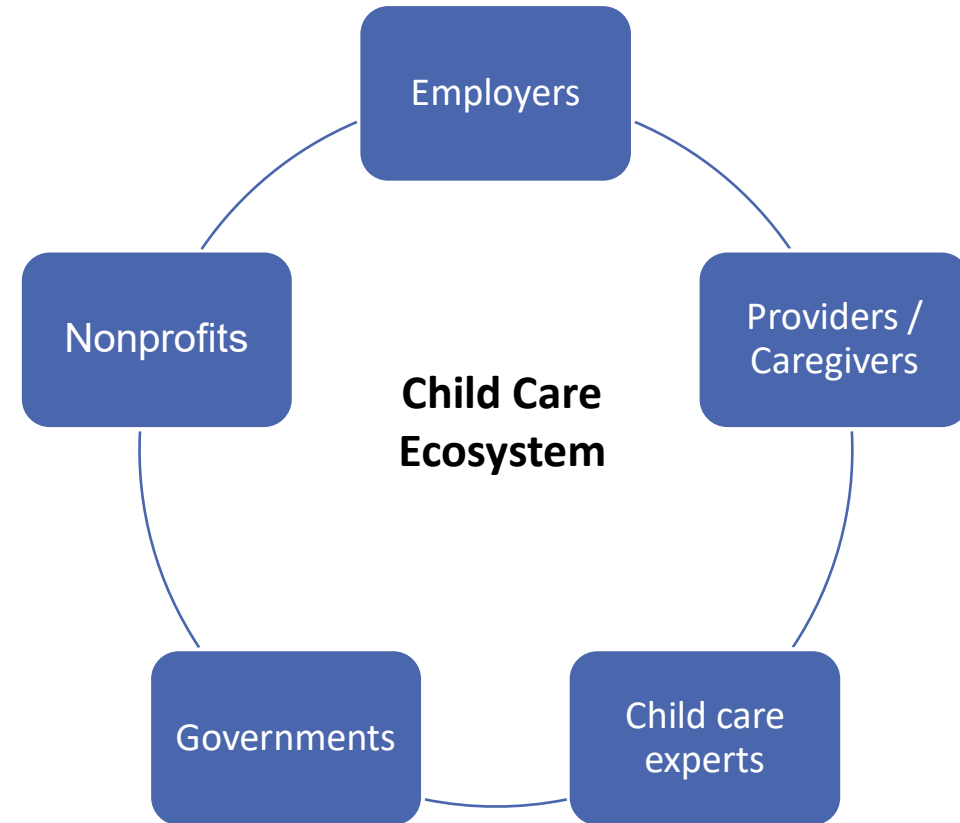
By designing solutions that are in line with needs, employers are more likely to have offerings translate into key business success metrics like talent attraction, retention, productivity and diversification.

2 Working with Community Partners

Applicants are encouraged **to work with community stakeholders**, including state and local governments and local groups with expertise administering child care, **to create effective solutions**.

Non-exhaustive List of Potential Partners

- Child care resource and referral agencies
- Associations for the education of young children
- Community development financial institutions
- Local dedicated funds for children and youth
- Licensed family child care networks
- Shared service alliances
- Faith-based organizations
- Economic development organizations
- State and local representatives



3 Design & Roll Out Child Care Offerings

Design and roll out a **concrete menu of practices**, policies and partner types that can meet the **diverse child care needs** of workers

Model:	A Employer subsidized	B Public Private Partnerships	C Alternative Care Models	D Family resources
Description:	<i>Company provided facilities, secures spots in external centers, finances off site expansion; provides worker care stipends</i>	<i>Grant, government or philanthropy subsidized programs; business TA; facilities streamlining; developer incentives</i>	<i>FFN, micro centers, share-care networks; co-ops;</i>	<i>Provider search; resource centers; stipends; care-friendly workplaces</i>

Mixed delivery options can help provide workers multiple, often layered, supports to meet complex child care needs.

Create New Child Care Seats to Address Supply Constraints

Challenges

- Over 50% of Americans live in a “child care desert” (at least 3 kids per licensed slot)
- Under 25% of construction and manufacturing workforce have child care available for hours needed

Tap Into Employer Tax Benefits:

The IRS Employer-Provided Child Care Credit offers 25% of qualified child care expenditures plus 10% of qualified childcare resource and referral expenditures paid or incurred during the tax year up to \$150,000 per tax year.

Example Actions

Create new daycare seats that align to labor force needs (e.g., hours, sliding scale costs) by:



Building facilities near jobs



Partnering with existing facilities to increase their capacity by funding site expansion and/or labor costs needed to add seats and/or operate longer hours



Operations can be in-house or outsourced

Secure Child Care Seats for Program Participants

Challenges

- A dearth of child care supply leads to long waiting lists
- Parents who cannot secure a spot turn to more expensive alternatives, informal care arrangements, or downshift/leave a job

Tax credits may exist for helping employers secure or subsidize child care seats.

Example Actions



Design terms that align to labor force needs (hours, sliding scale costs)



Work with a partner that has access to local daycare networks to enable participant care choice and support local and small child care operators



Offer back-up care

Defray the Costs Of Care

Challenges

- Child care for one child is ~15% of median U.S. household income
- Traditional care facilities are often not options for large set of employees

Examples: part time, shift, non-standard hour workers, mothers post maternity leave

Example Actions



Offer dependent-care FSAs where the employer contributes pretax dollars, reducing payroll taxes, and employees choose how much to contribute



Issue dependent care-specific or general well-being stipends



Help employees navigate existing supports



Work with local government to explore employer-supported child care cost mitigation options

Design for the Toughest Use Cases

Challenges

- Limited care benefits can go under-utilized when they do not meet diverse needs of employees

Did you know?

About 50% of workers lean on informal support networks of family, friends, and neighbors to meet their child care needs.

Example Actions



Support building and coordination of informal care systems like family, friends, and neighbors



Mixed delivery models can provide benefits that serve workers' diverse needs

Caregiver Supportive Culture

Challenges

- Only 56% of caregivers report their supervisor is aware of their responsibilities
- Two thirds of workers believe speaking about child care struggles makes them a “problem employee”

Example Actions



Welcome transparent discussion about caregiver needs at work via surveys, focus groups, and team meetings



Train managers to support caregivers and to be open about own caregiving realities



Support transitions around leave for both caregiver and colleagues

Questions & Discussion