



EMPLOYER-SPONSORED CHILD CARE BENEFIT PROGRAMS

FAQ: STATS, SETUP & COSTS

TOOTRÜ[®]

As many businesses are challenged with finding top talent in today's climate, offering employer-sponsored Child Care benefits can help bolster recruitment and retention efforts.

Following a growing number of businesses that have begun incorporating Child Care into their list of employee perks, smaller organizations are also starting to offer Child Care benefits and sponsored cost-sharing resources. The goal? Create a working environment where parents feel supported and encouraged to advance in their careers, lifting the constant financial and emotional burden of working parents.

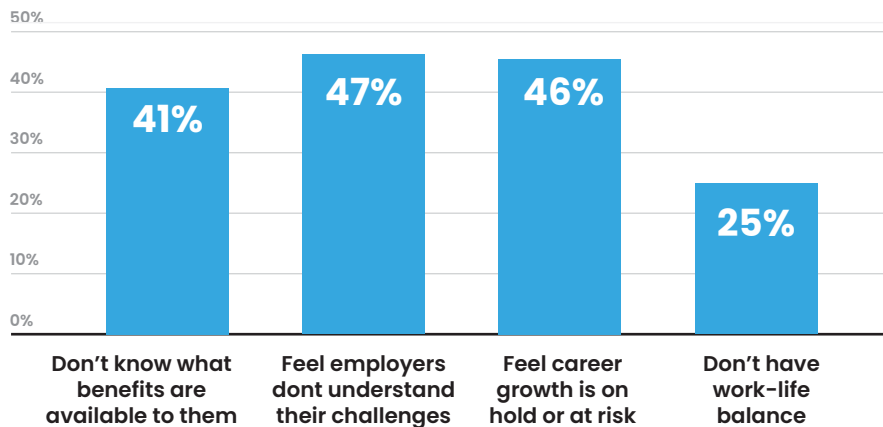
Consider this: The availability of Child Care plays a key role in allowing parents with children to remain in the labor force. Even before the COVID pandemic, more than **2 million parents** of children age 5 and younger had to quit a job, not take a job, or change their job because of Child Care challenges — disproportionately affecting women. Nationally, the cost of lost earnings, productivity, and revenue due to the Child Care crisis is estimated at **\$57 billion annually**.



Unlike many other countries that offer subsidized or free daycares, parents in the United States are stuck paying high amounts of their monthly family budget for Child Care and after-school care. While the federal government **covers about 39% of Child Care costs** through subsidies and other assistance programs (which mainly support low-income families), parents pay more than 60% of the total cost of Child Care completely out of pocket while businesses – which are faced with the increased challenge of keeping employees productive and in attendance – pay for just **1% of the cost** of Child Care. Yes, that number factors in non-profits and philanthropies, too.

We know employees need the support. In 2020, a survey shows that **73% of families** have at least one employed adult, while 63% of families have both parents employed, which means the impact of not being able to find and afford Child Care can have huge ramifications for employers.

Working parents don't feel supported by their employer



Source: Harris Poll

What Types of Child Care Benefit Programs Have Employers Been Offering to Staff?

Historically, the 1% of businesses and non-profits that support working parents today are doing so with a combination of efforts. Here we take a deeper dive into different employer-sponsored Child Care solutions and how businesses can offer the most convenient and affordable options for their employees.

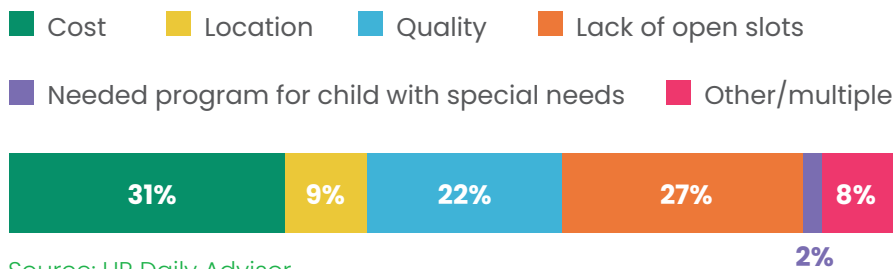
- 56%** Offer a Dependent Care Assistance Program (DCAP) or Dependent Care Flexible Spending Account (DCFSA)
- 41%** Offer resource and referral services
- 7%** Offer on-site or near-site Child Care to their headquarters (Google & Patagonia, for example)
- 2%** Offer to help employees pay for Child Care through a cost-sharing or reimbursement plan
- 5%** Offer back-up care through a 'big daycare' provider such as KinderCare, Bright Horizons, or The Learning Care Group

Unfortunately, none of the programs above truly fix the multi-faceted issue of Child Care's affordability, accessibility, or the availability for working parents – especially for women and minorities. All of this compounds at the business level, where companies are **losing over \$57 billion** collectively each year due to Child Care absenteeism and productivity impact alone. The true scale of impact and lost opportunity is likely far larger.

Meanwhile, the US Chamber of Commerce **reports** that 4 in 5 working parents say it is imperative that businesses provide access to quality Child Care.

As a direct result of the lack of employer effort, according to [economist Sylvia Ann Hewlett](#), about one-third of educated women drop out of the American workforce every year, with 74% citing Child Care as the primary reason why. This lines up with [a recent YouGov survey](#) that found about 28% of moms with children under 18 have temporarily or permanently left the workforce to become a primary caregiver (compared to about 10% of men).

Families face a variety of barriers to finding Child Care



Source: HR Daily Advisor

Don't let all of this data discourage you. Businesses that do offer any form of Child Care assistance have a competitive advantage in retaining staff, improving company morale (which leads to increased productivity) and attracting new talent, especially in competitive markets. The more you can support, the better you and your employees will be. In fact, more than 25% of a recent Forbes 100 Best Companies to Work For list included companies that offer some form of direct Child Care assistance.

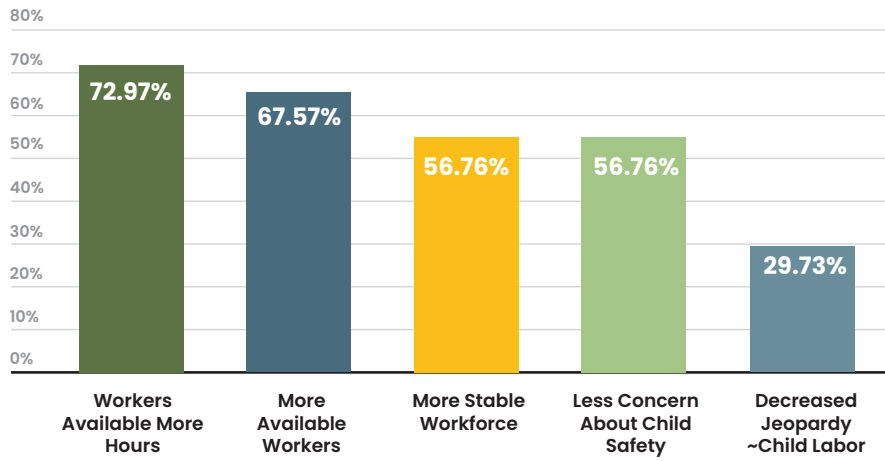
How Does TOOTRiS Create an Employer Benefits Program for Employees?

TOOTRiS partners with businesses of all sizes – from SMB to Fortune 500 organizations and nonprofits – to provide Child Care Benefits, assistance, and relief for their employees. Companies using TOOTRiS are in numerous industries including consumer goods, healthcare, finance, nonprofits, universities, biotech, specialty boutiques, retail, transportation, and more.

When companies partner with TOOTRiS, it gives their employees access to tens of thousands of Child Care providers and after-school programs in the TOOTRiS network, reducing supply challenges that arise from staff not having affordable and available options for their children – including emergency backup care.

For HR teams, TOOTRiS provides a seamless, turn-key Child Care benefit program that is easy to manage with minimal administration. The programs are customized to help share or cover the cost of your employees Child Care needs, integrating subsidies or FSAs, as well as providing the technology, infrastructure, management, and reporting at no additional cost to the employer, County, or the participating employee. For more information, visit tootris.com/employers.

Employer Benefits of Child Care



Source: Agricultural Safety and Health Council of America (ASHCA)

Stats That 'Make the Case' for Offering Company-Sponsored Child Care Assistance to Employees

- 69% of parents say that the cost of Child Care has impacted their career decisions. ([url](#))
- 33% working parents have missed work due to lack of Child Care and say they would be more likely to invest in a company that invests in Child Care. ([url](#))
- The average American couple spends 25.6% of their income on Child Care; that costs more than doubles for single parents at 52.7%. ([url](#))
- 51% of working moms and 43% of working dads report they aren't giving 100% to their job because of parenting challenges. ([url](#))
- 7 in 10 working parents say providing access to quality and affordable Child Care will have a positive impact. ([url](#))

60% of millennials report Child Care help as an important factor of a job – by 2025, 75% of the global workforce will be millennials. ([url](#))

26% of women who became unemployed during the COVID-19 pandemic, blamed a lack of childcare. ([url](#))

Employees with access to Child Care benefits report an increase in work-life balance and engagement. ([url](#))

The US gross domestic product could be 5% higher if women participated at the same rate as men in our workforce. ([url](#))

Parents pay more than 60% of that child care cost out of pocket. ([url](#))

Turnover costs from working parents dropping out of the workforce can exceed 213% of their annual salary. ([url](#))

Providing Child Care support for your employees can significantly reduce turnover and absences. ([url](#))

49% of parents with children 5 years of age or younger report short-term disruptions to employment because of Child Care challenges.

73% of women returning to the workforce after leaving due to maternity or Child Care reasons, have trouble finding a job. Of those that do, 16% report having decreased earning power, 25% report a decrease in management and 22% report having a lower job title. ([url](#))

21% of employers report losing key employees due to Child Care issues. ([url](#))



**What Human Resource
Experts, Health Benefit
Brokers, and Employer Benefit
Consultants Are Saying**

“The problem is twofold: Reliable childcare is hard to find, especially for families of color, and childcare is expensive. The average childcare costs are higher than in-state college tuition in 30 states and the District of Columbia.”

– Lisa Rabasca Roepe in the *Fast Company* article, *4 Ways Companies Can Help Solve the Child Care Crisis* ([url](#))

“Child Care is not a family issue, it is a business issue. It affects how we work, when we work, and for many, why we work. Moving forward, employer-provided Child Care could also influence where we work. Employers that provide high-quality Child Care will not only differentiate themselves from the competition but will also create a “sticky” benefit that fosters retention. Employees are less likely to move to a new job if it also means moving their Child Care from an environment they love and trust.”

– Alicia Sasser Modestino an Associate Professor with appointments in the School of Public Policy and Urban Affairs and the Department of Economics at Northeastern University, Jamie Ladge an Associate Professor of Management at the D’Amore McKim School of Business, Addie Swartz CEO of reachHIRE & Alisa Lincoln is a Professor with appointments in Sociology and Health Sciences at Northeastern University in the *Harvard Business Review* article, *Childcare is a Business Issue* ([url](#))

“Affordable, high-quality child care is critical to the success of our children, families, and economy. It helps families go to work, attend school, or take care of other household responsibilities. And it supports their children’s growth and development, and fuels our economy. Child care has long been unaffordable for working families in this country, with the burden of the lack of child care investments disproportionately falling on working women, including the underpaid women of color in the child care workforce.”

– National Women’s Law Center ([url](#))

“Subsidizing professional child care arrangements for an organization’s employees makes sound business sense because it potentially reduces the stress and anxiety that working parents might regularly experience while worrying about their children during their normal work hours. And that stress and anxiety might well divert a parent’s full attention from their assigned duties.”

– Timothy Wiedman, a retired associate professor of management and human resources at Doane University in Crete, Nebraska ([url](#))

“There is always that fairness doctrine that comes into play when you offer a subsidy to one employee because they have a special need that some other employee may not have or need. Some may consider this a discriminatory practice, and [it] could be a cause for lower morale or productivity.”

– Carol Kardas, SHRM-SCP, founding partner at KardasLarson, an HR consulting firm in Glastonbury, Connecticut ([url](#))

“[Our] turnover is very low ... and a lot of it has to do with being able to keep our best employees. (Providing access to Child Care) has helped us retain some of those parents that otherwise would have left because they have those responsibilities to be at home and take care of their kids.”

– Lilia Vergara, Director of Human Resources at Dr. Bronner’s, in US Chamber of Commerce webinar, *Child Care for Working Parents: Current Barriers and How to Break Them* ([url](#))

“Without affordable and accessible child care, working mothers are forced to make an unfair choice. We have to make sure all working mothers have the support they need – during the pandemic and after. Because here’s the truth: Our economy cannot fully recover unless women can fully participate.”

– Vice President Kamala Harris in the Washington Post article, *The Exodus of Women from the Workforce is a National Emergency* ([url](#))

“You can show that if you invest \$500,000 a year to subsidize child care, but you retain some talented people when they start their families and don’t have to hire and train new employees, it’s very easy to show that you’ve more than paid for that \$500,000. A lot of times, that’s when leaders will say, ‘Aha. Got it. Let’s move forward and do this.’”

– Mark Schmitz, formerly of KinderCare and now working as a Child Care industry consultant, in the Slate article, *The Corporate Case for Child Care* ([url](#))

“Many companies skimp on childcare benefits. They tell themselves the story that benefits are just too expensive. Basic benefits like paid parental leave and back-up care make a huge impact on employee engagement.”

– Randi Braun, executive coach and founder of *Something Major Coaching*, an agency whose focus is to boost women’s leadership and parent retention, in the Medium article, *How to Offer Childcare Benefits at Your Business* ([url](#))

“We feel that child care gives us a critical advantage.”

– Doug Miller, VP of HR at Citibank, at the Work-Life Conference, pointing to internal return-on-investment studies Citigroup conducted to substantiate overall expenditures, to calibrate child care offerings in relation to other employee benefits, and to support further investments in employer-sponsored child care.

“Parents are making [Child Care] work because they have no other choice, but it’s causing mental stress and lack of sleep. Taking on the additional roles of teacher, babysitter and housekeeper on top of their regular jobs isn’t sustainable for parents – they’re spending nearly the equivalent of an extra full time job.”

– Matt Krentz, Boston Consulting Group managing director and partner, in the CNBC article, *Fewer Than 1 in 5 Employers Offer Child Care Help, but Experts Say Coronavirus May Make It Imperative* ([url](#))

“If we stick out our necks for them [and provide Child Care access], employees will stick their neck out for us. They will work hard for you, they will stay with you, and you’ll have a more productive workforce.”

– Scott Mies, Director of Work/life Benefits at Fel-Pro Inc.

“Give employees the benefits they value, and they’ll be more satisfied, miss fewer workdays, be less likely to quit, and have higher commitment to meeting the company’s goals. The research shows that when employees feel their benefits needs are satisfied, they’re more productive.”

– Joe Lineberry, a senior vice president at Aon Consulting, a human resources consulting firm, in *Entrepreneur*, *The Basics of Employee Benefits* ([url](#))

“Affordable, quality Child Care is a critical support service that empowers students, faculty and working families. Organizations offering Child Care as a benefit recognize that their people are the most valued asset they have, and their people’s most valued asset is their family.”

– Tim Keane, Dean of University of San Diego School of Business ([url](#))

“One out of four women who reported becoming unemployed during the pandemic said it was because of a lack of child care — twice the rate among men.”

– Carolyn M. Proctor, Data Editor, in the *New Yorker* article, *Why the Pandemic is Forcing Women out of the Workforce* ([url](#))

“Stipends and programs geared toward mental health, family and child care are other types of benefits that employees are seeking out.”

– Alison Sullivan, a career expert at the job research company Glassdoor, in the *Pittsburgh Post Gazette* article, *Recruiting and Keeping Employees Might Mean Helping With Their Child Care or Even Their Mental Health* ([url](#))

“Like many industries, the transportation sector has taken a hit during the pandemic. As our industry continues to rebound, it’s critical that we give our employees the tools and resources they need to thrive. Offering our valued staff access to affordable and quality Child Care is part of our continued commitment to providing excellent service. This allows our employees to maintain their stellar productivity while giving them peace of mind that their children are well cared for.”

– Emma Pitre, Vice President of Operations for Lux Bus America ([url](#))





Watch this US Chamber of Commerce Foundation Webinar: Breaking Child Care Barriers

Even before the COVID-19 public health crisis, finding quality, affordable Child Care was a barrier to the workforce for many working parents. The pandemic exacerbated numerous issues in an already fragile Child Care system and a lack of Child Care options presents a significant roadblock for parents to re-enter the workforce. There is no silver bullet to solve this problem but the need to create a Child Care system to fully support working parents and the businesses in which they work has never been clearer.

Watch this Talent Forward webinar by the US Chamber of Commerce as they address how state and federal governments, the business community, and Child Care providers are collaborating to provide effective solutions for working parents.