

Narrowing the DEI Gap with *Child Care Benefits*



How **innovative**
Child Care Benefits
bolster DEI to
narrow the **gender**
and equality gap
in the workforce.

TOOTRUS[®]
Powering Absolute Potential

“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.”

– Harvard Business Review

Diversity, Equity, and Inclusion (DEI) efforts seek to support individuals from all walks of life within an organization. When these elements are combined, organizations can reap the benefits of a workforce that considers diverse voices, viewpoints, and ideas. However, in many cases, DEI initiatives are easier said than done. For example, it’s a continual challenge for organizations to find effective ways to support working mothers. Why? A major reason involves an issue that has plagued mothers for decades: juggling work and family responsibilities without adequate support.

According to recent research conducted by McKinsey & Company and the Marshall Plan for Moms¹, many working mothers have struggled to meet the demands of their employers’ while still attending to the needs of their children – especially since the Covid-19 pandemic. This is validated by report from the Institute for Women’s Policy Research, which states that mothers are more likely than fathers to reduce their working hours or take time off to care for children. Specifically, a significant number of working moms with children have considered reducing their working hours, moving to a part-time schedule, or leaving the workforce entirely. The research states that many parents who want to leave or alter their careers are “mid-tenure employees who enhance the fabric of their organizations.” As a result, “companies stand to lose functional expertise, institutional knowledge, managerial capabilities, and mentorship at a time when such skills are needed most.”

And while Child Care issues have often been seen as personal, more organizations now realize that they are, in fact, concerns that fall under the DEI umbrella. As the Marshall Plan for Moms succinctly states, “Moms can’t work without Child Care – period. And yet, Child Care too often is seen as an individual problem for families to solve.”



The presence of differences within a given setting. In addition to race, gender, and ethnicity, diversity can refer to differences in physical ability, veteran status, whether or not you have kids — all of those are diversity components.



Making sure people get access to the same opportunities. Sometimes our differences or history can create barriers to participation, so we must first ensure equity before we can enjoy equality.



The practice of making sure all individuals experience a sense of belonging within an organization. This means that every employee feels comfortable and supported when it comes to being their authentic selves.

Child Care Benefits Support DEI Programs and Initiatives

Programs like employer-sponsored Child Care may not be considered priorities for all organizations, but since Child Care issues impact not only the overall productivity of the workforce but also DEI efforts, they are worthy of serious consideration. That's because when employees can access affordable and high-quality Child Care, they are more likely to balance their work and family responsibilities: a goal that many working mothers constantly strive to achieve. These benefits provide working mothers – and all working parents – with genuine support from their employers. A myriad of positive results can transpire from these supportive benefits, including:

- **Attracting, recruiting, and retaining a diverse workforce.** Overall, Child Care benefits make a company more inclusive towards parents of all situations and backgrounds.
- **Removing barriers to steady employment for low-income parents.** A study by the Center for American Progress found that the lack of affordable Child Care is a significant obstacle for low-income parents participating in the workforce. 70% of low-income mothers reported that Child Care issues had affected their ability to work. By providing Child Care benefits, companies become more accessible and attractive to these parents.
- **Leading women to career advancement.** When working parents can access affordable Child Care, they're able to take on more work-related responsibilities without fear of demotion, reprimand, or burn-out due to Child Care issues. This leads directly to promotions, increased pay, and other opportunities for career advancement. This is important not only for working mothers, but also parents of color as both groups are significantly underrepresented in organizational leadership roles.
- **Promoting gender equality in the workplace.** According to a report by Pipeline Equity, companies that provide Child Care benefits have a 15% higher representation of women in leadership roles compared to those that do not. Additionally, companies that provide Child Care benefits to their employees are more likely to promote women to higher-paying positions and have a narrower gender pay gap.

Additionally, Child Care benefits address the cultural and societal attitudes surrounding the care of children and traditional gender roles. Instead of perpetuating the idea that caring for children is simply a woman's role, Child Care benefits help change the notion that women can't be highly effective in the workplace and that fathers aren't able to care for their children. Changing these attitudes can help to create a more equitable climate, both in the workplace and in society overall.

The Impact of Wage Differential

Pay inequity is a significant concern for all women, but it can be particularly impactful for working mothers. They are more likely than fathers to take time off work or reduce their hours to care for their children. As a result, women earn less than men over the span of their careers, perpetuating a significant gender pay gap. Many researchers, economists, and sociologists have called this phenomenon ‘the motherhood penalty.’

Overall, women earned \$0.83 for every dollar earned by men in 2020 – that’s an average annual difference of \$10,434. As shocking as that is, for mothers it’s substantially worse. Mothers working full-time year-round earned just \$0.73 cents for every dollar fathers earned for an annual working mother wage gap of \$16,583.

What’s the Impact of the Gender Wage Gap for Mothers?

Overall, women who work full time, year-round in the United States are paid 83 cents for every dollar paid to men, but for working mothers it drops to 73 cents. That’s an annual gender wage gap for mothers of \$16,583, or in other words...

\$16,583



21

Months of
Child Care



15

Months of
Groceries



18

Months of
University Tuition



13

Months of
Rent

The challenge is even greater for across racial and ethnic groups with black women earning \$0.64 cents for every dollar white men earned and Latinos just \$0.57 cents. Not included in these numbers are part-time or part-year workers which doesn’t fully account for mothers who are unable to work full-time because of lack of access to affordable Child Care options.

Child Care benefits can be a huge part of the solution. In fact, a study by the World Economic Forum found that providing Child Care benefits can significantly reduce the gender pay gap by allowing mothers to re-enter the workforce or continue working full-time without Child Care disruptions. This is the kind of balance working mothers consistently strive to achieve but can’t without adequate support from their employers.

“We have all of these brilliant, skilled women, and we’re not enabling them to use those skills effectively enough to contribute to the economy because of the way the Child Care system works... If you find a solution to the Child Care issues they’re facing, you will see your recruitment go through the roof.”

– Joeli Brearley, Author of ‘The Motherhood Penalty’

The Challenge of Child Care Affordability

A significant reason that Child Care has become an organizational DEI issue rather than just a personal one, is because of cost. According to the National Association of Child Care Resource & Referral Agencies, only 6 out of 10 children in the United States have access to affordable and high-quality Child Care. Additionally, the National Women’s Law Center found that Child Care costs consume as much as 60% of a low-income family’s budget. Yet, according to the US Department of Health and Human Services, only 7% of a family’s household income should be used for Child Care to be considered affordable.

Under that standard, with the current cost of care per child around \$9400 per year, only households with a median income of \$130,000 or more could actually afford Child Care. All of these statistics lead to major concerns for organizations who risk having qualified job candidates decline positions because the wages or salary won’t be enough to cover Child Care costs.

To make care more affordable, mothers are actively looking to work for companies that offer benefits that help with the costs of Child Care. In a survey of women with children under the age of five, 69% reported they would be more likely to choose an employer that offered assistance with Child Care expenses or provided access to on-site Child Care. But how can employers implement these benefits in a streamlined, cost-effective manner?

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Structuring Child Care Benefits to Bolster DEI Efforts

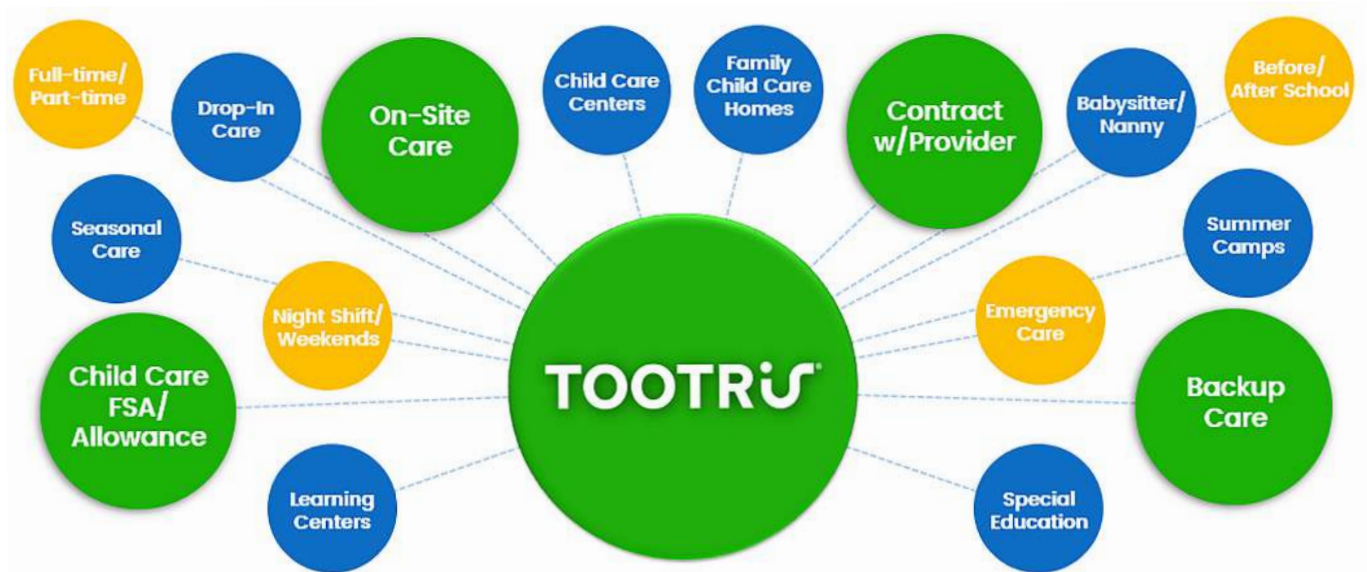
While some companies provide on-site Child Care, it's more the exception than the rule. According to The Society for Human Resource Management (SHRM), only 4% of U.S. companies offer free on-site Child Care. The reason is that it's simply not financially or managerially feasible, or even sustainable for most.

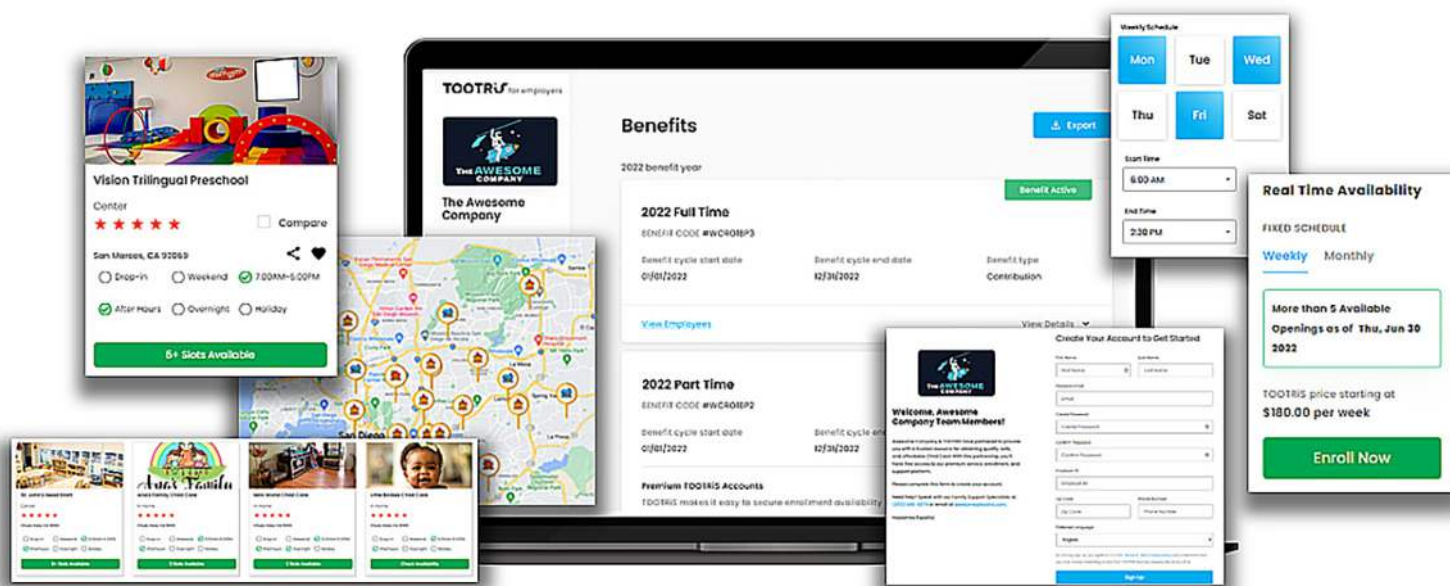
On-site Child Care can only serve a limited amount employees based on space and licensed capacity. This results in parents being added to waiting lists, ultimately making the 'benefit' inaccessible, especially for new hires. Additionally, on-site centers typically don't accommodate parents working overnight shifts OR those needing before- or after-school care for elementary-aged children, so there is a gap in terms of those who can truly access and benefit from the option.

As an alternative, some companies offer Child Care stipends. Stipends can be spent on traditional Child Care providers, or less structured providers like in-home Family Child Cares. While they are a tremendous step in helping working parents, and working mothers in particular, stipends require heavy HR administration. The initial setup, overall management, and ongoing reporting for the program are too much for HR staffs of most organizations to handle.

TOOTRiS is the first and only platform that integrates every Child Care option in one place.

This revolutionizes how businesses can equitably support their working parents with greater access and affordability requiring zero administration.





The issues with on-site care and just providing stipends, are why TOOTRIS has become a key player in providing Child Care solutions for employers that seek to create diverse, equitable, and inclusive work places without requiring an on-site center OR the time and effort to administer a Child Care program. Instead, TOOTRIS offers employers a turn-key solution for implementing a comprehensive Child Care benefit that:

- Provides a unifying tech-platform allowing parents to quickly search, vet, and enroll their children with licensed providers that fit their needs, schedules, and budget.
- Seamlessly integrates with existing HR management systems while improving employee FSA utilization by drawing directly from FSA set aside funds.
- Provides parents access to real-time inventory of available Child Care slots for full-time, part-time, backup, drop-in, after-school, and more.
- Manages payments directly on the platform with automatic integration of employer-sponsored contributions, DCFS, and other Child Care subsidies (if applicable) with complete tracking and reporting.
- Offers employees 24/7 dedicated concierge support to ensure the best care for their children so they can be.

All of this combines for peace of mind for both working mothers (who can enter, re-enter, or re-engage with the workforce with confidence) and employers (who can provide an essential benefit that is easy to implement and manage).

Benefits to Companies

With DEI in mind, many companies are responding to the challenges of working parents – specifically mothers – through Child Care benefits. Not only do these benefits help parents counter the trials of balancing work and family life (ultimately leading to more diverse, equitable, and inclusive work places), they also provide companies with intrinsic business advantages. For example, research shows that companies that put DEI efforts in the forefront are better able to respond to challenges, win top talent, and support their employees. These efforts are especially effective when companies build DEI policies into their hiring and HR practices.

Additionally, DEI is vital in the workplace because different points of view lead to better ideas and solutions. HR director Catalina Coleman states,

“There’s a level of innovation that diversity contributes to. People bring a unique framework to the job that enables them to approach problems differently and propose unique solutions. The more diverse voices there are in your organization, the better your outcomes will be, purely from a business standpoint.”

Conversely, organizations that fail to prioritize DEI efforts are likely to fall behind their competitors in productivity, attraction of quality workers, and meeting overarching business goals.

Overall, DEI efforts make companies more attractive to job candidates. Child Care benefits as a part of DEI initiatives send a signal to job candidates that the organization values and supports working parents – making it attractive to a wide range of people who can contribute to a mosaic of diverse ideas. Additionally, once hired those candidates are more likely to be satisfied with their work, retain their employment, and pursue career advancement.

Conclusion

Child Care is an essential part of promoting diversity, equity, and inclusion in the workplace. By providing Child Care benefits, companies can attract and advance more working mothers into leadership positions, improve the gender pay gap, progress their business outcomes, and increase the satisfaction of employees. This, as well as the overall improvement in employee retention (37%-60%), productivity (63%), and recruiting (85%), are why more and more companies are providing Child Care benefits to their workforce.

Child Care and equity are closely related issues - addressing one can improve the other. By increasing access to high-quality Child Care and supporting policies that promote DEI in the workplace, we can create a more conscious, vibrant, and equitable future for all humanity.

How TOOTRiS Improves DEI for Child Care Providers

Child Care is considered as an essential service, yet that sector of our economy is not treated as such. It is underfunded and providers are often low-paid and lack benefits. TOOTRiS is proud to help level the playing field and advance DEI initiatives within its network of Child Care provider partners. Specifically:

- **TOOTRiS partners with Child Care providers of all backgrounds, ethnicities, and sizes** (from large multi-site centers to small in-home providers), giving everyone the ability to equally benefit from employer-sponsored Child Care enrollments.
- **Furnishes all providers with free access** to TOOTRiS' suite of innovative marketing and management technology, plus ongoing multilingual language concierge and subsidy support.
- **Gives 100% of provider fees to the Child Care provider.**

These actions are especially important in the Child Care industry because women make up 89% of Child Care workers. And according to the Institute for Women's Policy Research, Child Care workers are paid less than other workers with similar levels of education and experience. In 2020, the median hourly wage for Child Care workers was \$11.65, compared to \$16.87 for all workers.

With the technology and support of TOOTRiS, even the smallest Child Care providers have the opportunity to thrive and support our communities.



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