



Building the Business Case for Employer Supported Child Care

September 2023

Lorraine Clarno, President/CEO



PRIORITIES & ACTION TEAMS

Call to Action

Foundation

- Collaborate & Communicate with team members and partners.
- Assign specific responsibilities and meet regularly to report progress.
- Identify concrete and realistic measures of success.
- Be agile and ready to adjust.



- Priority Action 1: Outreach & Advocacy
- Priority Action 2: Early Education Degree- Scholarships
- Priority Action 3: Identify Space for Child Care Centers
- Priority Action 4: Promote Home-Based Child Care

Action Team: Outreach & Advocacy

- Support needs and efforts of 3 other teams (Facilities, Home Child Care, Scholarships/Pipeline)
- Advocate for ARPA dollars to come to the Flathead
- Stand up website resources – kalispellchamber.com/programs/flathead-child-care-initiative
- Identify local and state regulations that hinder or prohibit standing up child care facilities – advocate with local delegation and beyond (Governor’s office)
 - WINS 2023 Leg Session: Best Beginnings Scholarship Formula modification, ratios for centers
- Develop a PR Campaign and launch with Lightning Bug PR – Focus on talent pipeline and employer supported benefits. Primarily digital and media story telling, elevate the profession = Workforce of the Workforce
- **Building the Business Case for Employer Supported Child Care**



Action Team: FACILITIES

Goals – identify potential stakeholders (including existing)
Faith Community, Business Community, Non-profit,

Results –

600+ spots coming online by Dec. 2024

Successes: \$1million dollars awarded to **Bird's Nest** to expand and double capacity. Status: Land Secured. Plans approved, Ground Breaking Sept. 23
Will enable benefits and higher wages to early ed certified staff.

Long-term: 90 children, ages 0-6, M-F, 6am – 6pm

\$893,000 awarded – **Immanuel Lutheran Communities**

Opened temporary location Monday, October 3. 25 Children.

Long-term: 72 children, ages 0 – 6, M-F, 6am – 6pm

Kalispell Public Schools – Opened two centers for up to 40



The Business Case



WHY CHILD CARE MATTERS TO BUSINESS



CHILD CARE INITIATIVE 2023



VENTURE BOLDLY

ON AVERAGE, HALF OF PARENTS MISS

8.6
DAYS

of work due to child care issues.

High-quality, affordable and accessible child care has a significant impact on the economic growth and competitiveness of our companies and country. Yet America is facing a child care challenge that threatens the productivity and strength of the workforce of today – as well as the quality of workforce for the future.

The Current Workforce

In most families, it is no longer the case that one parent works and one stays home. Child care is essential in supporting parents' ability to work and for children to grow their skills through education.

RESEARCH SHOWS THAT BABIES FORM OVER

90%

of the brain connections that determine how they talk, think, and grow by the time they are 5 years old.

Quality child care can be difficult to find and afford for many families. In fact, 80% of families in March of 2022 reported challenges in finding care in the Flathead Valley. Rates averaged around \$40 to \$50 per day, and monthly rates for full-time care (5 days/week) ranged from \$850 to \$1,500, while infant care averaged \$1,600 per month.

A Flathead County family earning the median household income spends 17% of it on child care for one child.

The Future Workforce

A growing body of research shows that high-quality early learning programs deliver both short- and long-term benefits for children and the community. Studies show that investments in early childhood education result in higher wages later in life, increased tax revenue, more effective public schools, improved personal and public health, less crime and more educated, skilled workers.

80%

of parents would leave for another job that assisted with child care as a benefit.

High-quality child care is not a luxury – it is a necessity for the future of the Flathead Valley.

The Business Case



WHY CHILD CARE MATTERS TO BUSINESS



CHILD CARE INITIATIVE 2023



VENTURE BOLDLY

The Business Case

When businesses invest in child care, they see results. Employer-supported child care is the most powerful retention and recruitment tool available in today's economic environment. Business typically see up to (and beyond) a 100% ROI resulting from tax savings, increased retention and productivity, and decreased absenteeism.

For businesses, high-quality child care is a smart investment. It supports today's workforce (parents), while helping lay a strong foundation necessary for success in the future workforce (children). High-quality, affordable and accessible child care is essential to a healthy and prosperous local economy.

What We're Doing

The Kalispell Chamber of Commerce is available to assist our members on employer-supported child care options and models. We are here to support you through the process of creating on-site, near-site or financial assisted child care for your employees.

Some of the assistance we can provide includes:

- Administering or furnishing surveys for your employees to assess need and garner insights
- Producing ROI comparisons for models that match your interest and needs
- Connecting you with possible child care providers
- Providing resources and models to ensure a quality program, as well as ways to maximize your investment
- Serve as the convener and advocate from investigation to implementation

PATAGONIA ROI AS AN EXAMPLE

Tax Benefits	50%
Employee Retention	30%
Employee Engagement	11%

Calculable ROI 91%

Gender diversity
Greater employee loyalty
Workplace culture
Customer loyalty/community image

Estimated ROI 24% - 34%

TOTAL ROI 115% - 125%

To learn more about how Employer-Supported Child Care can work for your organization, contact Jenn Cronk, Director of Workforce & Special Initiatives at 406.758.2801.



EMPLOYER ASSESSMENT TOOL



EMPLOYER SELF-ASSESSMENT CHECKLIST

VENTUREBOLDLY

CORPORATE NEEDS & POLICIES

- Do we strive for a family-friendly culture?
- Why do we want to provide employer-supported child care?
 - Enhance recruiting/attract employees
 - Enhance retention/reduce turnover
 - Support our employees' needs, help with work/life balance
 - Increase productivity and morale
 - Position ourselves as a responsive, family-friendly employer
 - Enhance our public image
 - Increase business
- What indicates to us that we should consider this change?
- Are we a family-friendly employer? How do we view family issues and work/life balance? Do we walk the talk?
- What attracts employees to our business?
- What kind of employees do we want to attract?
- Why do our employees stay or leave?
- What is our turnover rate and what is the reason?
- What are our costs associated with turnover?
 - Lost time
 - Recruitment
 - Training

EMPLOYER ASSESSMENT TOOL



VENTUREBOLDLY

WORKFORCE PROFILE

- How many of our employees are
 - Near retirement
 - Young parents
 - Parents of more than one child
 - Single parents
 - Low income

- Are we planning to expand/attract more employees?
- What shifts are hardest to recruit for and why?
- What locations are hardest to recruit for and why?
- What are the attitudes of other staff toward the needs of working parents?

MANAGEMENT

- What are the attitudes of supervisors/managers toward the workplace needs of working parents?
- What are the attitudes of supervisors/managers towards providing child care benefits?
- How will we assess the true needs of our employees?
 - Focus groups
 - Written survey
 - Interviewing supervisors/managers

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Federal Tax Credits for Employer Provided Child Care

Despite the potential advantages of employerprovided care, a Bureau of Labor Statistics survey found that about 11% of civilian workers had access to employerprovided child care in 2021 and that lower-wage workers were less likely to have access than higher-wage workers.

The 45F credit allows businesses to reduce their income tax liability by up to \$150,000 per year. The credit is calculated as 25% of qualified child care expenditures plus 10% of qualified child care resource and referral service expenditures incurred by the business, up to the \$150,000 per year limit.

<https://kalispellchamber.com/wp-content/uploads/2023/07/if12379.pdf>



Federal Tax Credits for Employer Provided Child Care – GAO Study

Why GAO Did This Study Child care is essential for allowing many adults to engage in the workforce but concerns about family access to child care have increased after many child care centers and family child care programs closed during the COVID-19 pandemic. Established in 2001, the Employer- Provided Child Care Credit can provide a tax incentive for employers to provide child care benefits.

The Employer-Provided Child Care Credit can save employers with eligible expenses (see figure) more in taxes than using a deduction alone, and employees can exclude some child care benefits from their taxable wages. For employers, the credit can offset actual federal income tax liability. Employers may also deduct child care expenses. To avoid duplication, the total amount deductible must be reduced by amounts claimed for the credit. For employees, certain child care benefits can be excluded from their wages, up to \$5,000. If an employee's expenses exceed the exclusion limit, they may be eligible to claim the Child and Dependent Care Credit, but not for the same expenses.

<https://kalispellchamber.com/wp-content/uploads/2023/07/gao-22-105264.pdf>

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Media Partnership

<https://flatheadbeacon.com/2022/07/21/kalispell-chamber-partners-with-local-childcare-providers-to-address-care-shortage/>

<https://dailyinterlake.com/news/2022/aug/07/kalispell-chamber-collaborates-address-childcare-s/>



What we have learned...

- **Employers want to be a part of the solution**
- **Employers do not want to operate child care centers – exception is health care providers – aka Immanuel Lutheran Communities**
- **Employers are highly sensitive to equality for their employees**
- **Employers are highly sensitive to local, national and global economic influences**

Thank you for listening!

Contact Us

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