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Child Care: It's Good Business. The Indiana Tool-Kit for Employers and Community Planners

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Child Care: It’s Good Business

The Indiana Tool-Kit for Employers and Community Planners

April 1998
Indiana Child Care: It’s Good Business

Tools for Employers

A project of the Indiana Child Care Fund.

This Tool Kit is dedicated to the children of Indiana: the state’s most precious natural resource.

Through public/private partnership, the Indiana Child Care Fund creates, strengthens, and fosters quality child care environments by providing resources for statewide initiatives.
The information in this Tool-kit was compiled by the Center for Families at Purdue University. With research, education, and outreach, the Center for Families supports and enhances the services provided to families by extension educators and specialists, social service providers, employers, and legislators.

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For more information about the content of the Tool-kit, contact: The Center for Families at Purdue University, 1267 CDFS Building, West Lafayette, IN 47907-1267.

For more information about the Indiana Child Care Fund, contact: Carole Stein, Family and Social Services Administration, 402 W. Washington Street, Suite W461, Indianapolis, IN 46207.
Contents

Introduction

The Business Case for Child Care Involvement
Why it is important for employers to become involved in work-family initiatives? This section gives the answers to questions employers often ask. Examples from companies in the Midwest and around the country are provided.

How to Get Started: Visioning, Assessing, and Planning
The needs for child care and other work-family initiatives are different in every workplace. The section offers “Six Steps to Success” that your company can follow to assess need and determine your own business case for work/family programs and policies.

Options for Employers
This section describes the most common policies and programs that employers use to help their employees meet their child-care needs, including a number of projects implemented by public/private partnerships across the state. There are options for companies and budgets of all sizes.

Implementing New Child Care Programs and Policies
This section offers tips for launching new child-care and other family-supportive options.

Resources
A wide variety of resources, many of them free (or almost free), are available to help you. This section contains lists of professional associations, publications, and research institutes and centers that can help you through the process of investigating and implementing work-family policies in your company.

Appendix: More About Options

References

In addition to this booklet, Tools for Employers, your tool kit also contains the following supplementary tools and others provided by your local community:

Work/Family Employee Surveys
Examples of surveys used to assess employee needs for child care and other work/family programs and policies.
The State of Child Care: A Statistical Profile
The “big picture” of child care is outlined in this section. Easy-to-understand charts show where children are cared for while their parents are at work, the employment status and earnings of working families, and the quality and availability of child care throughout the mid-west and in your county.

Regional Consultants and Contacts
Individuals to contact for more information about child care initiatives in your community.

Indiana Child Care Fund Projects
An up-to-date listing of statewide child care development projects initiated by the Fund.

Invest in our children, Indiana
Introduction

Changes in today’s workforce have created new challenges for Indiana employers, communities, employees and families. The purpose of this tool kit is to provide a list of tools and options that are being utilized by businesses of all sizes to successfully attract, motivate, and retain employees. Employers across the state are discovering that support of employees’ work/personal life issues can bring about significant increases in individual and work group effectiveness. The information that follows will focus on a particular work/life issue that causes perhaps the greatest concern on behalf of both the current and future work force: the care of children.

Most employers and employees realize that everyone wins when an organization’s policies and programs help employees fulfill their job responsibilities in ways that also let them meet their family responsibilities. But how can solutions be implemented that will not negatively impact productivity – or increase the budget?

This tool kit was developed by the Purdue University Center on Families with the input of child care experts, educators, community planners, and business leaders who have “been there.” It provides the business rationale for child care support, information-gathering tools to help address your particular needs and budget, and lists of options and resources that have already been used successfully in our state and nationwide. It also lends practical advice in how to establish public/private partnerships that can address child care at a level that produces lasting results.

We hope you will join us as we work together for the mutual benefit of Indiana businesses, communities, employees and families.

Carole Stein
Indiana Family and Social Services Administration

Candice Lange
Eli Lilly and Company

Founding Co-chairs, Indiana Child Care Fund
April 15, 1998
The Business Case for Child Care Involvement

Making it easier for employees to fulfill both work and home responsibilities is not just a good thing to do, it’s good business. Work-family policies and programs can help the bottom line by increasing employee loyalty and productivity, and reducing absenteeism and turnover.

In this section, we provide answers to questions that employers often ask about work-family programs and policies, and share examples from Indiana employers who have implemented them.

Why is there so much concern about child care?

Because the workforce has changed, and the need for child care has increased.

-Fewer than one in five American workers now lives in “traditional” families where dad is employed and mom stays home. In most two-parent families, both parents are in the workforce.

-After adjusting for inflation, only families with at least two earners have seen their incomes rise over the past 25 years.

-Over 10 million workers are single parents. **(REF)It is estimated that approximately 30% of the heads of Indiana households will be women by the year 2000.

** FIGURE – BAR CHART

In Indiana,
63% of mothers with children under 6 are employed
76% of the mothers of 6 to 17 year-olds are employed

Source: 1990 U.S. Census Data (database C90STF3A)

How Do Child Care Issues Impact Business?

More companies are recognizing that work-family programs and policies are smart investments in their current and future workforces. Improved employee recruitment and retention, productivity, and loyalty are important results that feed directly into a company’s bottom line.

Child care problems reduce productivity

** <Mc Donalds Quote
A survey of 5,000 employees at five major U.S. corporations found that 82% of working parents had missed days at work, arrived late or left early, or had used work time to deal with child care problems.

National surveys have estimated such lost work time to be between 6 and 8 days per parent annually.

Child care arrangements fall through for 1 in 4 employed parents during a three-month period, sometimes more than once. If parents can’t quickly make alternative arrangements, they will miss work, or come to work and worry, perhaps leaving their children inadequately supervised.\(^7\)

*Greg Robinson runs a McDonald’s franchise with a staff of 60 in Rochester, Indiana. He reports that he often receives calls from employees saying they can’t come to work because “their babysitter didn’t show up, or quit. So I am left hanging,” Robinson laments. “My business is left hanging. I have to find somebody to work that shift. Child care is a matter of big interest to me.” Robinson is working with the Fulton County Step Ahead team to round up the resources needed to create a child care center.*

(from *A Giant Step for Child Care, a report of the Child Care Action Campaign, 1995*)
It’s getting harder to recruit and retain skilled workers.

- According to the Hudson Institute’s Workforce 2020 report, the competition for skilled workers is going to get even more intense. The Hudson Institute predicts that the most successful employers are going to be the ones who do the best job of attracting, retaining, and maximizing the productivity of skilled workers.

- Skilled workers will be in a position to shop around for employers who will support their interest in fulfilling both work and family responsibilities.\(^{11}\)

- According to national data, about 1 out of 3 working parents is willing to change employers or trade salary and benefits for:

  - resource & referral services to locate child care
  - child care centers on or near the workplace
  - child care vouchers or direct financial assistance to pay for child care
  - flexible spending accounts (a government program for employees to set pre-tax dollars aside to pay for child care)\(^{9}\)

- In exit interviews during recent years at IBM, dissatisfaction with work-family balance is ranked as important as dissatisfaction with salary and benefits as a reason for leaving the company.\(^{8}\)

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**Baxter Healthcare Corporation (headquartered near Chicago) recently asked employees about work-family issues:**

42% of the respondents in focus groups said they had **looked for another job due to work and life conflicts.**

49% of the childless two-income employees said they would need to **leave the company in order to devote the time necessary to raise a family.**

*Men were significantly more likely than women to have **looked for another job due to work-family conflicts** (49% vs. 39%)\(^{10}\)*
High quality child care is in short supply.

-Nationally, almost 2 out of 3 parents report difficulty finding child care, and most who try to make different arrangements can’t find acceptable alternatives.
-Care is in especially short supply for infants, school-aged children, children with special needs, and children whose parents work evenings or weekends.\(^\text{13}\)
-Only 30% of Indiana’s working families have access to licensed child care.
- Annual turnover among child care providers is 36% -- 6 TIMES that of public school teachers. As a result, the quality of care is mediocre in 91% of child care homes and 86% of child care centers.\(^\text{17}\)

The affordability dilemma:
-Families pay 6% to 25% of their income or about $3,800 per year when they purchase care for one or more preschool children. But parents would have to pay as much as $6,400 per child per year to cover the costs of good quality care.\(^\text{14}\)
-Good quality child care requires providers who are motivated, well-trained, and experienced. Unfortunately, most providers are grossly underpaid, causing high turnover and lowering quality. The average child care worker makes about $12,058 per year -- less than a bus driver ($20,150) or a garbage collector ($18,100).\(^\text{17}\)footnote

How do work-family policies and programs help the bottom line?

Businesses want initiatives that pay for themselves. As more and more companies are implementing work-family programs and policies, their experiences are improving our understanding of the return employers can expect from work-family investments.

- There are costs associated with not offering work-family programs. The Families and Work Institute reports that it costs 75-150% of the average annual salary to replace a working parent, but only 32% to provide parental leave.\(^\text{18}\)
Below are just a few examples of studies conducted by employers to evaluate the effectiveness of work-family programs. Most of the examples come from companies that operate in the Midwest.

-An informal 1990 study at Union Hospital in Terre Haute showed that employer-supported child care increased recruitment and retention. Respondents said the presence of the on-site center encouraged 38% of them to hire on and 83% to stay employed at the hospital.19

-The Detroit office of Deloitte & Touche found its family-friendly benefits led to a drop in turnover from 40% to 10%. A 1% improvement in retention levels for managers is worth $5.5 million to the company.20

-An average company with 250 employees can save $75,000 per year in lost work time by subsidizing care for employees’ sick children.21

-In Evansville, 74% of the parents of children attending the Deaconess Hospital Child Care Center and responding to an informal survey, reported that they had considered other employment but would not leave the hospital because of the care their children receive.22

“At Lincoln Life, we find bottom line dollar savings on some of our programs by health care claims and reductions in absenteeism and turnover.”23

As a result of its work-family programs, Waste Management realized net savings of $1,400 per participant through productivity increases and reduced absenteeism, lost time from work and benefit claims. Half of the 50 participants studied had considered leaving, yet only 22% did after the program began.24

THE MATERIAL BELOW IS JUST SUPPLEMENTARY AND SHOULD NOT BE INCLUDED IN THE FINAL DOCUMENT:

Census Bureau, #626).
6. (Galinsky, HB).
20. NSCW);
21. NSCW)
(Galinsky, HB).
(The State of America’s Children Yearbook 1997- CDF)
Findings from Work and Family Policies in the Midwest: Business, People, and Economic Development (Shirer, 1994).


34. Iowa State Extension Report:


42. p. 67 BAXTER)
Johnson - AWLP talk
(see also Koblenz and Campbell - Baxter report
WM 5/97 p. 28

Quotes:

You can ask people to leave their personal lives at the factory fence – in the old days, that was the culture of most corporations – but you’re just kidding yourself if you think they can comply. You can’t hire part of a person. You get the sore back along with the skillful hands. You get the anxious heart along with the educated brain. So, your policies and programs will only be effective if they bow to this reality and address the whole human being. The bottom line is that our efforts to support employees’ work-family priorities are good business. These are neither ‘perks’ nor ‘giveaways.’ These tools will help us attract, motivate, and retain people who are more likely to be more dedicated, more focused, more innovative, and more productive.”

Randall L. Tobias, CEO of Eli Lilly and Company, 1996

Lincoln National Corporation CEO
“My wife was a stay-at-home mom. We raised five children and never enrolled a single one in a child care center. But the world has changed since I started in business in 1956. And now that I’m a grandfather, I personally see how social changes and child care issues are affecting the workplace. I’m not here to say every company should open its own child care center. But every company should do something to meet this very real workplace issue.”

Ian M. Rolland, quoted in Working Mother, October 1996

If people can find a job maximizing their capabilities, they will create great value for stakeholders. We want to be the employer of choice. We want to create a nurturing environment where employees can do their best – displaying greater commitment and motivation, and producing better-quality work with less stress and turnover. Our programs are not just to be nice – they allow us to demand excellent performance. We are not paternalistic, and our employees are not entitled. This is a partnership, not a family.”

James Rogers, CEO of Cinergy/PSI, 1996
The Welborn Hospital Children’s Center is used by Welborn families as well as families of eighteen corporations in the Evansville area. These corporations pay an annual membership fee to utilize the Center; some corporations elect also to subsidize the families’ child care fees. Currently the Center population is 60% Welborn Hospital and 40% corporate. The Welborn Children’s Center has served as a national role model for other corporations and hospital-based centers. The Center is cited in a recent publication on child care by the American Women’s Medical Association. The staff has served as consultants to businesses throughout the United States.
How to Get Started: Visioning, Assessing, and Planning

If you are considering the possibility of implementing new programs and policies to address child care needs, how do you go about it? This section offers a framework for change at your company.

Six Steps to Success

1. Evaluate the current situation in your organization.
2. Marshal support from management.
3. Form a task force.
4. Identify the resources and constraints that will shape your organization’s approach to work/family issues.
5. Assess employees’ needs.
6. Decide how you will respond to employees’ needs.
1. What is the current situation in your organization?
   The questions below will help you to develop your strategy for initiating change at your company.

   Think about:

   The company…  What are your company’s values, goals, and priorities?
   What are the current business issues that keep senior managers awake at night?

   The work force…  How successful is your company in recruiting talent?
   Are there problems with workers’ retention or productivity?
   Is there excessive absenteeism, tardiness, or accidents?
   If applicable, what are the major concerns of the labor union(s)?

   The community…  What is your company’s level of involvement in your community?
   How relevant are community issues to your business?
   What are the gaps in existing services?

   The individual…  What are some of the specific work/life conflicts that employees are facing? How are supervisors dealing with these issues today?

2. Marshal support from management. How does your company’s vision relate to the day to day work environment in your company? Is there a business case for child care involvement?

   -What are some of the specific work/life conflicts that employees are facing? How are supervisors dealing with these issues today?
   -To what extent may these conflicts be interfering with your business goals?
   -Is your organization considered a “great place to work” in your community? By your employees?
   -How much knowledge do the decision makers in your company have of why worker friendly enhancements might make sense?
3. Form a task force.

- Identify a project chairperson and committee. The committee should include representatives from all levels of your company. It’s a good idea to include some employees (from different wage levels) who have child care needs.

4. Identify the resources, and constraints that will shape your company’s approach to work/family issues.

- What policies and programs do you currently have in place which assist employees’ abilities to fulfill work and home responsibilities? Check the “Options” section for examples.

- Do you have a mechanism already in place for communicating with your employees (e.g., a newsletter, web site, bulletin board, etc.)?

- What are the limitations on what you can do? These might include budget constraints, logistical problems that exclude a particular option, or restrictions posed by a labor agreement.

- Consider working with child care professionals in your community or hiring a consultant. These professionals may be able to help you perform a range of services, from conducting needs assessments through comparing options and providing solutions.
5. Assess employee needs

The most common ways to learn about employees’ perspectives are with surveys and focus groups. Examples of other companies’ surveys are included in this tool kit.

You should ask questions about the following topics:

Demographics of the employee population: age, income level, education level, marital status, presence of children.

What do employees see as barriers to doing their job well?

What would employees’ preferences and priorities be for changes in their arrangement of work and personal life?

What issues are employees facing in the areas of dependent care?

Do they see the current work environment as flexible and supportive of their needs?

Do employees know about, and understand how to use, the programs and policies currently in place? Do employees see any barriers to using them?

Baxter Healthcare Corporation assessed the importance of work-family issues for 985 of its employees using focus groups, electronic mail, surveys, toll-free voice mail, and face-to-face interviews. Employees who did not feel supported by management in their efforts to manage work and family conflicts reported that they were:

less likely to suggest process improvements, volunteer for overtime, act in an empowered manner, or maintain a positive tone of voice during customer contact

&

more likely to exert minimum effort on projects, “bad-mouth” the company in the community, and discourage friends and family from applying for positions
<table>
<thead>
<tr>
<th>Strengths</th>
<th>Surveys</th>
<th>Focus Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths</td>
<td>• provide information about amount of need</td>
<td>• provide information about why employees hold certain views</td>
</tr>
<tr>
<td></td>
<td>• quantitative &amp; relatively easy to tabulate</td>
<td>• can ask only few open-ended questions; quick to prepare</td>
</tr>
<tr>
<td></td>
<td>• access to many employees quickly</td>
<td>• small number of employees to contact</td>
</tr>
<tr>
<td></td>
<td>• can use mail, e-mail, telephone</td>
<td>• easy to tailor to different groups (e.g., managers, clerical staff)</td>
</tr>
<tr>
<td></td>
<td>• with proper procedures, can generalize from a sample to the whole workforce</td>
<td></td>
</tr>
<tr>
<td>Weaknesses</td>
<td>• can’t explain reasons for employees’ answers</td>
<td>• too expensive to use with many employees</td>
</tr>
<tr>
<td></td>
<td>• hard to get a high response rate (80% or better)</td>
<td>• must be conducted face to face; audiotaping is useful but can be uncomfortable to participants</td>
</tr>
<tr>
<td></td>
<td>• difficult to construct clear questions covering all topics</td>
<td>• can be hard to accurately summarize results</td>
</tr>
<tr>
<td></td>
<td>• can generate a lot of information to process</td>
<td>• can’t generalize to all employees</td>
</tr>
<tr>
<td></td>
<td>• time consuming to tailor to different groups of employees</td>
<td>• require skilled facilitator</td>
</tr>
<tr>
<td>Recommendations</td>
<td>• be brief &amp; tightly focused, but thorough</td>
<td>• consider having a respected outsider conduct the groups</td>
</tr>
<tr>
<td></td>
<td>• ask for only one piece of information at a time; word questions very clearly</td>
<td>• use to understand reasons for employees’ views, not to determine overall amount of need</td>
</tr>
<tr>
<td></td>
<td>• allow space to report multiple dependent care arrangements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• provide a range of possible answers – comprehensive but not overlapping</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• avoid asking for rankings</td>
<td></td>
</tr>
</tbody>
</table>
Regardless of which method(s) you use…

Choose your words carefully

Tailor your words to the employees and workplace
For example: ‘Spouse or partner’ is more inclusive than ‘husband or wife’

Define terms
For example: “dependent,” “alternative work schedules”

Give your questions a ‘test run’
Preview survey or focus group questions with a group of employees.

Ask about current preferences rather than future intentions
People don’t predict their own future behavior very well.

In Porter County, Workforce Development Services and the Step Ahead Council are collaborating with local businesses to survey employees about their child care needs. Already, 123 employees from 5 businesses have responded. The results, available in the Spring of 1998, will be used to develop a community-wide strategy for improving the quality and supply of child care.

Sue Anderson, Workforce Development Services

Get answers from the right people

Sample carefully
Be sure all important subgroups are well-represented (e.g., parents, non-parents, supervisors, hourly staff, etc.). Try to sample at random.

Do whatever you can to ensure a good response rate – aim for 80%. Allow employees to participate during work time and offer small incentives. Promise a feedback report and follow through.

Get honest answers

Make sure that employees feel safe when they respond. For example, don’t mix employees with their supervisors in the same focus group.

Focus group responses should be confidential; questionnaires should be anonymous. Consider having an outsider tabulate the results and have questionnaires sent directly there.

6. Determine how you will respond to employees’ needs.

For what programs is there sufficient demand?
Which programs or policies offer the most return for their costs?  
What will be the costs of not implementing anything new?
Options for Employers

This section describes some of the most popular work-family policies and programs currently in use in Indiana companies, as well as examples of our growing success in the area of public/private partnerships. Although there is a wide range of initiatives beyond those described here, the policies and programs most important for child care are:

- Child care assistance
- Flexible work arrangements
- Leave policies
- Community Partnerships

Options Summary
Child Care Assistance

Resource and referral services: Provide information about how to locate and select quality dependent care. This service includes education about what constitutes quality programs and improves the quality of care by providing training for providers.²

On/near site day care center: Sponsored by an employer and offers care for employees’ children at or near the workplace. Employers typically subsidize the cost of the center, often run by an outside provider.²

Child Care Consortium: A group of geographically close companies form a new company (generally not-for-profit) or share the expenses of operating a child care center for their employees. This is helpful to small employers who cannot afford such an endeavor alone.³

Reserved Child Care Spaces: Employers reserve (subsidize) spaces for employees at local child care facilities.

Back-up or Emergency Care: Employers work in the community or individually to offer choices for short term care of employees’ children when normal care arrangements fall through. Back-up child care can help during unexpected school closures, when the provider of care is sick or on vacation, and when the employee’s work schedule suddenly changes.²

Sick Child Care: In-home or center-based care for children who are mildly ill or recovering from a health problem that keeps them from attending their usual child care or school arrangement.

Before/after school programs: Provide supervision for children aged 5-14 before school, after school, and during school holidays and vacations. These programs can be housed in various buildings around the community.

Summer camps and school holiday care: Programs offered in the local community to provide care for children during summer vacation or on school vacation days. Several parks departments or boys’ and girls’ clubs may also offer this type of care.²
Parent seminars: “Brown–bag” lunch time meetings inform working parents about available resources and support for child care related issues. Workshops can also be presented on a variety of parenting issues or common concerns of working parents. Local resource and referral professionals, child care providers or extension educators can be invited to make presentations to your employees about their facilities.²³

Financial Options that Support Dependent Care

Dependent Care Spending Assistance Plan (DCAP): A plan set up according to Section 125 of the IRS tax code. The employer and the employee agree to reduce the employee’s income by a certain amount, which will be placed in a dependent care assistance fund for the employee. The money is not taxed on a federal or state level for either employers and employees but must be used within a given year or forfeited.²

Child care center discounts: Employers can negotiate with existing local child care providers to obtain price discounts for their employees. In exchange providers will receive free publicity to new employees and periodical mention in company publications or at meetings

Child care vouchers or reimbursement: employers offer workers a child care allowance or subsidy that lets them choose their own child care arrangement and take responsibility themselves for its quality. The employer contribution varies; it can be a percentage of the total cost of the care, a flat amount for all participating employees, or on a sliding scale based on the family’s annual income.²

Cafeteria-style benefit plans: These plans allow employers to offer workers a range of benefits without necessarily increasing costs. Usually, employees are allowed to allocate a set amount of benefit dollars as they wish among several options. Employees who already have one kind of coverage through a spouse’s employer can use the flexibility of a cafeteria plan to choose options they wouldn’t otherwise be able to afford.

Flexible Work Arrangements

Flextime: Allows employees to adjust their arrival and departure times around designated “core hours” or a certain number of hours per day or week. Compressed Work Week: Employees work longer hours each day but fewer days per week. For example, employees can work four 10-hour days, with the fifth day off. Another arrangement is called the “9/80,” where employees work 9 hours per day but can take half a day off per week. Compressed work week schedules can be individually designed in many different ways according to the needs of the workplace and the employee.²

Telecommuting: For many workers, working from home for two or three days a week is more convenient, cheaper and more productive than working in an office.² This work arrangement can also reduce costs associated with leasing office space.
Part-time or reduced workload programs: An option that enables employees to reduce their work time. Salary, benefits, vacation, and other time-off programs are provided on a prorated basis. This option can help employees meet family, personal, or schooling needs. Job sharing: Two employees share the responsibilities of one full-time position. As with other part-time programs, salary and benefits are prorated.

Family Leave Policies

Parental leave. This is paid or unpaid leave, with job security, for new parents or parents with dependents having serious health trouble. Federal laws like the Family and Medical Leave Act and state laws guide policies on parental leave. For instance, employers with 50 or more workers must let employees have up to 12 weeks of unpaid leave to care for newborns or newly adopted/placed children or dependents of any age with serious health problems. Employers with fewer than 50 employees offer varying amounts of leave, some paid.

Use of Sick Leave for Family Illness: Employees who receive a varying number of paid days off during their own illnesses can use these days when family members are ill, as well.

Personal leave: Allows employees a specified number of days yearly (with or without pay) to deal with unexpected short-term emergency needs that cannot fit into a normal work week, such as school conferences.

Paid-time-off (PTO) Programs: Employees receive a fixed number of days off a year to use when and for whatever reasons they choose. In some of these programs employees can save their unused days in other banks that can be used for extended illnesses.

Community Partnerships

In Indiana, more and more businesses are finding value in collaborating with other businesses, child care providers, advocates, and community planners to improve child care at local and state levels.

Business partnering in the community:

- Working as a partner can be an expedient way to support employees in a manner more cost-effective than working individually, while supporting the community at the same time.

- The important role of business in these partnerships is not only to provide financial assistance, but also to connect the team to the unique perspectives of the business community in areas such as team-building, communications, fundraising and strategic planning.
Business/community partnerships offer the opportunity to effect a substantial and lasting change in the community’s ability to provide needed services. By working together, you are not only serving the needs of employees; you are making your community a better place to live and work.

Within this tool kit is a description of several ongoing child care partnerships in Indiana; you may find it valuable to join in a program already initiated. The following list provides some of the projects that have been initiated through collaborations in our state:

-Project collaborations: Employers can team up with local community organizations to offer a such programs as a summer camp or school vacation program to children of employees. Sometimes setting up such a program can be as simple as asking the organization to extend its operating hours to meet the needs of your employees. In other cases, businesses can help the organization locate or lease a facility for the program.

-Child Care Provider Grants: Employers offer small grants to child care providers who care for children of employees. The grants can be used for safety equipment or child development materials. These programs are often implemented by child care experts who can also offer advice to the participating providers.

-Scholarships and Training: Contributing partners sponsor one or more child care providers in efforts to increase formal training in early childhood education. Businesses can also sponsor local seminars for child care providers.

-Child care providers loan fund: Employers establish loans to child care providers (primarily family day-care homes) at low interest rates in order to improve the quality of existing services to children or encourage new providers to be established. Loans may be used to refurbish facilities, provide training, or acquire new toys and materials. Businesses can also offer financial or in-kind incentives to child care providers for meeting licensing requirements.

-In-kind donations: In-kind contributions from businesses can be used to sustain and upgrade existing child care centers by improving the learning environments, increasing management efficiency and adding flexibility to providers’ budgets to better support staff and training. The following items are needed in many child care facilities:

<table>
<thead>
<tr>
<th>fax machines</th>
<th>pencils</th>
<th>partitions</th>
<th>baby bibs</th>
</tr>
</thead>
<tbody>
<tr>
<td>computers</td>
<td>pens</td>
<td>shelving</td>
<td>wash cloths</td>
</tr>
<tr>
<td>software</td>
<td>file folders</td>
<td>art easels</td>
<td>baby paper products</td>
</tr>
<tr>
<td>copy machines</td>
<td>art materials</td>
<td>child-size furniture</td>
<td>business training</td>
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<tr>
<td>printers</td>
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<td>computer assistance</td>
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<td>envelopes</td>
<td>coat racks</td>
<td>play kitchens</td>
<td>non-perishable food</td>
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</table>
Contact community resources (Area Agency on Aging, Resource and Referral, child care providers, Extension educators, health maintenance organizations) for free materials, referral numbers, and presentations to employees.

Use company resources – newsletters, bulletin boards, e-mail – to publicize resources and information.

Post articles on bulletin boards near the start and end of the school year suggesting ways to manage the stress of children returning to school or the approach of summer.

Set up a brown bag lunch series with local speakers.

Compile a library of free materials for employees to use.

Include information about child care options in new employee orientation packets.

Recognize births and adoptions in your newsletter.

Send notes of congratulations to new parents. Include a packet with coupons, information, and numbers to call for answers to questions new parents might have.

Organize networks to meet regularly to discuss ways to balance work and home responsibilities (e.g., child care, elder care).

Designate one day a year and invite employees to bring their families to work for lunch.

Host a meeting twice a year for single parents to discuss their unique needs. Provide child care during the meeting.

Update restrooms to allow for nursing in a safe, comfortable environment. Invite suggestions from employees.

Provide activities for younger children AND youth at company recreational events.

Include spouses and partners on committees planning events such as the annual picnic. Request volunteers through your newsletter.

Host annually a “Kids are Special Day.” Use free resources such as the library, United Way agencies, and the Parks Department to provide activities for young children.

Include family members in wellness activities like “Cooking Healthy” and “Improving Back Strength” classes.

Sponsor a “Family Fun Run” to coincide with a local festival, ethnic celebration, fair, or special community event.

Organize a joint forum with other employers in your community to discuss this subject.

Develop information fairs using local resources and provide entertainment.

Organize periodic Open Houses for employees and their family members. Encourage departments to create child-friendly displays and demonstrations.

Provide an area for socializing after the tour has concluded.

Designate time during department head meetings to discuss concerns related to employees managing work and home responsibilities. Identify ways to positively address these concerns.

Review company policies to promote flexible work arrangements.

Develop a consortium with other employers to share the cost of work-family training for managers and personnel staff.

The above suggestions were developed by the Breaking the Boundaries Task Force in Redmond, Washington.

| Tension between work and family | responsibilities can increase: absenteeism tardiness | lack of concentration accidents | Tension between parents’ work and family roles can reduce: |
In LaPorte County, First Citizens Bank of Michigan City created an installment loan product to assist in-home child care providers refurbish their residences. “This is a wonderful opportunity for licensed in-home child care providers, and First Citizens Bank is a great corporate citizen,” says Adrienne Gottlieb, LaPorte County Step Ahead Coordinator.

(from A Giant Step for Child Care, a report of the Child Care Action Campaign, 1995)

As a result of collaborative efforts a new child care center for 50 infants, toddlers, and preschoolers is open to the public at Peru Grace Brethren Church in Miami County. The church is providing space, utilities, and maintenance. NIPSCO, a private utility, along with two small businesses - Bryan Steam Corporation and Kuepper Favor Company - and the Step Ahead Child Care Grant Program have made contributions to build an attractive, safe playground. Duke Memorial Hospital supplied cribs, in-service training, and health training and equipment. Other local employers supporting the project included Heraeus Electro-Nite and Woodcrest Manufacturing.

(from A Giant Step for Child Care, a report of the Child Care Action Campaign, 1995)

“At Cummins Engine Company, our customers come first. We want all our employees to be dedicated to delighting our customers. We also understand that to our employees, their families come first. If we want to be focused on serving the customer, we must constantly seek innovative ways to support employees in meeting their personal needs and those of their families. Our new child development center, currently under design, is one way we are attempting to address the needs of our employees. We also help employees facing elder care issues, and a multitude of child raising challenges including help in making educational choices. We provide flexible work arrangements and benefits that address mental as well as physical healthcare needs. We believe that delighting our customers depends on delighted employees who are free to concentrate on their work.”

Tim Solso, President and Chief Operating Officer,
Implementing New Programs and Policies

- Carefully plan the implementation and marketing of new programs and/or policies.
  What will be the goals and objectives of the program or policy?
  Who will deliver the program or service?
  When is the best time to launch the program? What is the timeline for implementation?
  Who will be eligible? (being as inclusive as possible can avoid “backlash”)
  How will the program be marketed? (to all employees, including those not eligible)
  How will effectiveness be documented, and by whom?

- If you feel that there are too many “unknowns” to launch the program in full…
  - Consider a pilot program.
  - Launch the program in a staggered approach over several weeks.
  - Explain your concerns and ask employees to come up with suggestions. (Our experience shows that employees themselves have probably already thought of possible solutions.)

- Monitor participation and measure results.
  - How many employees are using the program?
  - Does the program have impact in addressing employee needs?
  - Is the program meeting your expectations for quality? What do users say about its strengths or shortcomings?
  - Does everyone who qualifies for the program feel free to use it?
  - What are the actual costs (anticipated and unanticipated)?
  - What else is needed to make the programs and policies work most effectively?

Communicate, communicate.

- Ongoing marketing to employees is essential for success.
- If use of the program requires management approval (as with some flexible work options), be sure to communicate fully to managers first.
- Findings also should be regularly communicated to management to demonstrate the benefits, challenges, and emerging needs of the work/family area.
A company’s mission inside its family of companies is to help employees strike a balance between personal and work needs. This is accomplished by such programs as on-site child care, on-MBA courses and professional and personal development classes. The latest addition, implemented earlier this year, is a Resource and Referral service for child and elder care, now available in all 21 states where employees live and work. One of the unique benefits here is a $1 week subsidy for child care in any licensed facility. Last year USA Group spent $245,000 on its work-family efforts generate excellent returns on investment. Moreover, we have hard data from employees themselves that they welcome what we’re doing – these are not intrusions. And, very importantly, everyone in the company benefits from being part of an effective organization that excels in the marketplace.”

Randall L. Tobias
Chairman and Chief Executive Officer
Eli Lilly and Company, 1996
RESOURCES

Research and Information Centers

*These centers make useful publications available at minimal cost; some also offer consulting services.*

Bureau of Labor Statistics
Room 2850, 2 Massachusetts Ave, NE
Washington, DC 20212-0001
202-606-6325

Catalyst
120 Wall Street, 5th Floor
New York, NY 10005
212-514-7900

Center for Corporate Community Relations
Boston College
36 College Road
Chestnut Hill, MA 02167
617-552-2844

Center for Families
Purdue University
1267 CDFS Building
West Lafayette, IN 47907-1267
765-494-9878

Center for Work and Family
The Wallace E. Carroll School of Management
Boston College
St. Clement’s Hall
140 Commonwealth Avenue
Chestnut Hill, MA 02167-3862
617-552-2844

Child Care Action Campaign
330 Seventh Avenue, 17th Floor
New York, NY 10001
212-239-0138

Clearinghouse on Work and Family
Women’s Bureau
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210
800-827-5335

The Conference Board
845 Third Avenue
New York, NY 10022-6679
212-759-0900

Families and Work Institute
330 Seventh Avenue
New York, NY 10001
212-465-2044

The Business and Professional Women’s Foundation
2012 Massachusetts Avenue, NW
Washington, DC 20036
202-293-1200

The Kunz Center for the Study of Work and Family
Department of Sociology
University of Cincinnati
P.O. Box 210378
Cincinnati, OH 45221-0378
513-556-4733

The Kunz Center for the Study of Work and Family
Labor Project for Working Families, I.I.R.
2521 Channing Way
Berkeley, CA 94720
510-643-6814

The Work/Family Center
The Merrill-Palmer Institute
Wayne State University
71-A East Ferry Street
Detroit, MI 48202
313-872-1790

Cornell Employment and Family Careers Institute
College of Human Ecology
Cornell University
Martha Van Rensselaer Hall
Ithaca, NY 14853
607-255-5557
Professional Associations

The Alliance of Work/Life Professionals (AWLP)
465 Carlisle Drive, Herndon, VA 22070
800-874-9383

College and University Work/Family Association (CUWFA)
c/o Kathleen Sullivan, Director
Child & Family Services, Stanford University
845 Escondido Road, Mail Code 7140
Stanford, CA 94305-7140
415-723-2660

The Midwestern Work Family Association (MWFA)
The Center for Families
1267 CDFS Building, Purdue University
West Lafayette, IN 47907-1267
765-494-9878
Shelley MacDermid, Director

Minnesota Center for Corporate Social Responsibility
1000 LaSalle Avenue Mailstop MPL 153,
Minneapolis, MN 55403
612-962-4122
David Rodbourne, Director

National Association of Area Agencies on Aging
1112 16th St. NW, Suite 100
Washington, DC 20036-4823
202-296-8130

New England Work and Family Association (NEWFA)
Center for Work and Family
Boston College, St. Clement’s Hall
140 Commonwealth Avenue
Chestnut Hill, MA 02167-3862
617-552-2844
Elizabeth Hirschorn Wilson, Director

One Small Step
The Bay Area Employer Work & Family Coalition
50 California Street, Suite 200, San Francisco, CA 94111-4696
415-772-4315
Judith David, Director

Child Care Aware (operated by the National Association of Child Care Resource and Referral Agencies): 800-424-2246

National Association for Sick Child Daycare
10960A Three Chopt Road
Richmond, VA 23233
804-747-5900
Publications

For employers:
The National Report on Work & Family (newsletter)
951 Pershing Drive
Silver Spring, MD 20910-4464
800-274-6737

The New Work-Life Business Case (report)
The Corporate Guide to National Dependent Care
Resource & Referral Services (report)
Community Mobilization: Strategies to Support
Young Children and their Families (report)
The Families and Work Institute
330 Seventh Avenue
New York, NY 10001
212-465-2044

Work and Family Newsbrief (newsletter)
Work & Family Connection
5197 Beachside Drive
Minneapolis, MN 55343
612-936-7898

Balance Sheets (technical assistance fact sheets)
Sample topics:  Time-Off Programs
Beyond Dependent Care
Involvement in School
Employer-Sponsored Child Care
Financial Assistance Programs
Back-up Child Care
Midwestern Work-Family Association
Center for Families
1267 CDFS Building
Purdue University
West Lafayette, IN 47907-1267
765-494-9878

Flexible Work Options: A Guidebook for
Employees, Managers, and Human Resource
Professionals by Kathy Kane-Zweber
Motorola University Press, 800-446-6744

The Link (strategic planning toolkit)
Center for Work and Family
Boston College, St. Clement’s Hall
140 Commonwealth Avenue
Chestnut Hill, MA 02167-3862
617-552-2844

Sick Child Care: Employers’ Prescriptions for the
1990’s (BSP 140)
Latchkey Children: A Guide for Employers
(BSP122)
The Bureau of National Affairs, Inc.
1231 25th Street
Washington, DC 20037.
800-372-1033

Sick Child Care Resource Guide (report)
Dependent Care Management, Incorporated
117 South First
Zionsville, IN 46066
317-873-1420

For labor:
Labor News for Working Families (newsletter)
Labor Project for Working Families IIR
2521 Channing Way #5555
Berkeley, CA 94720-5555
510-643-6814

Newsletters for employees (distributed at work):
Balancing Act
Rodale Press
33 East Minor Street
Emmaus, PA 18098

Work and Family Life
230 West 55th Street, Suite 6B
New York, NY 10019
212-265-1282
For medium- and large-sized businesses, particularly those with employees at multiple sites, national or regional consultants may be very helpful to work-family initiatives. Consultants offer a wide variety of services, from needs assessment and program design all the way to the day-to-day provision of child care services. The following table lists national and regional consultants who operate in Indiana, along with their services. The list was compiled using the 1997 membership directory of the Alliance of Work-Life Professionals; inclusion should not be interpreted as an endorsement.

<table>
<thead>
<tr>
<th>Consultants and Providers</th>
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| One Kendall Square, Building 200  
Cambridge, MA 02139  
800-324-4386  
Consulting division: 
Burud & Associates  
880 Apollo Street, Suite 315  
El Segundo, CA 90245  
310-640-0300 |   |   | ♥ |   | ♥ |   |      |
| Ceridian Performance Partners |   |   |   |   |   | ♥ |      |
| 8100 34th Avenue, South  
Minneapolis, MN 55425-1640  
612-853-5254 |   |   |   |   | ♥ | ♥ |      |
| Child & Elder Care Insights |   |   |   |   |   | ♥ |      |
| 19111 Detroit Road, Suite 104  
Rocky River, OH 44116  
216-356-2900 |   | ♥ |   | ♥ | ♥ |   | Conducts research |
| Children First             |   |   |   |   |   |   |      |
| One International Place  
Boston, MA 02110  
617-330-8687 |   |   | ♥ | ♥ |   |   | Backup childcare provider |
| Children’s Discovery Centers  
211 Waukegan Road, Suite 240  
Northfield, IL 60093  
847-441-9881 |   |   |   |   | ♥ | ♥ |      |
| Cincinnati Area Senior Services |   |   |   |   |   |♥ |      |
| 644 Linn Street #1020  
Cincinnati, OH 45203  
513-721-4330 |   |   |   |   |   |♥ |      |
| Corporate Child Care Center |   |   |   |   |   |♥ |      |
| 1468 W. 9th Street #125  
Cleveland, OH 44113-1220  
216-241-6400 x343 |   |   |   |   |   |   |      |
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<td>Deirdre Mylod</td>
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<td>Conducts research; Develops preschool curriculum, including for</td>
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<tr>
<td>Managing Work &amp; Family, Inc.</td>
<td>912 Crain Street, Evanston, IL 60202</td>
<td>847-864-0916</td>
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<td>MK Consultants</td>
<td>928 Elmwood Avenue, Evanston, IL 60202</td>
<td>847-869-2466</td>
<td>Conducts research</td>
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<td>Mulberry Child Care Centers</td>
<td>75 Second Avenue, Suite 230, Needham, MA 02194</td>
<td>617-444-8787</td>
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<td>New Ways to Work</td>
<td>149 Ninth Street, San Francisco, CA 94103-2630</td>
<td>415-995-9860</td>
<td>Specialize in alternate work arrangements</td>
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<td>Sanvita Program</td>
<td>4430-135 E. New York Street, Aurora, IL 60504</td>
<td>630-898-1801</td>
<td>Lactation program consulting</td>
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<td>Signe K. Peterson</td>
<td>611 S. Humphrey Avenue, Oak Park, IL 60304-1714</td>
<td>708-383-0836</td>
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<td>WFD</td>
<td>930 Commonwealth Avenue South, Boston, MA 02215-1212</td>
<td>617-278-4090</td>
<td>Conducts research</td>
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<td>Work &amp; Family Connection</td>
<td>5197 Beachside Drive, Minneapolis, MN 55343</td>
<td>612-936-7898</td>
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<td>Workplace Connections, Inc.</td>
<td>300 Bear Hill Road, Waltham, MA 02154</td>
<td>617-890-5820</td>
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For more information about consultants’ roles in work-family programs and policies, see:

Note to Marketing Specialist and Graphic Designer:

The fact sheets in this section are intended to serve as detailed handouts for folks who want much more in-depth information about the major options introduced in *Tools for Employers*. Our intent was that some kind of design template would be applied to the Fact Sheets so that they would have a distinctive look and be associated with the Child Care Fund.

We were hoping that with the exception of the last Fact Sheet, they all could be designed to occupy the front and back of one 8.5 x 11” sheet. The last Fact Sheet needs to contain a lot more information and will be 3 pages.
Appendix A

More About Options:
Child Care Options
Fact Sheets
Resource and Referral Services

Resource and referral programs (R&R) refer parents to a variety of child care arrangements depending on parents’ needs and preferences. The primary functions of R&Rs are to:
1) assist parents in locating and selecting child care
2) improve the quality and supply of child care by providing training and assistance to providers
3) disseminate educational materials and information about child care and parenting
4) document trends in and demands of child care and facilitate the expansion of child care services.

Some R&Rs offer additional services. Examples of these services include:
- Developing linkages between employers and unions, foundations, community agencies, and government to facilitate the expansion of quality child care services.
- Providing a lending library of toys and equipment for providers.
- Providing sponsorship of child care providers for the federal Child and Adult Care Food Program.
- Recruiting providers for specific needs (i.e., infant care, care for sick children, school age child care).
- Providing additional parent education beyond the direct counseling that takes place during the referral process.

R&Rs are involved with the entire range of child care providers, not just providers who are licensed by the state and not just providers who care for infants and toddlers. This range includes informal unregulated caregivers, regulated family child care homes, nonprofit and for-profit child care centers, Head Start, and after school care.

Businesses can use R&Rs to assist employees in three ways:
1) by distributing information about local resource and referral services to employees;
2) by purchasing R&R services for employees as part of an employee benefits package;
3) by donating money or awarding grants to R&Rs as a way of improving the quality and availability of the child care offered in their area.

Surveys find that the most frequent users of this service are women employees with infants, followed by parents with preschool and school-age children. Depending on the demographics of a workforce, the overall use may be approximately 4-7% of the total employee population, while reaching a larger percentage of employees with young children.

To obtain the addresses and telephone numbers of the R&R agencies serving Indiana, contact Marsha Thompson, Indiana Association of Child Care Resource and Referral Agencies, 3901 N. Meridian St., Suite 360, Indianapolis, IN 46208-4026. Phone: 317-924-6202, FAX 317-924-5102.

ADVANTAGES / DISADVANTAGES

Advantages:
- Costs to the company can be relatively low or, in the case of simply providing employees with information about R&Rs in the area, negligible and the service is easy to implement.
- Parents are allowed to select their choice of child care based on their needs and resources.
- Personalized counseling and referral enables parents to choose more stable and appropriate care.
- Service can be easily provided in a variety of locations.
- Stimulates the creation of new child care services by helping to recruit and retain qualified providers.
- R&R service provides a good interim step while companies decide what other coverage to provide for their employees.

Disadvantages:
• R&Rs cannot make child care more affordable and are not a guarantee of quality.
• R&Rs cannot overcome the shortage of child care facilities.
• R&Rs do not directly assist employees who prefer informal child care arrangements.
• If the company does not publicize the service, parents may not use it.
• Cost of referral increases with additional services to employees such as counseling and follow up.

SPECIAL CONSIDERATIONS
• Decide the level of involvement with the R&R. A company needs to decide whether to contract with a
resource and referral agency to provide services to employees or to simply provide information on resource
and referral agencies to employees.
• Contact the nearest R&R. If your company decides to limit its involvement to providing information, the
next step is to contact the local R&R and ask them to provide materials on the services they offer.

Resources
The Corporate Guide to National Dependent Care Resource and Referral Services is available from:
The Families and Work Institute, 330 Seventh Avenue, New York, NY 10001; 212-465-2044

Balance Sheets (technical assistance fact sheets on topics including: Time-Off Programs, Employer-Sponsored
Child Care, and Financial Assistance Programs). Available from the Midwestern Work-Family Association, c/o
Center for Families, 1267 CDFS Building, Purdue University, West Lafayette, IN 47907-1267; 765-494-9878.

Adapted from:
Iowa State University Extension. (March 1997). Child Care Options for Employers Pm-1712, Iowa State
University: Ames, IA. Used with permission. Information for employee child care assistance options provided by the U.S.
Department of Labor Women’s Bureau and Child Care Options for the 90’s, Penn State University (1990).

National Council of Jewish Women.
Flexible Work Arrangements

Instead of working a traditional 8:00 a.m. to 5:00 p.m. day or a five-day week, employees have flexibility in where and when they work. Depending on the option(s) permitted by the employer, employees may adjust their arrival and departure times, their work load, their hours, or their place of work to suit their individual needs.

Options for alternate work schedules are:

- **Flex-time**: Employees may vary their arrival and/or departure times as long as they work a prescribed number of hours per pay period and are present during a daily “core time” (usually peak business hours).

- **Job sharing**: Two (or more) workers share the duties of one full-time job, each working part-time; or, two or more workers who have unrelated part-time assignments share the same budget line. Evaluation of employees who job share should be based on both individual performance and their ability to function as a team.

- **Compressed workweek**: Full-time employees work the equivalent of a full week in less than 5 days, or for employees on biweekly pay schedule, work less than 10 full work days (e.g., 9 days/80 hours).

- **Part-time employment**: Temporary or permanent employees work portions of days, weeks, months, or years. Part-timers may work on a temporary basis or as “permanent” employees.

- **Voluntary reduced work time**: Employees can reduce their work time and salary by a specified amount (usually 5-50 percent) for a specified period (6-12 months) or permanently, while retaining benefits and seniority on a prorated basis. Another form of reduced time is summer leave, which enables employees to take off between four and twelve weeks leave during the summer when their children are not in school.

- **Flex-place or telecommuting**: Employees work at home or at a satellite work site and are usually connected to their offices by computer and/or telephone.

- **Phased retirement**: Employees transition gradually from full-time work to retirement with an interim period of part-time work during which the employee may train the replacement worker.

Flex-time is the most commonly known of the alternative work schedule options. The federal government began flex-time on an experimental basis in 1979; the program was permanently authorized by Congress in 1985. The private sector also has increasingly adopted the use of flex-time, not just to help employees balance their work and family lives, but also for better use of equipment and buildings; decreased traffic congestion; and improved attendance, punctuality, and productivity among employees.

**ADVANTAGES / DISADVANTAGES**

**Advantages:**

- Provides a low-cost benefit to the employee.
- Alternative work schedules improve morale and reduce stress on parents by allowing them flexibility in their work schedules.
- Contributes to lower absenteeism and higher productivity.
- Overtime costs are reduced.
- Recruitment is enhanced, particularly for those employees who might not be available for a traditional work schedule or place.
- Business hours can be extended through the flex-time and compressed workweek options.
- May reduce employees’ commute time.
- Flexible schedules allow for more economical use of office space and equipment.
Disadvantages:
- Supervisors and employees may not work the same hours, requiring greater planning and control over work flow; supervisors may be resistant to this.
- May encounter problems in communication and coverage through the day.
- Administrative problems may arise with time keeping or with the way benefits are assigned, prorated, or split; traditional supervisory methods to measure performance of workers may need to be revised.
- May be difficult to implement policy equitably.
- Requires management to change a perception that part-time workers are less committed.
- Administrative costs may be high when an option is first implemented, depending on existing systems and how quickly they can be adjusted.

SPECIAL CONSIDERATIONS
Decide which alternative work schedule option(s) will be implemented. A decision should be based on the results of a needs assessment and input of a management-employee committee. Company goals should also be reflected in the decision. Small companies may find that offering part-time employment is the option most cost-efficient and beneficial to them, as well as more responsive to their employees’ needs. Larger companies may find flex-time, flex-place, or a combination of options better suited to both company and work force needs.

Technical assistance needed
A company’s benefits manager should be involved in setting up any alternative work schedule option. Companies considering options that impact a worker’s benefits should consult legal counsel to ensure that there is no negative impact.

Resources

Balance Sheets (technical assistance fact sheets on topics including: Time-Off Programs, Employer-Sponsored Child Care, and Financial Assistance Programs). Available from the Midwestern Work-Family Association, c/o Center for Families, 1267 CDFS Building, Purdue University, West Lafayette, IN 47907-1267; 765-494-9878.

Adapted from:
Iowa State University Extension. (March 1997). Child Care Options for Employers Pm-1712, Iowa State University: Ames, IA. Used with permission. Information for employee child care assistance options provided by the U.S. Department of Labor Women’s Bureau and Child Care Options for the 90’s, Penn State University (1990).

Dependent Care Assistance Plans

Dependent Care Assistance Plans (DCAPs) are salary reduction plans whereby an employer and employee agree to reduce the employee’s income by a certain amount. The funds are placed in a dependent care assistance fund for the employee to fund child care expenses. The employee is not taxed on the income set aside for dependent care assistance, and the employer is not subject to either federal or state taxes.

The child care services allowed under a dependent care assistance program include care at the employee’s home, at another person’s home, or at a child care center. The child care program must either be licensed or exempt from license such as an employer-operated child care center, a community child care center, or family child care homes. The employer also can provide additional funds to cover any eligible services that the parent might choose. Employer programs that do not involve actual care for the child, such as parent seminars or information and referral services, do not qualify as dependent care assistance programs.

The economic Recovery Tax Act of 1981 (Section 129, IRS Code) established child care services as a fringe benefit that is not included in the employee’s taxable income. However, the employer’s program must qualify as a DCAP as described in Section 129 of the Internal Revenue Code. The IRS Code, in Sections 125 and 129, now clarifies and supports these options as forms of child care support.

The employees’ rights under the plan must be legally enforceable, and the employer must intend to maintain the plan indefinitely when it is established. Although nondiscrimination guidelines require that the plan cannot discriminate in favor of highly paid employees, the plan can favor low income employees and provide extra subsidies for those parents who have the hardest time covering their child care costs. Employers can exclude employees covered by a collective bargaining agreement as long as child care benefits were negotiated in good faith by the employer with the union. Length of service is not an issue in determining employee eligibility for a DCAP plan. The Internal Revenue Service will not issue regulations on IRC Section 129 but will provide clarification through notices and Revenue rulings.

There are restrictions to the use of salary set aside in a DCAP. At the beginning of a plan year, the employee must agree to have a specific amount of compensation set aside for that year in a DCAP that can be used for eligible child care expenses. The amount can be deducted through regular payroll deductions, but the total to be withheld cannot be increased or decreased during that year. In addition, the employee cannot change or “revoke elections” of the benefit unless there is a change in family status, such as marriage, divorce, death of a spouse or child, etc. Since employees cannot carry over an unused portion of the DCAP to the next year, all unused moneys during the specified year are forfeited to the employer. To avoid forfeiting money, the employee should use conservative estimates for child care costs.

The employer should estimate how many employees with dependent care expenses could save money through a salary reduction agreement. Since minimum wage or low income employees probably would not benefit from a salary reduction agreement, the employer might provide a subsidy to assist these parents with their child care expenses, and provide a DCAP for higher income employees.
ADVANTAGES / DISADVANTAGES

Advantages
• Ensures that funds are available to employees to meet their child care expenses.
• Is a good public relations tool and improves employee relations.
• Gives employers a flexible response to the needs of a diverse workforce and makes assistance available to all employees for all kinds of dependent care needs.
• Provides a potential tax advantage for employer and employee.
• Relatively low cost option for employer only incurring administrative costs and saving money in reduced social security and other payroll taxes.

Disadvantages
• The “use it or lost it” policy could adversely affect employee morale.
• Tax laws are always in flux and require monitoring.
• It could be difficult for lower-paid employees to participate in a DCAP based on salary reduction because child care payments and salary reduction occur before the employee is reimbursed.
• Participation in salary reduction plan may prevent some people from receiving the maximum social security benefits if they have not been in the workforce long enough.
• Does not improve the supply and quality of child care which may be major obstacles for finding care.

SPECIAL CONSIDERATIONS
1. Ensure that the salary reduction plan meets legal requirements. Before a salary Reduction Plan/DCAP is established, certain legal requirements must be met in order for the plan to conform to IRS guidelines. Employers should confer with their legal counsel or tax consultant.

2. Decide how the company will finance the benefit. The following examples of options that employers have for financing the DCAP allowance: (Note: the employer does not have to contribute money to the employees’ DCAP)
   • By underwriting the cost of the program as an add-on above and beyond an employee’s present salary and benefits.
   • Through the salary deduction plan discussed above.
   • Through a combination of both.

3. Decide how the company will reimburse benefits. Under the DCAP, the company has three options to choose from in establishing a reimbursement system. They are:
   • Provide the child care.
   • Contract with a third party(ies) for child care services for its employees.
   • Reimburse employees for child care expense based on submitting receipts or canceled checks.

4. Communication to employees. The law requires that an employer provide employees with reasonable notice of the terms and eligibility of the program. The notice must include a description of the child care tax credit available to them and a statement of circumstances under which the tax credit is advantageous to the employee. (This becomes an issue when an employee chooses to reduce salary and places that amount into a DCAP.) Employers are also required by law to report to both the employee and the IRS on the financial aspect of a DCAP. Therefore, a reporting mechanism should be designed that allows an employer to do so quickly and accurately. Reporting requirements may be obtained through the IRS.

Resources:
Balance Sheets (technical assistance fact sheets on topics including: Time-Off Programs, Employer-Sponsored Child Care, and Financial Assistance Programs). Available from the Midwestern Work-Family Association, c/o Center for Families, 1267 CDFS Building, Purdue University, West Lafayette, IN 47907-1267; 765-494-9878.
Adapted from:

Iowa State University Extension. (March 1997). Child Care Options for Employers Pm-1712, Iowa State University: Ames, IA. Used with permission. Information for employee child care assistance options provided by the U.S. Department of Labor Women’s Bureau and Child Care Options for the 90’s, Penn State University (1990).

Voucher or Reimbursement Systems

In a voucher/reimbursement plan, the employee chooses the child care arrangement best suited to his or her needs (child care center, family child care home, after school program) and then receives a reimbursement from the company for some portion of the costs. The employer contribution varies from company to company and can be a percentage of the total cost of child care, a flat amount for all participating employees, or on a sliding scale (usually according to the family’s annual income). Vouchers or reimbursements are either added to employee’s paycheck, reimbursed as other “expense account” costs, or paid directly to the provider via a check or paper voucher redeemable by the provider upon presentation.

ADVANTAGES/DISADVANTAGES

Advantages:
- Low start up cost
- Can serve a wide age group of children
- Offers a wide range of choices for child care and allows parents to make their own arrangements that meets personal criteria for location, hours of operation, and quality of child care.
- A sliding scale arrangement can easily be made and program can be targeted to lower-income parents.
- Uses existing child care resources in the community.
- Encourages providers to become licensed since the provider’s social security number is usually required in order to receive reimbursement.
- Employer does not get involved in the child care business.
- Involves relatively little exposure to liability.
- Is useful to the employer with many business locations or with a very small or very large work force.
- Can be utilized as a recruiting tool.

Disadvantages:
- Child care may not be available at hours that match employees’ work schedules.
- The subsidy per child may be too small an amount to really assist parents.
- Low visibility for the company.
- The company may end up supporting a child care program that is not of high quality, which may create exposure to liability.
- Only directly impacts the cost of care. Not a far-reaching solution in a community that has additional child care problems such as low supply, low visibility, or poor quality.
- Vouchers can be costly unless eligibility is limited.

SPECIAL CONSIDERATIONS

1. Determine the groups to be served and eligibility criteria. Although most employers offer a voucher/reimbursement plan to all employees at a certain income level, a reimbursement can be direct to specific employee groups, such as those who are difficult to recruit or are at a specific work site. For example, a company may have a voucher program designed specifically for new parents to reduce the amount of maternity leave taken by female employees. This policy helps new parents afford the high costs of infant care and provides an incentive to return from maternity leave. Eligibility criteria should be established with the advice of a tax specialist who understands the provisions of Section 129 of the Internal Revenue Code, which applies if the reimbursement is to be a nontaxable benefit.

In determining the income cutoff for eligible employees, note that the cost of child care presents problems for moderate income employees as well as low income workers. Decisions also must be made about whether part-time employees are eligible.
2. **Decide on the amount of subsidy and method of payment.** The simplest approach to vouchers is a flat-rate reimbursement to all employees (or those within a specified income range), regardless of the cost of care or family income. However, many companies base their vouchers on a fixed percentage of total costs, establishing a maximum ceiling on the cost of care for which reimbursement may be received. Any maximum ceiling should be high enough not to discourage the use of better quality programs (which protect the employer’s exposure to liability).

Decisions also must be made about whether to pay directly to the parents, directly to the center, or on an annual basis to the program or the center.

A cost-benefit analysis should be conducted that compares short-term costs and long-term operating costs with the productivity, absenteeism, and turnover advantages that the voucher or reimbursement assistance provides. A child care benefits specialist can assist in this analysis.

3. **Determine eligible child care providers.** Companies have a number of choices to make about the type of care to be eligible for reimbursement. Section 129 of the IRC specifies and defines a “qualified care plan.” Some employers allow use of care that is not required to be licensed or registered child care providers or only providers that meet certain employer requirements for location, quality, or service. The employer must determine the number of choices to be offered in relation to what working parents identify as their needs and what is useful to them.

4. **Decide on program management.** The company needs to decide whether to administer the program in-house or hire an outside firm to do so. Administrative costs are relatively low because existing staff can usually manage the program along with other responsibilities. Almost all of the money spent goes directly into providing child care services. Other than the subsidy, there is no real cost to the employer because the child care program start-up fee is usually minimal. The voucher is also a deductible business expense for the company if earmarked for the employee.

**TECHNICAL ASSISTANCE NEEDED**
A lawyer may be required to help the employer clarify the nature of the option to the employee, so that the employer does not bear responsibility of injuries that may occur while child care services are being rendered. A management service might be hired to handle the paperwork.

**Resources**
*Balance Sheets* (technical assistance fact sheets on topics including: Time-Off Programs, Employer-Sponsored Child Care, and Financial Assistance Programs). Available from the Midwestern Work-Family Association, c/o Center for Families, 1267 CDFS Building, Purdue University, West Lafayette, IN 47907-1267; 765-494-9878.

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School-Age Child Care

School-age child care programs are designed to serve children between the ages of 5 and 14 during times when school is not in session. They provide supervision before school, after school, and during school holidays and vacations, including summer vacations. These programs can be housed in school buildings, recreation facilities, religious institutions, social or community service facilities, and existing child care centers. Options for enrollment may be limited to school-age children only or may include a combination of school-age and younger children.

Well-planned activities are essential. The program should be organized so that children view it as distinctly different from the regular school day. The developmental needs of the children should also be kept in mind. For example, activities should include different forms of physical exercise (since the children have been sitting in school much of the day) as well as time for homework and other quiet activities. The range of activities can encompass science experiments, art projects, games, or playground time. Nutritious snacks after school are important; some before school-programs offer breakfast.

An alternative to full care is an option called “Phonefriend” or “warm lines” -- a program of volunteers who can provide, via the telephone, comfort and support to children who are at home without adult supervision. Phonefriend is particularly helpful to parents whose work environment is not conducive to their receiving phone calls from their children who are at home alone.

Summer camp programs are another form of school-age child care and can be developed to operate for the full working day instead of just from 9 a.m. to 3 p.m., as in a usual school day. Some corporations have leased space just for the summer months in order to run day camp programs for their employees’ children. Other programs, particularly those with modest space, utilize public parks and pools for sports and recreation activities for the children of workers.

Aside from creating an entirely new program, employers can improve the availability and quality of existing school-age child care by:

• financially supporting after-school programs in family day care homes, public schools and community agencies;
• providing start-up grants to schools, community agencies, and family day care networks to begin new school-age child care programs;
• participating in coalitions and collaborative efforts in the community;
• making in-kind donations such as an executive’s time and business expertise or space for meetings or provider training.

Employers who are considering this option might work with existing summer camp programs to create extended day sessions suitable to the needs of working parents. Or an employer might contract with a local community agency (such as 4-H, YMCA, or YWCA) to provide summer care or work with such agencies to develop a program within their own offerings that addresses the needs of the employer’s work force. This arrangement may require only a modest investment by the employer.

**ADVANTAGES / DISADVANTAGES**

**Advantages:**

• Addresses one of the most critical child care shortages.
• Provides comfort to children and reduces their anxiety about staying at home alone (Phonefriend).
• Improves morale and reduces stress on parents; contributes to lower absenteeism and higher productivity.
• Builds community resources for families.
• Research suggests that providing school-age care may have a positive effect on school performance and help to prevent delinquency and reduce the health care costs of problems such as substance abuse.

Disadvantages:
• Requires transportation if the programs are not housed at schools.
• Telephone reassurance lines do not provide direct care for children, and also require high levels of accountability (Phonefriend).
• A variety of funding sources are needed to insure the stability of programs.
• Programs for older children may be hard to add to an existing child care center since children this age sometimes feel that they are too old for child care.

SPECIAL CONSIDERATIONS
1. **Determine existing services.** An analysis should be made of community programs to determine what school-age programs are available and how the employer can best interface with the existing services. Your local county extension office or child care resource and referral may be helpful in determining what existing services can be accessed or if a new program will have to be started.

2. **Make financial projections.** Budgets must be drawn up that include figures for start-up costs, monthly operating budgets, and annual expenditures. Start-up costs may include renovation of facilities, purchase of equipment and supplies, staff training, and transportation. Operating costs include costs for staff, food, space, and insurance. A system of ongoing financial management that ensures quality control and accurate reporting must be developed. A cost-benefit analysis should be conducted that compares short-term start-up costs and long-term operating costs with the productivity, absenteeism, and turnover of employees. This information should be analyzed in terms of the advantages or disadvantages of different school-age programs.

3. **Determine program design.** Necessary decisions at this step are the number and ages of children to be served; days and hours of operation; whether meals/snacks will be offered and if so, what types; whether transportation will be provided; and program curriculum.

4. **Identify legal issues.** These issues include approval from local authorities, licensing of the program, insurance and liability questions, tax benefits, and agreements between the employer and the service provider, if appropriate. A lawyer or legal consultant can provide the necessary advice.

Resources

*Balance Sheets* (technical assistance fact sheets on topics including: Time-Off Programs, Employer-Sponsored Child Care, and Financial Assistance Programs). Available from the Midwestern Work-Family Association, c/o Center for Families, 1267 CDFS Building, Purdue University, West Lafayette, IN 47907-1267; 765-494-9878.

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Consortium Center or On Site/Off Site Child Care Center

Both of these options involve employers starting up their own child care centers. On site/off site child care centers are established when an employer provides child care on or near the work site for employees. Consortium centers are established when a group of employers join together and share the costs and benefits of child care for their employees.

On Site/Off Site Child Care Center

These centers can serve infants (sometimes babies as young as six weeks old but more often as young as 3 months old) to 5-year-old (pre-kindergarten) children. Some centers admit school-age children before and after school (if transportation is available and the children are nearby), on school holidays, and during the summer. These centers can also include emergency or drop-in care for employees who normally use other child care arrangements but whose arrangements have fallen through for the day.

Hours of operation typically accommodate employees’ work hours. Usually centers operate within the hours of 6:30 a.m. and 6:30 p.m., although those sponsored by employers are sometimes open during evenings, weekends, and legal holidays as well.

Child care centers are licensed by local, state, and or county authorities. They can be legally structured in many ways: as a department of the company operated in-house or by an outside operator, a wholly owned subsidiary, or a separate nonprofit corporation. Each approach has advantages and disadvantages and should be considered in terms of how it best accomplishes the goals of the company and responds to the needs of the employees.

The center can be operated by the employer or by a nonprofit or for-profit child care provider. Employers usually pay all start-up cost, operating losses occurring in the early stages of the center before it is fully enrolled, and some portion of ongoing operational expenses. Parent fees cover the balance of the center’s operating expenses.

ADVANTAGES / DISADVANTAGES OF ON/OFF SITE CENTERS

Advantages:
• Can be a very effective labor recruitment tool because many parents like the idea of having their children in a child care program at or near the workplace.
• Cuts absenteeism and tardiness caused by unreliable child care arrangements.
• Improves the quality of employees’ work and productivity by lessening distractions about their children while they are working.
• Improves morale by demonstrating that the employer cares about employees.
• Offers high visibility that can improve community relations.
• Can adopt hours that meet off-shift requirements.

Disadvantages:
• Start-up funding must be provided, which may require a larger investment than some other options.
• Requires continuing financial support and management commitment in order to make a quality program affordable to all employees.
• A limited number of employees may be able to use the center because of space limitations, age requirements, commuting patterns, curriculum, location preferences and cost.
• May be more difficult for a multi-site company where providing equal services at all sites is desirable.
• There may be some exposure to liability, although it can be substantially lowered through the legal structure and operation arrangement of the program. Liability insurance must be purchased.
• There is generally a need to subsidize the operating costs of the center.
Consortium Center
Groups of employers can share the costs and benefits of establishing or operating a child care center as a consortium. Employers located in large office buildings housing several organizations, in industrial complexes, or in downtown areas with several companies may find this approach feasible for their employees’ needs.

Consortium members generally share start-up costs and in return receive priority enrollment for their employees’ children. Sometimes specific numbers of slots are set aside for each company; in other instances, arrangements for consortium members are more informal. Operating costs, however, are usually funded through a combination of parent fees and contributions from the employers. Member corporations may choose to subsidize their employees fees through a voucher/reimbursement program.

The amount of control that a corporate consortium member wishes to exert over the child care program may have implications for corporate liability. A new nonprofit corporation may be established to provide the child care, and contributing corporations may provide board members to the child care corporation if they wish.

ADVANTAGES / DISADVANTAGES OF CONSORTIUM CENTERS

Advantages
- Resources, liability, and costs are shared with other businesses and parents.
- Small employers can participate in what is similar to on site/off site child care.
- Large size of the combined labor force protects the center from the cost of long-term under-enrollment.

Disadvantages
- May involve complicated negotiations among businesses to establish a partnership.
- Center may be able to serve only a limited number of employees from each participating company, thus diluting the management value.
- Companies share responsibility and control; if one company leaves the consortium, the efforts of the others will be affected.

Technical assistance: Legal counsel can advise on legal structure and profit/nonprofit status; prepare articles and bylaws for new child care corporation, if needed; advise on profit status; file application for 501c3, if needed; and advise on liability issues.

A certified public accountant should advise on tax issues and conduct an annual audit.

Low interest loans from USDA/Rural Development are available for some counties. In some cases, Community Development Block Grants also may be applied for. Check with these two agencies to learn more about specific funding criteria.

Resources

Balance Sheets (technical assistance fact sheets on topics including: Time-Off Programs, Employer-Sponsored Child Care, and Financial Assistance Programs). Available from the Midwestern Work-Family Association, c/o Center for Families, 1267 CDFS Building, Purdue University, West Lafayette, IN 47907-1267; 765-494-9878.

Adapted from:
- Iowa State University Extension. (March 1997). Child Care Options for Employers Pm-1712, Iowa State University: Ames, IA. Used with permission. Information for employee child care assistance options provided by the U.S. Department of Labor Women’s Bureau and Child Care Options for the 90’s, Penn State University (1990).

Appendix B
Principles of Excellence in Work and Family

The Principles of Excellence were developed by the Work & Family Roundtable, Center on Work & Family, Boston University (1996), to guide organizations through a self-assessment process.

1. The employer recognizes the strategic value of addressing work and personal life issues.
   - Business is practiced with sensitivity to employee’s personal life needs.
   - Work/personal life solutions are aligned with business goals.
   - The employer’s commitment to addressing work/personal life issues is viewed as a long-term investment.
   - Work/personal life strategies are flexible to meet changing organizational and employee needs.

2. The work environment supports individual work and personal life effectiveness.
   - The employer’s informal culture supports healthy work/personal life balance.
   - The employer provides meaningful work/personal life programs and policies.
   - The employer is committed to ongoing education of key stakeholders--employees, management, and the community.
   - The employer strives for continuous improvement through ongoing evaluation and assessment.

3. The management of work and personal life effectiveness is a shared responsibility between employer and employee.
   - Managers and employees are empowered to develop solutions that address both business and personal objectives.
   - Managers and employees are held accountable for their behavior in support of these objectives.

4. The employer develops relationships to enhance external work and personal life resources.
   - Partnerships are formed to maximize value of employer and community resources available to employees and community members.
   - The employer serves as an active role model.
   - The employer is open to working with the public sector to strengthen policy that benefits both employers and individuals.
REFERENCES

References for “Why Get Involved in Child Care?”


Above material was based on:

Availability figures are based on 1990 Census data and October, 1997 counts of licensed spaces obtained from the Division of Family and Children in Indianapolis, IN.

Above material was based on:


**Above material was based on:**


**Above material was based on:**


**Above material was based on:**


References for “Investigating, Planning, and Implementing Work-Family Programs and Policies”

Unless otherwise indicated, material in this section was adapted from:


References for “Options for Employers”

1. Reference for workplace consequences:

References for home consequences:


Adapted with permission from: Iowa State University Extension. (March 1997). Child Care Options for Employers Pm-1712, Iowa State University., Ames, IA. Information for employee child care assistance options provided by the U.S. Department of Labor Women’s Bureau and Child Care Options for the 90’s, Penn State University (1990).


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