



Employer-Sponsored Grant Program: Description and Examples for Using the Funding



TABLE OF CONTENTS

Introduction	Page 2
1. Sponsoring Dependent Care Assistance Plans (DCAPs)	Page 3
2. Providing On Site or Near-Site Child Care	Page 8
3. Establishing Priority Waitlist Sponsorships	Page 14
4. Offering Tuition Benefits	Page 17
5. Reserving Seats in Local Child Care Programs	Page 20
6. Providing Backup Care Options	Page 23
7. Community Infrastructure Investments	Page 27
8. Tri-Share Programs	Page 30

This resource was developed by Transform Consulting Group and funded by the FSSA Office of Early Childhood and Out-of-School Learning.



INTRODUCTION

The purpose of the Employer-Sponsored Child Care Fund is to provide seed funding for employers and non-profit organizations to create or expand employer-subsidized child care benefits for working Hoosier families. The goals of this initiative are:

1. Building awareness of Indiana's growing child care needs and the critical role of employers to help address it.
2. Educating employers and community organizations on employer-supported child care models, including those that apply to individual employers, groups of employers, and/or non-profit community-based organizations acting on behalf of a group of employers.
3. Creating and advancing locally driven solutions that increase child care access and support working Hoosier families.

The Office of Early Childhood and Out-of-School Learning (OECOSL) is funding and leading the grant program. The Employer-Sponsored Child Care Fund can be used for the following:

 1. Sponsoring Dependent Care Assistance Plans (DCAPs)	 2. Providing Onsite or Near-Site Child Care	 3. Establishing Priority Waitlist Partnerships	 4. Offering Tuition Benefits
 5. Reserving Seats in Local Child Care Programs	 6. Providing Backup Care Options	 7. Community Infrastructure Investments	 8. Trishare Programs

This guide contains more detailed information about each of the fund uses for the Employer-Sponsored Child Care Fund. For each category, there is a description of that use, the potential benefits for employers, employees, and child care providers, how to get started as an employer, an example of the category being implemented in Indiana, and any additional resources.



1. Sponsoring Dependent Care Assistance Plans (DCAPs)

What is sponsoring a Dependent Care Assistance Plan (DCAP)?

DCAPs are flexible spending accounts, like accounts used for health care costs. Employers and employees can contribute to these accounts, setting aside up to \$5,000 annually in pre-tax household income for child care and adult daycare expenses. The daycare expenses must be necessary to enable one or both parents or guardians to work, look for employment, or go to school.

Employers interested in adding a DCAP benefit can do so by establishing a written plan document (an IRS requirement) and distributing a benefits summary plan description to every employee.

What are the Benefits?

Employers

Employers providing access to a DCAP show interest in employees' well-being and their families, with a pre-tax benefit better than any other tax savings available, including the federal dependent care tax credit. Best of all, the employer is spared as much as 10% in payroll taxes on employees' pre-tax DCAP deposits, estimated at \$1,050.

Employers who sponsor the DCAP can save 7.65% in matching FICA taxes on each \$5,000 deduction, which is approximately \$382 per employee.

TYPE OF BENEFIT	EMPLOYEE TAKE-HOME PAY	EMPLOYER EXPENSES
None	Salary \$45,000 - Taxes \$9,072 - Care for 1 Child \$8,818 + Dep. Care Tax Credit \$600 ----- Total \$27,710	Salary \$45,000 + FICA \$3,443 ----- Total \$48,443
DCAP	Salary \$45,000 - DCAP \$5,000 - Taxes \$7,878 - Care for 1 Child \$3,818 ----- Total \$28,304	Salary \$45,000 + FICA \$3,060 ----- Total \$48,060





1. Sponsoring Dependent Care Assistance Plans (DCAPs)

Employees/Parents



\$12,612
average annual
cost of infant care

\$9,557
average annual cost
of child care for a
4-year-old

5%
of Indiana's families
can afford infant care

For some families, paying for child care so both parents can work can be a challenge.

Child care in Indiana is expensive.

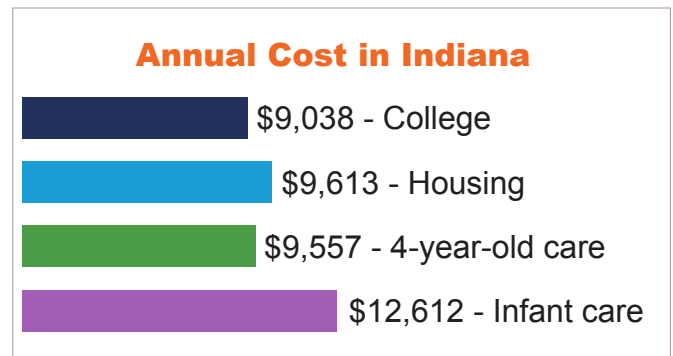
Use of DCAPs helps parents save money, pre-tax, to afford child care.

Infant Care can be unaffordable and unattainable for some families.

Infant care for one child would take up to 22% of a median-income family's income.

According to the U.S. Department of Health and Human Services (HHS), child care is affordable if it costs no more than 7% of a family's income. By this standard, only 5.0% of Indiana families can afford infant care.

An employer-sponsored DCAP benefit allows a tax benefit on up to \$5,000 in dependent care expenses, and the savings increase as parents generate higher incomes and are taxed at higher rates. Parents also save the 7.65% Social Security FICA tax on that \$5,000. There is no waiting for the benefit at the end of the year and it's even better than a refundable credit because it's money that stays in the parents' hands in the first place. Employees can save up to 40% in income taxes on that \$5,000 (approximately \$2,000).



Child Care Programs

DCAP funds from employers offer the possibility for direct payment to child care providers, ensuring they receive tuition payment via direct deposit.



1. Sponsoring Dependent Care Assistance Plans (DCAPs)

Getting Started

The law allows employees to set aside pre-tax salary deductions of up to \$5,000 annually for an employee if the employee is married and filing jointly or filing as a single head of household. If the employee is married but filing separately the annual pre-tax salary contribution can be up to \$2,500. When both spouses' employers provide a DCAP, the parents must be sure their combined election to the plans does not exceed the \$5,000 annual limit for a couple filing jointly. These pre-tax funds are held in the employer's general account until needed to reimburse the employee for dependent care expenses paid throughout the year.

The DCAP maximum annual contribution limit is not indexed and did not change for 2022 or for 2023. It remains \$5,000 per household for single taxpayers and married couples filing jointly, or \$2,500 for married people filing separately. Married couples have a combined \$5,000 limit, even if each has access to a separate DCAP through his or her employer.

Ultimately employees see a tax savings of up to \$2,000 annually (with employer tax savings of 8% to 10% in FICA and other payroll taxes estimated at \$1,050).

Employers can also choose to contribute to employees' DCAP. However, unlike with a health FSA, the combined employer and employee contributions to a DCAP cannot exceed \$5,000.

Best practices for employers include matching the employee contribution and tying the use of these funds to a high-quality rated program.

Employees meeting these criteria may participate in an employer-sponsored DCAP:



- The employee must have incurred the expenses for them and their spouse to work or look for work (unless the spouse was either a full-time student or physically or mentally incapable of self-care).
- Their filing status must be single, head of household, qualifying widow(er) with a dependent child, married filing jointly or married filing separately.
- The employee (and, if married, their spouse) must maintain a home that they live in with the qualifying child or dependent.



1. Sponsoring Dependent Care Assistance Plans (DCAPs)

Eligible Dependents

Eligible expenses include dependent care that is necessary for a parent and their spouse to work. This includes care for

- A dependent of the enrolled employee who is under age 13; or
- The spouse or dependent of the enrolled employee who is mentally or physically incapable of caring for himself or herself and who the employee claims as a dependent on his or her federal income tax return.
- A legally dependent parent (ref. IRS Publication 503 Child and Dependent Care Expenses, *Who Is a Qualifying Person*, definition 3).

Types of Care Covered

The type of eligible dependent care providers includes:



Daycare center



Private home daycare provider



In-home provider



Family member



Before- and after-school care



Day camp

*Payments made to someone who is also your dependent, including your child under age 19, are not eligible for reimbursement.

Pre-funding by an Employer for a DCAP FSA is Not Required

Unlike Health FSAs, DCAP models are funded directly by the employee throughout the plan year with reimbursements made only if employee dollars are in the account to cover the expense. If the employee submits a claim for \$200 but the account balance is \$100, the employee will be reimbursed with the available \$100 and may re-submit the remaining \$100 expense when the account is replenished by their periodic pre-tax salary deductions.

As a benefit to the employee, employers may consider using the grant to fund the DCAP for employees or match set aside funds up to \$5,000.





1. Sponsoring Dependent Care Assistance Plans (DCAPs)

Employer-Sponsored Dependent Care Assistance Plan in Action

Prudential offers employees a savings of \$5,000 annually in pretax dependent-care accounts with a 25% match.

Subaru of Indiana Automotive (SIA) offers both health care and dependent care FSA. SIA provides a contribution and a dollar-for-dollar matching contribution to the health care FSA.

Additional Resources

[Child and Dependent Care Information from the IRS](#)

[Child and Dependent Care Credit FAQs](#)





2. Providing On-site or Near-Site Child Care

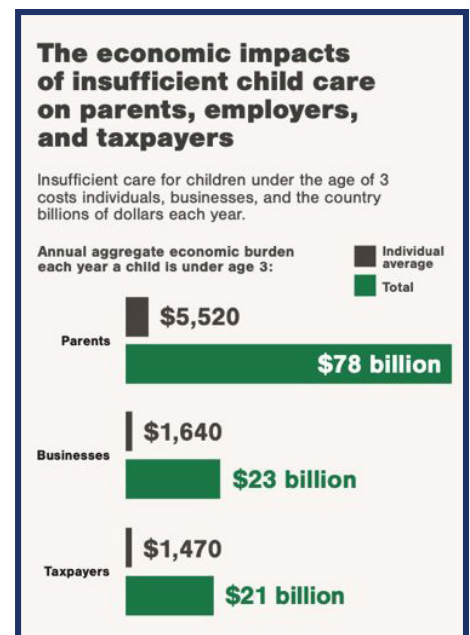
What is providing On-Site or Near-Site Child Care?

In Indiana, the average annual cost of care is \$8,417.76 which is similar to the cost of college tuition. In addition, the accessibility to quality programs is in short supply. The overall known capacity of licensed or registered programs with the state is 180,583 which can serve more than half (55%) of children who may need care.² As a result, increasing numbers of valuable employees are cutting back hours or leaving their jobs due to the struggles of balancing the demands of work with responsibilities at home.

A 2023 study conducted by KinderCare Learning Company noted that nearly half (43%) of Gen Z parents would switch jobs for financial assistance to cover child care costs, far more than Millennials (33%), Gen X (26%) and Boomers (21%). More than half (52%) of Gen Z parents say they would switch jobs for on-site child care.³

On-site or near-site child care programs enable employers to address these challenges by providing access to affordable, accessible, quality care within or near the workplace that supports the needs of working families, enhances productivity, and boosts retention rates.

Employers or non-profit partners may choose to offer on-site or near-site child care programs for individuals or groups of employees designed to cater to the specific needs and schedules of the employees. The convenience of on-site or near-site minimizes the disruptions and eases parents' concerns, enabling them to stay focused on their work and business performance. Additionally, this type of employer-sponsored child care program promotes a family-friendly employer brand that helps attract and retain the kind of talent businesses need to remain competitive.



<https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>

1. <https://brighterfuturesindiana.org/data-center>

2. Source: Family and Social Services Administration Office of Early Childhood and Out-of-School Learning, Active Provider Report, Pulled October 9, 2023.

3. https://www.kc-learning.com/-/media/corporate/docs/kindercare-modern-parent-index-2023_executive-summary.pdf



2. Providing On-site or Near-Site Child Care

What are the benefits?

Affordable child care is a top incentive for young families. 81% of Millennials and Gen Zers identified access to affordable, high-quality child care as an important issue when working toward achieving their professional goals.⁴ Addressing child care challenges fosters workforce growth.

Employer

Businesses that implement an on-site or near-site child care program enjoy advantages that include:

Increased talent pool

Family-friendly employers appeal to a broader range of qualified candidates, retaining skilled parents who might otherwise opt out of the workforce and attracting talented prospects who have or would like to start a family.

A competitive edge

Child care benefits are a powerful strategy for filling positions quickly, ensuring a reliable talent pipeline to drive competitiveness.

Retain future leaders

On-site or near-site child care helps to retain promising employees with children, enabling employers to build a loyal team of talented employees who can rise within the organization to provide future leadership.

Enhanced engagement

Solving child care challenges for employees significantly increases productivity and keeps employees engaged and motivated.⁵

Entities provide space and contract with a child care provider to operate the program. Employers often choose to subsidize tuition costs for priority employee groups and may decide to make a portion of seats available to the broader community.

4. <https://thenext100.org/millennials-and-gen-z-want-affordable-child-care/>

5. <https://www.uschamberfoundation.org/education/us-chamber-commerce-foundation-empowering-business-communities-collaborate-childcare>



2. Providing On-site or Near-Site Child Care

Child Care Programs

Child care programs that partner with other employers to provide on-site or near-site child care reap benefits such as:

Stable enrollment

The child care business can count on more reliable and constant income because the local business is sending their families to them. This reciprocal relationship then provides the child care business opportunities to sustainably invest in their program and staff.

Increase program sustainability

Helping the child care leader to identify ways to increase wages and benefits for teacher retention or establish funding to pay for continuing education or outstanding loans for child care staff.

Capital investments

Partnerships providing grant funding for capital improvements. Offering matching funds to apply for additional funding sources. Identifying facilities/buildings, support services, or other resources of benefit to local child care programs.

Enhanced marketing

Becoming a trusted resource for the business community and word of mouth can lead to additional enrollment or partnerships.

Modified program schedule

Modifying the business hours of operation and being closed on holidays or during the times the families are not at work to meet the business needs.



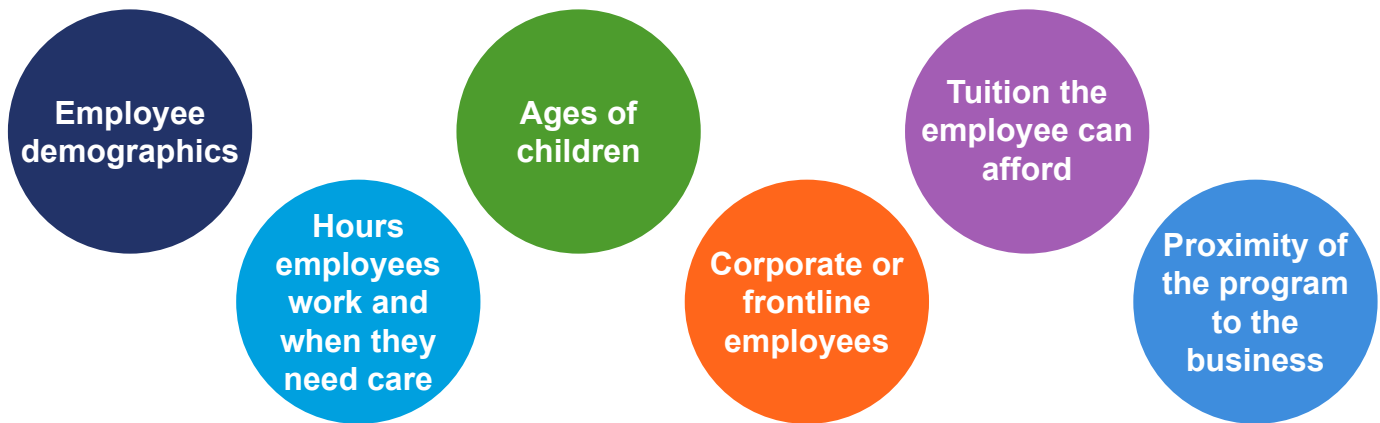


2. Providing On-site or Near-Site Child Care

Getting Started

A thriving employer-sponsored child care benefit comes from a thoughtful design that addresses identified challenges and dependably meets employees' individual needs.

Creating a dependent care needs assessment to learn and understand key information about the specific employees the program is trying to reach, including:



This assessment of needs then informs a project's overall plan and approaches by helping you identify targeted strategies and prioritize resources. Demand will change over time so it is important to look at today and include future-focused projections about what the employees' needs will be.

Once the needs assessment is complete and targeted strategies are identified, determine if building on-site, leveraging an existing structure, or partnering with a nearby child care program is best to meet the needs of the business and employees.

Choosing to build on-site or leveraging an existing structure requires additional analysis of

- Local jurisdictional requirements, including zoning regulations and building codes.
- The ability of a site to accommodate essential elements such as outdoor play and parking.
- Capital improvements recommended to support high-quality programming into the future.
- Partnership with an entity with child care facility knowledge to create a safe and developmentally appropriate environment.
- Child Care staff wages, professional development and staffing pattern to meet the needs of the business.
- Market-rate tuition will vary by geography and what your employees can afford will determine how much of that tuition will need to be subsidized.



2. Providing On-site or Near-Site Child Care

Creating a partnership with a local established child care program:

Determine if one or multiple partnerships are needed based on employee and business geography

Determine your company's investment

Review and visit local child care programs to explore capacity and a match of core values

Create a contract or agreement with the partner child care program with established criteria that is a win-win for both parties

Providing On-Site or Near-Site Child Care in Action

IMD Learning Center, Warsaw

IMD Learning Center is an employer-sponsored licensed child care home serving Industrial Machine and Development (IMD) employees and community members. IMD Early Learning provides high-quality child care for children ages six weeks to five years old. The home is an eight-minute drive from the IMD factory and opened in July of 2023 after three years of planning and preparation.

Why did IMD choose employer-sponsored child care?

IMD has about 100 employees and found that employees were either missing work or resigning due to child care challenges. IMD leadership sought support from Kosciusko County's child care coalition, LaunchPad, to assist in solving their employees' child care needs and achieving their goals of employee recruitment and retention and assisting employees in becoming financially successful.

IMD's Investment

- Contracts with Early Childhood Alliance (ECA) to operate the program
- Provides the facility
- Pays child care staff wages and benefits
- Subsidizes employee tuition

IMD's Early Learning Licensed Child Care Home has openings for children ages 0-5. Even though the program is open to the public, IMD employees receive priority enrollment before a non-employee. They provide high-quality early learning, serve healthy and nutritious meals, and accept Child Care and Development Fund (CCDF) vouchers for parents who qualify. Open 5:30 a.m. to 5:30 p.m.



2. Providing On-site or Near-Site Child Care

Additional Resources

[Employer Roadmap: Child Care Solutions for Working Parents](#)

[Indiana Child Care Resource and Referral \(CCR&R\) Network:](#)

- Support businesses in developing work-life policies and programs related to the child care needs of employees.
- Track data on local and regional child care trends in order to identify gaps and solutions.
- Provide workshops for community members, employers, and their employees.





3. Establishing Priority Waitlist Sponsorships

What is a Priority Waitlist Partnership?

Due to the increasing demand for child care, waitlists at child care providers are long. To save employees the time and hassle of finding quality child care, employers can partner with a child care provider to secure dedicated space on their waitlist for their employees' children.

A priority waitlist partnership between an employer and a child care provider can be mutually beneficial. The employer provides the child care provider with potential clients (employees and their children) and a set price (usually per month) in exchange for a set number of priority spots on the waitlist (meaning if there is availability in the early care program these would be amongst the first to be considered). The child care provider provides those priority waitlist spots (instead of making them open to the community or reserved for a different business) in exchange for the agreed upon price.

It is important that employers consider which child care providers would be best to partner with. Employers can choose to partner with local child care providers that are close to their company, open during working hours, and provide high quality educational experiences. These factors will make it easier for employees to integrate work with their personal lives. Both the company and employees will benefit from more productive and engaged working parents.

What are the Benefits?

Employees/Parents

Employees/parents can quickly apply and secure a spot on a waitlist to a high-quality child care provider. It provides a greater sense of security knowing they have priority on that waitlist. Employees will not have to spend time researching for quality care and applying for waitlist positions on their own, they will feel supported in knowing that their employer has already done that work for them.





3. Establishing Priority Waitlist Sponsorships

Employers

Employers will attract and retain employees with young children with priority waitlist sponsorships. More specifically, employers will retain working mothers. According to “The Corporate Case for Child Care,” 74% of high-potential moms who drop out of the workforce yearly cite lack of child care as the main reason.⁶ By supporting working parents, especially mothers, employers will see more effective and connected employees.

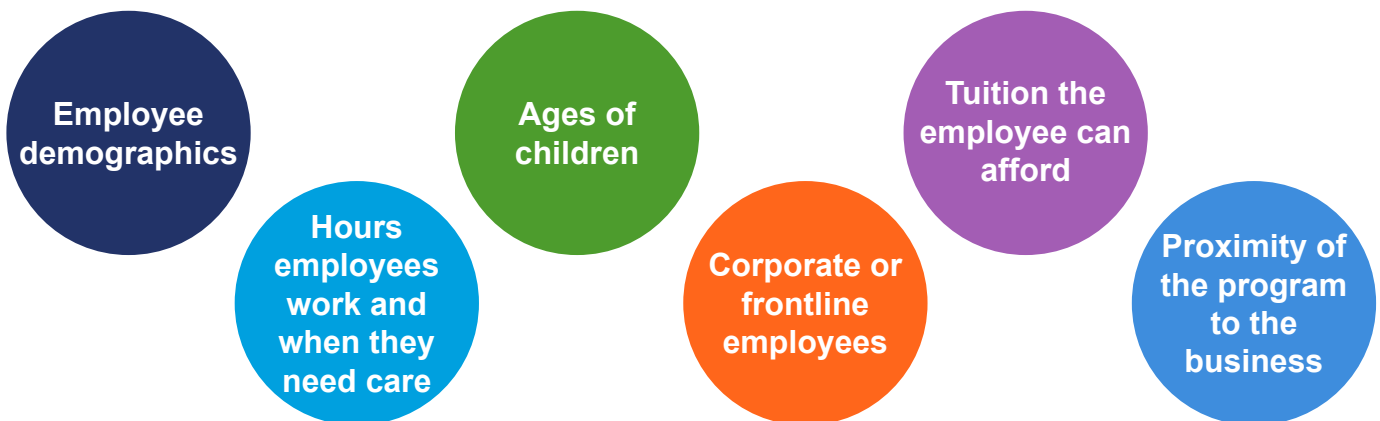
Child Care Programs

Child care providers also gain a sense of security knowing a certain number of spots will be reserved on their waitlist. So, when spots are available for more children to join, the provider will know they already have a waitlist they can pull from.

Getting Started

An employer-sponsored child care benefit that is successful is the result of careful planning that takes into account practical issues and consistently satisfies the demands of employees.

Developing an analysis of needs for dependent care helps to identify and understand pertinent information about the particular employees that the program intends to reach, such as:



Once the employer knows what the child care needs of their employees are, they can begin researching which child care programs available meet those needs. This may include meeting directly with providers to ask questions and build connections. It is important for the employer to know how often the provider admits new children from the waitlist to know how likely it is their employees' children will be admitted. This is also the time to compare possible providers to ensure the partnership is the best possible option.

6. <https://slate.com/human-interest/2018/02/the-corporate-case-for-childcare.html>



3. Establishing Priority Waitlist Sponsorships

Developing an agreement with a child care provider is the next step in sponsoring priority waitlist spots for an employer. There are many things to consider, such as:

- Cost for the employer
- Number of spots reserved for the employer
- Length of time the waitlist spots are reserved for
- What happens if an employer does not have enough employees to fill those reserved waitlist spots



Once an agreement has been made and the priority waitlist sponsorship has officially begun, it is important to review and assess how the partnership is going. Does anything in the agreement need to be changed? Are all parties (employer, employee, provider) still satisfied with the agreement? Take the time to review the agreement and the partnership regularly to ensure it is the most beneficial solution to the employees' needs.

Priority Waitlist Partnership in Action

Wawasee Early Learning, located in Wawasee, Indiana, provided seats for Polywood employees' children and served ages 3-5. Over time, this model was not meeting the current employee child care needs and Wawasee Early Learning transitioned to a backup care model to provide school break and weather closure care.

Additional Resources

[KinderCare](#) provides priority access benefits to their partners including priority waitlist and dedicated spaces in KinderCare centers across the country. Even if there is a waitlist for a child care center, KinderCare will give their partners' parents priority at the KinderCare center of their choice.



4. Offering Tuition Benefits

What is a Child Care Tuition Benefit?

Finding *affordable* child care can be difficult. Employees would benefit from any discount their employer could offer to lessen the financial burden. This is especially true for young families with employees who are early in their careers and are not earning as much as their more tenured colleagues. By offering tuition benefits, employers can provide child care providers with clients in exchange for a tax credit of up to \$150,000. Child care providers would provide high-quality services in exchange for their full tuition amount (the employer will pay the difference between the employees' discounted rate and the full tuition).

Employers can provide tuition scholarships for employees who have children in child care programs, like college tuition scholarships some employers offer. This option allows employers the opportunity to share the cost of care with employees (often using a sliding scale model). Employers set the parameters for how and where employees can use tuition benefits (e.g., child care tuition discounts offered for families enrolling in licensed, high-quality care programs) while still providing families with a broad range of program choices.

What are the Benefits?

Employers

Employers can benefit from a federal tax credit equal to 25% of the total child care expenditures made by the employer, with the credit being limited to \$150,000. Additionally, this benefit can be an important factor in recruiting and retaining their employees. Six in 10 parents would stay at their job if it offered a convenient child care benefit, according to KinderCare.com.⁷ Offering a discount for high-quality child care is a convenient way to support employees.

Employees/Parents

Financial assistance for employees is crucial in providing high-quality child care to their children. Parents of young children may choose to start and remain at a company that offers tuition assistance when their family needs it most. Additionally, employees do not have to take the time to research their own programs, their employer will already have that partnership in place.

7. <https://www.kindercare.com/employer-sponsored-child-care/confidence-index>



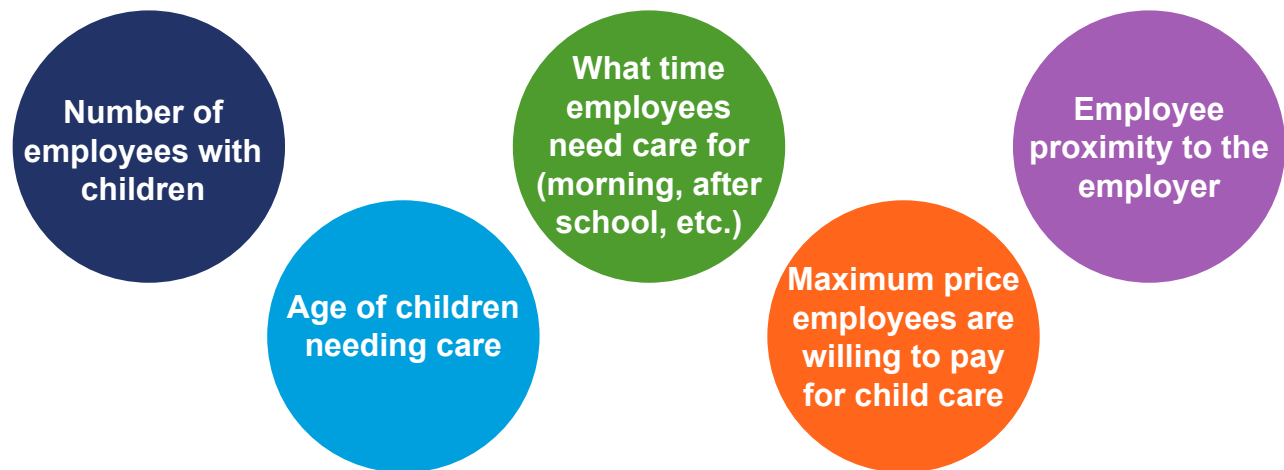
4. Offering Tuition Benefits

Child Care Programs

High-quality child care providers could see an increase in enrollment, with more families being able to afford their services. Additionally, this option does not require providers to donate their services; they will be paid at their full rate, without having to reserve spots.

Getting Started

The start of any employer-sponsored benefit is to assess the needs of employees and understand exactly what kind of child care benefit would be best suited for the employer. A needs assessment of employee child care needs should include:



As hybrid work options become more available, child care needs have shifted. So, it is important that employers reassess employee needs regularly.

After the employer knows the needs of employees, they can begin the process of determining which early child care provider(s) to partner with. This may include meeting directly with providers to ask questions and build connections. It is important for the employer to know the tuition costs for each provider they are considering and what an appropriate discount would be for employees. This is also the time to compare all the possible providers to ensure the partnership is with the best possible option.

Once a child care provider(s) has been determined, there is an agreement between the provider and the employer outlining the details and logistics of the tuition benefit partnership. The employer walks away confident that their employees' needs are met with this partnership agreement.



4. Offering Tuition Benefits

It is important to review and assess the agreement over time to ensure the benefit is still serving its intended purpose. Does anything in the agreement need to be changed? Take the time to review the agreement and partnership regularly to ensure it is the most beneficial solution to the employees' needs.

Child Care Tuition Benefits in Action

Indiana Stamp Company in Fort Wayne, IN offers their employees an infant care tuition assistance program. They established the program in 2002, and have seen the benefits over time. Indiana Stamp Company President, Olivia Warner says,

“It’s been a great tool that we’ve used for 17 years now. We’re not a big facility, but it’s been beneficial to the employees that have had children and were able to take advantage of it.”



Indiana Stamp offers to pay for 33% of child care costs for employees' babies up to 12 months of age. Parents must choose a child care center that is rated as a Level 3 or higher in Paths to QUALITY⁸ Indiana's voluntary quality rating and improvement system for child care.

Reid Health⁹ in Richmond, Indiana has partnered with KinderCare to build a new child care facility exclusive to Reid Health employees. Reid Health is one of the largest employers in Richmond, Indiana with over 2,000 employees. Their employees continuously provided feedback that they needed assistance with affordable child care. In response Reid Health partnered with KinderCare to build a new child care facility on the Reid Health campus. Providing an on-site early child care facility is a convenience benefit for Reid Health employees. As an additional benefit, Reid Health offered a 10% discount on tuition for all other KinderCare locations for their employees.

Additional Resources

[Learn how KinderCare offers tuition benefits to their partners.](#)

8. <https://www.in.gov/fssa/pathstoquality/>

9. <https://www.kindercare.com/employee-benefits/reid-health>



5. Reserving Seats in Local Child Care Programs

What is Reserving Seats in Local Child Care Programs?

Because high-quality, affordable child care can be hard to access, getting children into a high-quality, affordable program can be competitive. To lessen the burden on employees, employers can partner with local early child care providers and reserve a certain number of seats for the children of their employees. This benefit can help alleviate the hassle of researching early child care programs, applying, and possibly being stuck on a waitlist. Employees are more likely to be recruited and stay at a company that streamlines this process for them and provides a spot in a safe, reliable child care program.

Employers can choose to partner with local early child care providers that are close to their company, open during convenient hours, and provide high quality educational experiences. Partnering with local providers would mean reserving seats for their employees' children. The company pays enrollment costs for vacant seats to ensure their availability when needed. This benefit is common at companies facing high turnover in specific roles.¹⁰

What are the Benefits?

Employers

This benefit is a strong recruiting tool, especially for young families and individuals. Employers can partner with multiple early child care providers if there are not enough spots available at one location. This can give employees options in their child care providers.

Employees/Parents

Employees can quickly find and enroll their children in high-quality child care that works for them. They can save time researching and interviewing or being stuck on a waitlist. Employees will have a streamlined admissions process with reserved spots for their children due to the partnership their employer has established.

10. https://www.in.gov/fssa/carefinder/employer-sponsored-child-care-fund/eligible-expenses/#Reserving_Seats_in_Local_Child_Care_Programs



5. Reserving Seats in Local Child Care Programs

Child Care Programs

Child care providers benefit from guaranteeing a certain amount of tuition will be paid for each month, either from the employer they partnered with or from the employees/parents themselves. Additionally, high-quality child care providers should see an increase in enrollment if employees are able to streamline their enrollment process.

Getting Started

To better understand what type of child care benefits to offer, employers should conduct a needs assessment for their employees. This assessment should consider:



These considerations will inform which child care provider(s) would best serve the employees' needs.

Once an employer has a better understanding of their employees' child care needs, it is time to find a program that will be best to provide those needs. For example, an employer needs to know how many children need child care to know how many spots they need reserved each month. It is also important to find child care providers whose prices are within a range the employees are comfortable with. Employees who cannot afford the child care to begin with, will not take advantage of the reserved spots for their children.

Once the provider(s) is determined, the employer and the child care provider(s) will develop an agreement that outlines the details of the partnership. The agreement will solidify how many seats will be reserved for the employees each month and how much each of those seats cost. The employer will pay for any unused seats to ensure they are available when needed.



5. Reserving Seats in Local Child Care Programs

Finally, it is important to review and assess the agreement over time to ensure the benefit is still serving its intended purpose. Does anything in the agreement need to be changed? Take the time to review the agreement and the partnership regularly to ensure it is the most beneficial solution to the employees' needs.

Reserving Seats in Local Child Care Programs in Action

YMCA of Richmond¹¹ opened a child care facility that has a certain number of reserved spots for Sugar Creek Factory employees and Western Wayne Schools employees before availability opens to the community. This facility was created in response to Sugar Creek employees reaching out to the YMCA for child care assistance. Because the YMCA of Richmond had only provided after-school care, they would be entering a new space by offering early education programs. They established a small child care facility in Western Wayne Elementary School, where Sugar Creek Factory employees have a certain number of seats reserved for their children. Western Wayne School Corporation employees get the next priority in admission for their children. The remaining spots are open to the community. The YMCA employees are licensed and operate the early care program. In addition to Sugar Creek employees benefiting, Western Wayne School Corporation employees are provided with a convenient option for their child care.



11. <https://richmondfamilyymca.org/cambridge-city-ymca-y-care/>



6. Providing Backup Care Options

How Does Backup Care Work?

Child care is essential to working parents. Families need child care to make it to work and they need to work to maintain financial security. But even with the best child care plans, parents will encounter challenges when trying to balance home and work demands. Backup child care fills the gaps when the predetermined child care plan falls through like the child is sick, has a snow day or school holiday, and their normal caregiver cancels. Based on an Indiana University study, employees are absent approximately 13 days per year due to child care related disruptions, including a sick child.¹²

In late 2022, Ready Nation surveyed¹³ parents of children under three. More than half of the 806 respondents said they had trouble finding affordable or high-quality child care, while more than 30% said they had trouble locating options that were conveniently located, accessible outside of Monday through Friday daytime hours, had flexible hours, had open slots or were available in an emergency for sick children. Families lose an average of \$5,520 per working parent in lost earnings and in more time looking for work when they are piecemealing their child care plan. Across the 14.1 million parents of children under age 3, this burden is \$78 billion per year.

Some employers provide backup child care services for employees through partnerships with local child care and out-of-school time partners. Employers that offer backup care programs typically have a lower turnover rate, higher retention, and stronger employee loyalty. When employees are productive, engaged, and less stressed about their children, employers reap the benefits, too.

The way backup child care works will depend on the employer's program. Some employers provide backup child care services for employees through partnerships with local child care and out-of-school time partners. Employees can receive a certain number of days (or credits) for use in approved partner programs in the case of emergency or short-term coverage needs. With some backup care programs, parents can reserve a certain number of backup care uses before a fee is incurred. With other programs, they will have to pay a low copay, which will likely be more affordable than hiring another caregiver or missing work. Typically, the employee will have a phone number to call or a website app to visit to request care. In addition to booking the care, there will be paperwork to complete prior to dropping off the child.

12. https://earlylearningin.org/wp-content/uploads/2018/10/economic_impact_early_learning_sep.28.2018_final.pdf

13. <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>



6. Providing Backup Care Options

What are the Benefits?

Employer and Employee

Businesses that provide backup care options appreciate advantages that include:

Increased employee commitment

Backup child care helps to retain promising employees with children, enabling employers to build a loyal team of talented employees who can rise within the organization to provide future leadership.

Business continuity

Dependable child care empowers employees to take on greater roles and deliver more value without needing to worry about breakdowns in their normal care plan.

Increased talent pool

Family-friendly employers appeal to a broader range of qualified candidates, retaining skilled parents who might otherwise opt out of the workforce and attracting talented prospects who have or would like to start a family.

A competitive edge

Child care benefits are a powerful strategy for filling positions quickly, ensuring a reliable talent pipeline to drive competitiveness.

Enhanced engagement

Solving child care challenges for employees significantly increases productivity and keeps employees engaged and motivated.

Child Care Programs

Child care programs that partner with other employers to provide backup care reap benefits such as:

- **Stable enrollment:** The child care business can count on more reliable and constant income because the local business is sending their families to them. This reciprocal relationship then provides the child care business opportunities to sustainably invest in their program and staff.
- **Increase program sustainability:** Helping the child care leader identify ways to increase wages and benefits for teacher retention or establish funding to pay for continuing education or outstanding loans for child care staff.
- **Enhanced marketing:** Becoming a trusted resource for the business community and word of mouth can lead to additional enrollment or partnerships.





6. Providing Backup Care Options

Getting Started

Effective benefits planning is built around a certain set of questions and their answers. This ensures that employer-sponsored benefits are tailored specifically for the organization’s employees, considering their dependents, issues, and the hours and workstyles pertinent to the business, ensuring that the benefits are recognized, utilized, and add true value to the employees.

An effective employer-sponsored backup care program can serve as a competitive advantage. However, before approaching a child care partner, industry leaders should answer the following questions for their business:

Range and choice

Defining who your employees are and their needs will help in addressing pain points.

Service

Deciding how the backup care benefit can reduce the burden on employees to find the help they need without requiring additional research.

Interface

Determining the employees’ preferred method of communication and contact with the backup care program.

Provider quality

Ensuring quality is consistent regardless of the type of child care program.

Investment

Typically, employees receive a certain number of days (or credits) for use in approved partner programs in the case of emergency or short-term coverage needs.

Backup Care in Action

Pathfinder Services Kids Clinic, Huntington

Pathfinder Services Kids Clinic is located inside Pathfinder Early Learning Center and operates with an open-door policy offering a quality sick care alternative for working families for any child in the community with a minor illness (ages 6 weeks to 12 years) regardless of enrollment status at Pathfinder Early Learning Center. The clinic is staffed by a Certified/Licensed Nurse or a Certified/Licensed Medical Assistant who provides healthcare Monday through Friday from 8 a.m. to 5 p.m. for free. The clinic is sponsored by a grant from the United Way of Huntington County for community members and included in tuition for families attending the learning center.



6. Providing Backup Care Options

Why did Pathfinder Services choose to sponsor sick care?

As a direct service provider, for children and adults with disabilities, Pathfinder saw the need to provide a quality environment where parents felt comfortable bringing their children when they had an illness or needed extra medical attention.

- Space
- Staff wages
- Medical supplies



Additional Resources

[Indiana Child Care Resource and Referral \(CCR&R\) Network:](#)

- Support businesses in developing work-life policies and programs related to the child care needs of employees.
- Track data on local and regional child care trends in order to identify gaps and solutions.
- Provide workshops for community members, employers, and their employees.



7. Community Infrastructure Investments

What are Community Infrastructure Investments?

Community infrastructure investments aid in facilitating child care capacity-building efforts for those who are interested in investing in the early years. Employers can support child care infrastructure costs through engagement and investment in community child care agendas, expanding shared services that increase provider sustainability and investing in child care workforce programs/services.

What are the Benefits?

Parents and families rely on child care to work or attend school each day, and businesses rely on those employees to stay open and operational. Parents expect their children to receive education and care in a safe and healthy environment that provides socialization and promotes development. Quality centers include a safe space adequate for providing services, well-trained staff, and effective programming for learning.

Caregiving, including providing care for the children, makes the economy work. Having adequate child care available in communities supports workforce supply and well-being, promotes economic growth, and increases the future economic productivity of children who receive adequate child care.

Employers

Ways that employers in collaboration with community leaders can support infrastructure includes:

Support funding efforts to sustain child care

Recognize the value of currently unpaid family caregivers

Provide support for employees to utilize local child care options

As a result, employers will see the benefit of increased child care options for employees contributing to the overall strength of the workforce and well-being of employees.





7. Community Infrastructure Investments

Employees

- Increased child care availability
- Increased child care high-quality programs

Child Care Programs

- Improved compensation and educational opportunities for the existing workforce
- Increased advocacy on the importance of child care

Getting Started

Community Infrastructure Investments can include a variety of initiatives and many communities can invest in child care infrastructure by working together. Many communities have convened early care and education coalitions to support collaborative efforts. These coalitions can identify child care needs, and develop collective strategies to address the issue.

Coalitions or other community conveners may work together to raise funds to support scholarships, child care stipends, or increased wages. They can also support campaigns for new facilities via fundraising efforts or advocacy to state and local leaders for public funds to support child care initiatives. In addition, coalitions and conveners can promote family care policies and care workforce support community wide to garner further support.

Community Infrastructure Investments in Action

Wabash County Community Foundation

The Community Foundation of Wabash County, in support of Wabash County's early child care and education coalition, FirstFive's strategic goal is to raise \$2 million for a two-phase project with the end goal of being fully staffed and enrolled, thus helping them achieve sustainability. The first phase will make grants to four large Early Childhood Education programs that are part of a shared alliance to raise wages to a floor of \$15 an hour. Providers are not restricted to \$15 an hour. The grants will be based on the needs of individual programs and dependent on how much funding is needed to get to \$15 an hour per credentialed teacher.

As the workforce stabilizes, the shared alliance will ask to have each program raise its rates for families to more adequately cover the cost of care. Knowing many families will not be able to afford higher rates, the second phase provides a second grant for use by providers to subsidize fees for families who do qualify for vouchers.



7. Community Infrastructure Investments

The Community Foundation sought support for their campaign from banks and credit unions in the county by requesting they offer contributions that can be used as match gifts for contributions from businesses and the private sector. The Community Foundation also presented the local government officials, employers, and business owners to garner support and funding. They will also seek support from the public and friends of early education for further contributions.

The Community Foundation of Wabash County has also raised funds to provide financial assistance to families who don't qualify for state subsidies but can't afford child care. They have created a permanent fund to assist providers in reducing operating costs so they can charge less to middle-income families.

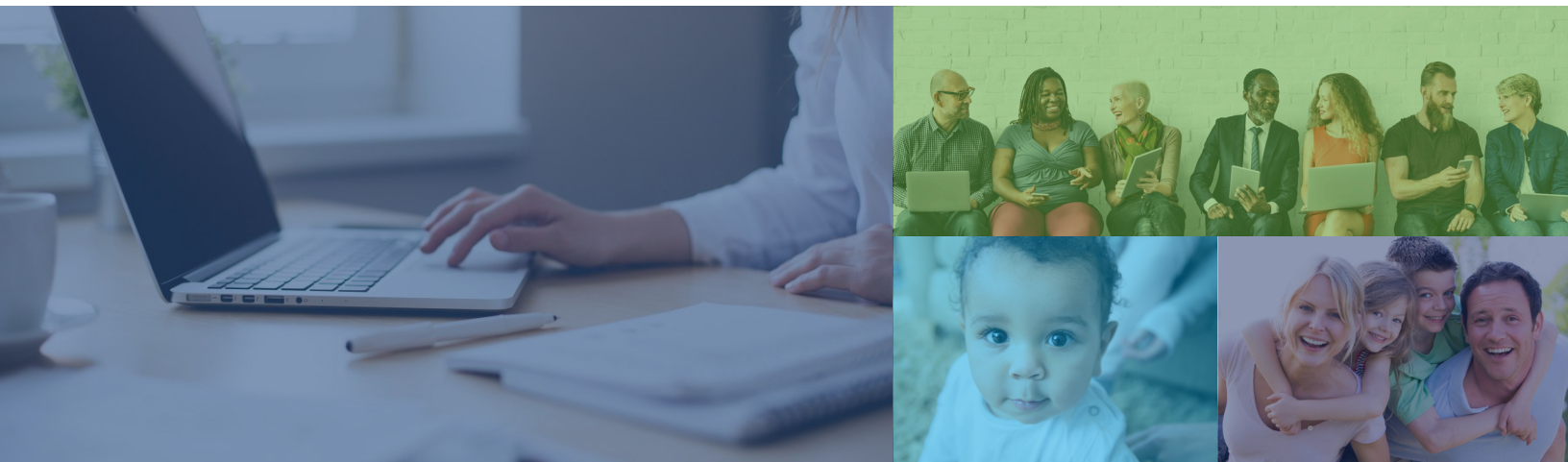
LaunchPad

Kosciusko County's LaunchPad, supported by the Kosciusko County Chamber, has twelve businesses that invest in the operations of the LaunchPad coalition with an annual membership fee. They pay \$2,000 per year to invest in the community infrastructure and also have a seat at the table as LaunchPad develops strategies to work together for the good of the community. This funding has allowed them to hire a full-time employee who builds relations with the local child care providers and employers to develop strategic partnerships to collectively address the child care needs in the community.

Additional Resources

[Creating and Maintaining Coalitions and Partnerships](#)

[Employer Roadmap: Child Care Solutions for Working Parents](#)





8. Tri-Share Programs

What is Tri-Share?

Affordable, accessible child care provides vital support for working families, employers, and our state and national economies. Community vitality, company productivity, and the viability of our present and future labor force are dependent on the availability of high-quality child care.

The affordability of child care is another barrier Indiana families face when seeking child care that meets their needs. Overall (for all ages) the annual cost of care per child is \$8,417.76.¹⁴ According to the U.S. Department of Health and Human Services, families should pay no more than 7% of their income for their child care program to be considered affordable.¹⁵

In a TriShare benefit program, the cost of an employee's child care is shared equally among the employer, the employee, and the local community with coordination provided regionally by a TriShare facilitator hub, generally a non-profit intermediary organization. Participating employers set investment parameters and determine how many child care slots employees can be offered. Employees of participating employers sign up for the program and make contributions through payroll deduction.

What are the Benefits?

Affordable child care is a top incentive for young families. The lack of accessible and affordable care is having a negative impact on their lives. Eighty-one percent of Millennials and Gen Zers identified access to affordable, high-quality child care as an important issue when working toward achieving their professional goals.¹⁶ Addressing child care challenges fosters workforce growth.

14. <https://brighterfuturesindiana.org/data-center>

15. <https://www.americanprogress.org/article/working-families-spending-big-money-child-care/>

16. <https://thenext100.org/millennials-and-gen-z-want-affordable-child-care/>



8. Tri-Share Programs

Employer and Employee

The benefits to businesses and families that participate in Tri-Share programs include:

Increased talent pool

Family-friendly employers appeal to a broader range of qualified candidates, retaining skilled parents who might otherwise opt out of the workforce and attracting talented prospects who have or would like to start a family.

A competitive edge

Child care benefits are a powerful strategy for filling positions quickly, ensuring a reliable talent pipeline to drive competitiveness.

Retain future leaders

Removes a significant barrier for the employees who are in need of child care.

Financial relief

Provides financial relief for employees by reducing out-of-pocket costs for child care.

Parent choice

Parents can select any licensed child care provider of their choice.

Child Care Programs

Child care programs that participate in the Tri-Share Program reap the following benefits:

Direct payments

Payment for 100% of a qualified employee's child care is made directly to the child care program.

Employer-sponsored benefits

Child care programs can offer this program to their staff to assist with financial relief.

Stable enrollment

The child care business can count on more reliable and constant income because the local business is sending their families to them. This reciprocal relationship then provides the child care business opportunities to sustainably invest in their program and staff.

Increase program sustainability

Helping the child care leader to identify ways to increase wages and benefits for teacher retention or establish funding to pay for continuing education or outstanding loans for child care staff.

Enhanced marketing

Becoming a trusted resource for the business community and word of mouth can lead to additional enrollment or partnerships.





8. Tri-Share Programs

Getting Started

Tri-Share Programs are not a standalone project. They are part of a multi-faceted plan to address the capacity, affordability, and quality of child care programs:



Tri-Share in Action

Noble County Tri-Share

Why Noble County Adopted the Tri-Share Model

Noble Thrive by 5 Early Childhood Coalition knew that many Noble County families are paying more than 7% of their income on child care. The coalition learned of the MI Tri-Share Program and reached out to the Michigan Women’s Economic Commission to learn more. That discussion led Thrive by 5 to meet with county commissioners to share the correlation between the Noble County workforce and child care. Several connections and advocacy led the Noble County Commissioners to commit \$50,000 in 2023 Economic Development Income Tax (CEDIT) revenue to fund the pilot year of the Noble County Tri-Share Program.

Noble County’s Investment

The program increases affordability for families who earn up to 300% of the Federal Poverty Level and work in Noble County by splitting the cost of child care three ways:

- One-third is paid for by the contribution from the Noble County Commissioners
- One-third is paid for by the parent
- One-third is paid for by the employer

Additional Resources

[MI Tri Share](#)



**Office of Early
Childhood and Out-
of-School Learning**

