



Early Learning Hub

of Linn, Benton & Lincoln Counties

The Linn, Benton, Lincoln Employer's Child Care Solutions Menu

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Introduction

The EL Hub's Business Outreach Initiative is designed to ally with Linn, Benton, and Lincoln Counties employer leadership representing business, higher education, public sector, non-profit organizations, or other entities, to educate them about the Child Care Crisis and to seek out beneficial means of helping their employees.

This document acts as a menu for EL Hub's motivated partners to learn and choose child care solution options, providing in-depth details to serve as a reference for making important decisions.

If the employer chooses to enact any child care solution option the EL Hub can provide subject matter expert guidance, advice, and facilitation to assist implementation.

We are here to help you and your employees!

Section 1: Fast, Cheap, Easy

There are many ways for an employer to quickly, cheaply, and easily help their existing or new employees with child care related matters, such as:

- **Child Care Referrals:** Quality child care might already exist but families needing it don't know where to look to find it. These are some reliable search tools to locate available long-term child care opportunities in the Linn, Benton, and Lincoln Counties area:
 - The Pollywog Program: The Early Learning Hub's initiative used to align health care, parenting education, and early childhood services for children aged 0-5 years old and their families: <https://pollywogfamily.org/>
 - Family Connections: The Child Care Resource and Referral agency of Linn, Benton, and Lincoln Counties can personally assist employees in finding child care. To contact Family Connections, call (541) 917-4899 or email connect@linnbenton.edu.
 - For those wanting to search themselves, the official Oregon online search site is available to find child care centers and providers by area (sign in as guest): <https://findchildcareoregon.org/#find-child-care-now-button>
 - Oregon residents can call 211 to get operator assistance finding child care. Their hours are M-F, 7 am – 11 pm, and S-S, 8 am – 8 pm.
 - Various Facebook private groups can be used to find regulated and unregulated child care programs in specific geographic locations, such as:
 - "Childcare Lebanon/Albany/Sweet Home Oregon" (2,800 members)
 - "Childcare Providers in Albany Oregon" (280 members)
 - "Childcare in Corvallis Oregon and Surrounding Areas" (2,100 members)
 - "Lincoln County In-Home Childcare" (10 members)
 - "Childcare Lincoln County Oregon" (36 members)
 - There are many additional online resources to find informal child care that can assist parents/guardians who are at a loss for finding short-term or emergency child care options amounting to "babysitting." There are self-help websites like www.care.com to locate babysitters, nannies, etc.

The EL Hub recommends that employers offer these sources to new employees as part of its onboarding process, and to existing employees during annual open enrollment for benefits.

- **Flexible Scheduling:** Employers that offer more flexible scheduling allow their employees to better react to occasional or routine child care issues. This can include allowances for hybrid workplace/remote environments, or just being flexible with working hours.

Example: Ann works Monday through Friday, 8 am -5 pm, but her child care provider suddenly changed their hours, requiring the children to be picked up no later than 5 pm M-Th and NLT 4:45 pm on Fridays. To adjust, Ann's employer allowed her to adjust her workday to 7:30 am - 4:30 pm, giving her time to drop off and pick the children up. Everyone wins.

- **Predictable Work Scheduling:** When feasible, this allows employees to plan ahead to prevent potential child care problems in the future. This solution can be especially problematic for employers operating outside of typical M-F 8-5 business hours; however, giving as much notice as possible for work schedules is a proactive means of addressing absenteeism and tardiness caused by child care outages.
- **Dependent Care Flexible Spending Account/Dependent Care Assistance Plan:** Similar to a Health Care FSA, this is an IRS-approved financial option to have pre-taxed income deducted from an employee's wage and put into an account that can only be used for child care-related expenses. The current annual limit that an individual can put into it is \$5,000, with no annual rollover allowed (use it or lose it).

The downside of this option as a means of helping is that for parents/guardians with multiple children in child care, \$5,000 doesn't go very far (the average Oregon child care cost for a single child is \$13,000 annually). And usually signing up for the DC

FSA is only authorized within 31 days of starting a new job or during the annual open enrollment period.

Verify with your HR/accountant! <https://www.fsafeds.com/explore/dcfsa>

- **Lobby for Child Care:** If employer leadership are interested in helping solve the Child Care crisis for the long term they should consider talking to their local elected officials about the need for government to take a more active role.

Section 2: Subsidizing

With basic child care rates in Oregon amounting to ~\$13,000 annually per child, child care costs are crushing for most families. On average, it is more expensive than the average yearly college tuition and fees in Oregon for a four-year university.

Most working parents do not qualify for state and federal child care assistance, eligibility for those requires a gross income within 100-200% of the federal poverty level.

However, employers can provide financial support to help their employees' child care needs with options such as:

- **Contributions to Dependent Care Flex Spending Account:** Similar to how employers can contribute or match employee 401K, an employer can contribute to or match their employee's contribution to their DCFSA, for a total allowable matching contribution of \$5,000.

In that scenario, should both the employee and the employer both invest the maximum into the DCFSA, the resulting sum (\$10,000) comes close to the standard cost for a single child according to the base-quality child care in Oregon.

- **Cost of Child Care Allowance:** Similar to a Cost of Living Allowance, the employer could augment employee compensation to help cover child care costs.

This is a simplified way for an employer to assist without the concerns of monthly verification of tuition, or needing HR to deal with DCFSA. Upon receiving proof that an employee's children are aged birth-to-five, the employer can automatically augment the employee's pay with whatever amount they choose, be it a flat rate or based on a table breakdown of the number and age of children the employee has, etc.

- **Child Care Tuition Assistance Voucher:** Instead of giving the payment to the employee, the employer instead pays into the tuition of an accredited/approved child care provider. This ensures payments are only being used for child care and nothing else.

A sample cost for this option is 10% of the monthly cost being subsidized by the employer, which based on average monthly child care costs Oregon would likely cost \$1084/month for each of the employee's children in child care.

Examples of subsidizing options:

Amy is a single mother who has a 2-year old son and 3-year old daughter; the children attend a registered family care program, five days a week, 7:30 am to 5:30 PM, which costs \$2,000 monthly or \$24,000 annually, with Amy's annual salary being \$55,000. Her employer, ABC Paint Supplied Ltd, has decided to subsidize their employees' child care costs. Here are some ways they could do it:

Dependent Care FSA: At the beginning of her latest benefits enrollment period, Amy decided to contribute the maximum into her DCFSA, \$5,000, which her employer graciously matched, providing her \$10,000 annually to spend on her child care needs, amounting to 41% of her annual child care costs, requiring only an additional \$14,000 out of pocket, only costing her employer \$5,000. Because it is untaxed, Amy saves more money, while ABC Paint Supplied earns tax credits.

Cost of Child Care Allowance: Upon receiving proof of Amy's children are aged birth-to-five, her employer automatically added \$108/month for each child to her pay, with that amount chosen as it is roughly 10% of the average Oregon base-quality family child care. That amounts to \$216 per month, \$2,592 annually, with dramatically less work involved for her employer. When Amy's children are Kindergarten-aged, the employer stops the allowance.

Child Care Tuition Assistance: Every month Amy provides her HR representative a copy of her previous monthly billing statement (\$2,000), which her employer reimburses her for 10% of the monthly costs for her next pay period, amounting to \$200, costing the employer \$2,400 annually.

Section 3: Employer-Sponsored Child Care (ESCC)

An employer can select a more direct means of assisting employee child care needs by directly providing them, with options that include:

- **Priority Access-Waitlist:** The employer partners with select existing child care centers/providers and contractually arranges a negotiated monthly payment amount that gives the employee a certain number of dedicated slots that it owns for its employees to use.

If the employer's slots aren't filled by employees, the employer still pays for them while the slots are left open and available, with the child care provider waiting for employees to claim them. If there are no openings, the employer gets priority on the waitlist for its employees who are put on the top of the waiting list above the general public for the next available slots.

Depending on the arrangement between the employer and child care provider, the costs paid by the employer might directly subsidize the costs of the slots for the employees (partially or fully), or the employees still pay full price for their children's care, while the employers' payment would go toward subsidizing the child care providers costs and overhead.

In place of monthly charges, the annual payments can be provided upfront as a start-up grant for new family/home-based child care programs, especially if other start-up grants aren't available.

Genuine sample cost examples of Priority Access/Waitlist are \$200-500/slot per month, with those amounts still requiring employees to pay full price for their children's tuition.

Typically, a Memorandum of Understanding is signed by the employer and child care provider dictating the cost and number of slots (sample available upon request from the EL Hub).

- **Adopt-a-Program:** An employer finds and contractually partners with an existing child care provider that is facing financial difficulties causing them to operate below capacity or desiring to expand their program, the employer contributes whatever monetary amount is necessary to bring the child care program up to full capacity, with new child care slots created by the funding being prioritized for the employer's needs. This option can be done with center- or family/home-based care programs.
- **On-site/Near-Site Child Care:** See Section 4

Section 4: On-site/Near-site Child Care

Typically, this entails the establishment of a certified child care center on the employer's premises or sufficiently close to be convenient to use by employees, on property that can be owned or leased by the employer.

A certified child care center provides high-quality standardized levels of child care to children assigned to classrooms based on age classifications dictated by Oregon laws:

Infants - 6 weeks to 23 months

Toddlers - 24 months to 3 years

Preschool aged - 3-5 years

School aged children - 5-12 years old

Each classroom is subject to strict child-teacher ratios also based on age.

Age of Children	Minimum Number of Caregivers to Children	Maximum Number of Children in a Group
Six Weeks of Age through 23 Months	1:4	8
24 Months of Age through 35 Months	1:5	10
36 Months of Age to Attending Kindergarten	1:10	20
Attending Kindergarten and Older	1:15	30

Certified centers can be multi-classrooms or a "Micro-Center" with a single classroom.

Certified centers typically operate during traditional work hours, with children dropped off before 8 am and picked up after 5 pm.

Infrastructure Requirements

- Space per child: 35 square feet of space indoors in areas where the children will be active, and 75 square feet outdoors (Playground can be the minimum size required with classrooms that rotate outside)
- Plumbing:
 - 1x flush toilet per restroom and 2x restrooms per facility minimum
 - 1x flush toilet for every 10x toddlers in or adjacent to each older toddler classroom
 - 1x flush toilet for every 15x children aged 3-6
 - 2x urinals for every 1x toilet
 - 1x child-sized hand sink for every 2x flush toilets

Staffing

1x director

1x assistant director (optional)

2x teachers per classroom (1x head teacher per class)

1x aide per classroom (optional) [aides can't legally be left alone with children]

Management Options:

- The employer runs the center, fully in control of liability, management, administration, logistics, regulatory compliance, etc.
- The employer partners with a 501(c)(3) non-profit as the implementing partner, such as Kids and Company of Linn County or Old Mill Center for Children & Families, to act as a shared service provider to run the child care center, responsible for liability, management, administration, logistics, regulatory compliance, etc.
- The employer contracts out to a for-profit chain vendor company such as KinderCare or Bright Horizons
- The certified center can be owned as a joint venture partnership with other employers or entities, such as a Public-Private Partnership, to share the costs and services provided

Advantages

- On-site child care reduces employee absences by up to 30%. (*Child Care Council, 2014*)
- 3-8% decrease in employee turnover (*Roth and Preston, 1989*)
- Budgetary return on Investment examples: Patagonia 91%, JP Morgan Chase Bank 115%, KPMG clients 125% (*Fast Company, 8/15/2016, "Patagonia's CEO Explains How To Make On-Site Child Care Pay For Itself"*)
- Annual tax credit up to \$150,000: "The credit is 25 percent of the qualified child-care facility expenditures, plus 10 percent of the qualified child-care resource and referral expenditures paid or incurred during the tax year." (*IRS Tax form 8882*)
- Best option for employers with large numbers of employees who need to work on-site during regular business hours
- The employer controls it, they dictate quality, access, and affordability

Challenges

- Lengthy start-up, 1.5 years or more
- Expensive start-up costs. Examples of genuine costs:
 - Kidco Corvallis: \$81,119 (leased, pre-built child care center, no renovation required)
 - Old Mill Center for Children & Families in Monroe: \$132,000 (renovation/modification to existing structure)
 - Kidco Lebanon: \$3,032,780 (built from scratch)
- Many eligible chain vendors implementing partners that could administer/manage a certified child care center won't partner with employers who have less than 2,000-3,000 employees, due to profitability issues.
- Ages: Employees with children Kindergarten aged or older might want to access to on-site/near-site child care for school holidays or summer programs, causing complications if the child care center is only set up for children that are aged birth-to-5 years old
- Equity concerns over waitlist and eligibility requirements, as capacity might not meet the employee demand

Section 5: Philanthropy

The charitable approach allows employer leadership a means to invest into their local community while growing child care capabilities that will be used not only by their employees but those of their business partners.

The Early Learning Hub of Linn, Benton, and Lincoln Counties has teamed up with the United Way of Linn, Benton, and Lincoln Counties and the Linn-Benton Community College Foundation to collect tax-deductible donations to either use for restricted or unrestricted funding, depending on each employer's preferences and tax-related concerns.

These options are primarily designed to address the biggest problems that relate to the local Child Care Desert: workforce incentivization, business development, and the child care worker pipeline. Here are just some philanthropic options that employer leadership can use to help tackle the problems at the source:

- **Growing Care:** Family Connections, the Child Care Resource and Referral agency of Linn, Benton, and Lincoln Counties, working with the Early Learning Hub, have developed a large-scale child care expansion project to recruit more child care providers. However, a successful recruitment campaign requires paid advertising funding from outside agencies. Donations from child care champions increase the outreach to target audiences and will result in more providers being recruited, onboarded, and licensed, more slots created, and more priority access-waitlist partnering opportunities.

- **Business Development:** Start-up/capital and operating costs for new or existing child centers/home-based provider businesses can be dauntingly expensive, especially in an industry forced to use a business model with razor-thin profit margins. However, we can use charitable donations to offset their overhead, with options that address:
 - Infrastructure: Child care facilities could apply for charitable funding for deferred maintenance, repairs, upgrades, etc.

 - Development Fees: Aspiring new child care centers could apply for a grant to defer the capital costs such as construction, system development charge, etc.

- **Early Childhood Education (ECE) Pipeline:** There are numerous ways that charitable contributions can help assist in the growth and development of the ECE pipeline, which must be expanded to increase the number of regulated child care slots in our community:

- Scholarship: Charitable contributions could subsidize part or all of the costs of educational costs (tuition, fees, and books) for an ECE student desiring to work in the Linn, Benton, and Lincoln Counties area after graduation.

For reference, the approximate cost to attain the necessary credit hours at Linn-Benton Community College needed to become a child care teacher comes out to approximately \$14,000 in tuition and fees, \$1,860 for books, for a total of \$15,860 to receive an ECE associate's degree, not counting the associated cost of living.

- Apprenticeships: ECE students are required to earn 20-30 hours as interns working as a teacher's aide in a certified child care center, most often an unpaid internship done in conjunction with a full course load. Charitable donations could provide them with a properly paid internship with an accompanying minimal wage.
- **Work-in-Kind**: Instead of relying strictly on monetary contributions, some employer leadership might instead choose to offer specific pro bono services or products that they specialize in to help offset costs for child care center start-up, renovations, or continued upkeep.

Point of Contact

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