



Early Learning Hub

of Linn, Benton & Lincoln Counties

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

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Introduction

The Early Learning Hub of Linn, Benton & Lincoln Counties exists to help families with their child care needs. The Business Liaison position similarly exists to help employers with their employee child care needs.

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

This document is an in-depth guide for employers to serve as a reference for making important decisions about different child care solutions.

If an employer chooses to enact any option present in this guide or otherwise, 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 provide simple, minimal to no-cost solutions to their employees to help with child care-related matters, such as:

- **“Guide for Finding Child Care”:** The EL Hub can provide a PDF guide for employers to share with their employees to help understand the complexities of child care and how to find existing child care that best fits family needs.

The EL Hub recommends employers offer the “Guide for Finding Child Care” to new employees as part of their onboarding process, and to existing employees during annual open enrollment for benefits.

Additionally, the Early Learning Hub can assist employers with setting up a child care page on their online employee portals containing similar information as the “Guide for Finding Child Care.”

- **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 contribute to their DCFSA is \$5,000, including any potential employer contribution, with no annual rollover allowed (use it or lose it). Users pay approved child care costs out-of-pocket and later submit claims, with receipts, to be reimbursed.

While \$5,000 will likely only cover half or less of the typical annual child care financial obligations in Oregon, using a DCFSA allows the money to be withdrawn before being taxed, which means savings up to \$1,700 yearly.

Signing up for a DCFSA is only authorized within 31 days of starting a new job or during the annual open enrollment period.

Note, employees should be counseled to seek professional advice to discuss the efficacy of the DCFSA versus the Dependent Care Tax Credit they would otherwise qualify for.

Ensure you verify this with your HR/accountant! <https://www.fsafeds.com/explore/dcfesa>

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

- **Predictable Work Scheduling:** When feasible, this allows employees to plan to prevent potential child care problems in the future, knowing when they will work, and when they will need care. This solution can be problematic for employers operating outside of traditional 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.
- **Parental/Family Leave:** Employers, especially without HR services, can educate their employees about laws supporting parental leave for new parents.

Family and Medical Leave Act (FMLA): Federally mandated 12 weeks of protected parental leave, allowing no punitive action by employers, providing rights to employees to return to work to the same job or a similar job of “like, type, pay”. To qualify, employees must have worked 1,250 hours in a year to be covered. Employees must take paid time off to be compensated.

Oregon Family Leave Act (OFLA): A State of Oregon law similar to FMLA, OFLA also provides 12 weeks of protected parental leave, but lowers qualification for required time to have worked 600 hours in six months. Note, OFLA only applies to employers with more than 25 employees in a 75-mile radius, and similarly requires paid time off for employees to be compensated while taking parental leave.

Paid Leave Oregon (PLO): This law went into effect in September 2023, PLO removed some justifications needed for FMLA and OFLA and added a compensation component funded by tax contributions that equates to roughly 65-100% of the normal weekly salary. Unlike FMLA and OFLA, there is no minimum requirement for work hours to qualify.

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

Section 2: Subsidizing

With the baseline child care tuition rates in Oregon amounting to approximately \$13,000 annually, per child, child care costs are prohibitively expensive for most families.

To compare, on average the annual costs of child care are more expensive than the average yearly college tuition and fees in Oregon for a four-year university. And yet, most working parents do not qualify for state and federal child care assistance, as eligibility for those requires a gross income within 100-200% of the federal poverty level.

To assist their employees, increase employee satisfaction and performance, and reap the return on investment for recruitment and retention, employers can provide financial assistance for 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 their employee's DCFS, with the annual combined contribution limited to \$5,000.
- **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 can be a simple way for an employer to assist without the concerns of monthly verification of child care tuition, or needing HR to deal with DCFS. 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 directly to the employee as part of their wages, the employer instead pays into the tuition of an accredited/approved child care provider ensuring the funds are only being used for child care.

Note: Subsidizing child care costs is a great way for employers to help their employees, and gain the return on investment for recruitment and retention, it does not increase child care capacity, which is the leading cause of the Child Care Crisis: There isn't enough available child care, especially infant-toddler slots.

Section 3: Employer-Sponsored Child Care (ESCC)

Employer-Sponsored Child Care (ESCC) directly provides access to child care to employees as a proactive investment to tackle the negative effects of the Child Care Crisis that plague most employers by increasing child care capacity directly for employees: problems with recruitment, retention, absenteeism, tardiness, and poor work performance.

There are numerous options for ESCC, such as:

- **Priority Access-Priority Waitlist:** The cheapest and simplest way for an employer to provide child care for employees, the employer can partner with select existing child care programs to contractually arrange a negotiated monthly payment amount for dedicated slots. If no slots are open, then employees receive Priority Waitlist and are placed on the top of the waitlist for the next available slots, which can sometimes exceed 18-24 months for the general public.

Depending on the arrangement between the employer and partnered child care program, the contracted payments could also subsidize the costs of the slots for the employees (partially or fully). However, the baseline contract at least allows the employers to ensure a certain number of slots are available for their employees, who are obligated to pay full tuition.

Genuine sample costs for Priority Access/Waitlist contracting of slots are \$200-500 per month, not counting any potential subsidizing of tuition costs.

If interested, the EL Hub can assist employers with finding child care programs to partner with, or employers can rely on chain vendor organizations such as Tootris to find partnering child care programs. Additionally, the EL Hub can provide a sample *Memorandum of Understanding* to serve as a contract with partnering child care programs.

- **Adopt-a-Program:** An employer can contractually partner with an existing child care program in need of funding, who might be facing financial difficulties causing them to operate below capacity, or desiring to expand their program. By contributing whatever monetary amount is necessary to bring the child care program up to full capacity, new child care slots created by the funding would be prioritized for the employer's needs.

The EL Hub can assist employers with finding child care programs to partner with.

- **Establishing an On-site/Near-Site Child Care Program:** See Section 4

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

While establishing an on-site or near-site child care program is the most complex and expensive way to provide child care for employees, it can be the most effective option for employers if the benefits outweigh the costs.

Some Advantages of Establishing On/Near-Site Child Care

- The employer can dictate quality, access, and affordability, at a location convenient for employees to use while at work
- The employer can earn an annual tax credit of 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)
- It's the best option for employers with large numbers of employees who need to work on-site during traditional business hours
- On/Near-site child care can reduce employee absenteeism by up to 30%. (*Child Care Council, 2014*)
- 3-8% decrease in employee turnover (*Roth and Preston, 1989*)

Some Challenges of Establishing On/Near-Site Child Care

- Lengthy start-up period, typically 1.5 years or more
- Expensive capital costs. Samples of genuine costs for certified centers:
 - Kidco Head Start/Early Head Start Corvallis: \$81,119 (using a leased, pre-built child care center, no significant renovations required)
 - Old Mill Center for Children & Families in Monroe: \$132,000 (renovation/modification to an existing non-child care type building)
 - Kidco Head Start/Early Head Start Lebanon: \$3,032,780 (built from scratch)
- Expensive operating costs: Employers should expect that employee tuition costs will not fully cover the operating costs, requiring financial subsidization
- Many for-profit chain vendors that could administer/manage an on/near-site child care program as an implementing partner won't partner with employers who have less than 2,000 employees, due to profitability issues
- There could be equity concerns over waitlist and eligibility requirements, as capacity might not meet the employee demand (Nike's Beaverton on-site child care program closed for this reason)

On/Near-Site Child Care Details

An employer can create a certified child care center on the employer's premises or sufficiently close to be convenient for use by employees, developed on property owned or leased by the employer.

Certified centers can be multi-classrooms or a "micro-center" consisting of with a single classroom. Certified centers typically operate during traditional work hours, M-F, 7:30 am to 5:30 pm. However, employers can alter child care operating hours to their needs.

A certified child care center provides standardized levels of child care to children assigned to classrooms based on age classifications dictated by Oregon law: Infants - 6 weeks to 23 months, Toddlers - 24 months to 36 years, Preschool aged - 3-5 years, and School aged children - Kindergarten aged -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

Management Options: Establishing an on/near-site child care center requires professional child care providers to run it. There are numerous options for how an employer provides management, such as:

- The employer can staff the center themselves, fully in control of liability, management, administration, logistics, regulatory compliance, child care, etc, recruiting and supervising the subject matter experts themselves.
- The employer can partner with an outside existing child care organization to serve as the implementing partner to accept responsibility for liability, management, administration, logistics, regulatory compliance, curriculum, etc. The Early Learning Hub can assist employers with finding motivated partners, including non-profit child care programs willing to run the program "at cost."
- The employer can contract out to a for-profit chain vendor company such as Kindercare, Bright Horizons, or Brightwheel to run the program.
- The certified center can be operated as a joint venture partnership with other employers and entities as a Public-Private Partnership to share the costs and services provided. Any employer interested in this option can receive assistance from the Early Learning Hub, which can help establish partnered child care centers with project management assistance, grant writing, licensing facilitation, etc.

Section 5: Philanthropy

Anyone interested can help solve the Child Care Crisis through a charitable approach, investing in various causes that will benefit not only their employees but those of their partners, clients, and the community at large, using options primarily designed to address the biggest problem that relates to the local Child Care Child: child care capacity building.

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 individual preferences and tax-related concerns.

Here are just some philanthropic options:

- **Growing Care:** The Early Learning Hub has partnered with Family Connections, the Child Care Resource and Referral agency of Linn, Benton, and Lincoln Counties, to develop a large-scale recruitment campaign to license more entry-level family/home-based child care providers.

However, a successful recruitment campaign requires paid advertising funding from outside agencies, to pay for media buys, printing, posters, and associated marketing costs. Additionally, Growing Care hopes to offer newly licensed child care providers start-up grant funding to ensure they have the financial resources to run their businesses without starting out in debt.

Donations from child care champions can increase Growing Care's outreach to target audiences resulting in more providers being recruited, onboarded, licensed, and financially set up for success, creating more quality child care slots, benefitting the community, including employers and their employees.

- **Child Care Infrastructure Building and Support:** Child care is a tough business, with thin profit margins. Charitable contributions can assist existing child care programs, family/home and center-based, with operating cost grants that fund projects like deferred maintenance, repairs/renovations, professional upkeep upgrades/expansions, and other necessary expenditures that the typical child care program currently can't fund.

Charitable infrastructure building and support can also include work-in-kind donations, where instead of providing direct monetary contributions child care champions can instead choose to offer pro bono services or products.

- **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: Individuals can contribute to scholarships to Linn-Benton or Oregon Coast Community Colleges or Oregon State University to subsidize part or all of the costs of certifications or degrees in Early Childhood Education or Childhood Development, required for a career in child care.

For reference, the approximate cost to attain the necessary credit hours at Linn-Benton Community College needed to become a professional “Teacher” at a certified child care center comes out to approximately \$15,000 in tuition, fees, and books to receive.

- 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.

Point of Contact

Bryan Steinhauser
Business Liaison
Early Learning Hub of Linn, Benton & Lincoln Counties
Linn-Benton Community College, LM-132
Albany OR 97321
steinhb@linnbenton.edu
(541) 917-4914