



MEMORANDUM

TO: Back-to-Work Virginia Task Force Members
FROM: Jeffrey Capizzano and Kelly Etter, Ph.D., The Policy Equity Group, LLC
DATE: June 24, 2020
SUBJECT: Improving Worker Retention and Productivity: Recommendations for Supporting the Child Care Needs of Employees with Young Children

Introduction

Under normal circumstances, both corporate and hourly employees struggle to find safe, stable, and affordable child care for their children while they work. Particularly among hourly employees, who most often must be on-site to do their work, the lack of stable child care can significantly impact their ability to meet their work responsibilities. Ultimately, the inability for employees to find stable, high-quality child care is a business sustainability issue, as it can significantly impact productivity and profitability. Indeed, studies across states demonstrate that the cost of inadequate child care can total up to billions of dollars in losses across the workforce, employers, and the state economy.

The COVID-19 crisis has heightened the recognition of the importance of child care for Virginia businesses. Child care facilities were not required to close and were strongly encouraged to serve children of essential personnel, yet faced health and financial risk by continuing to operate under new limiting requirements that exacerbated the industry's cost structures known for its thin margins.

As the state reopens to business, child care will be a foundational component of the state's economic recovery. In light of the renewed importance of child care, this memo addresses three time horizons for these issues: 1) pre-pandemic; 2) pandemic environment; and 3) future state. It summarizes findings and recommendations from two studies conducted for VECF by The Policy Equity Group about employer perspectives on child care issues for their labor force. The first study, conducted in 2019, drew on interviews with multiple Virginia employers to better understand current workplace policies related to employee child care as well as a review of the literature on best practices for employers to promote workforce retention and productivity through supporting employees with young children.

This memo also provides findings from a survey of employers conducted this month (June 2020) and a resulting range of actionable recommendations for businesses/employers to support the child care needs of employees to get them back in the labor force and to improve retention and productivity. We hope these insights are useful for Virginia's consideration as it moves from relief to recovery to renaissance.

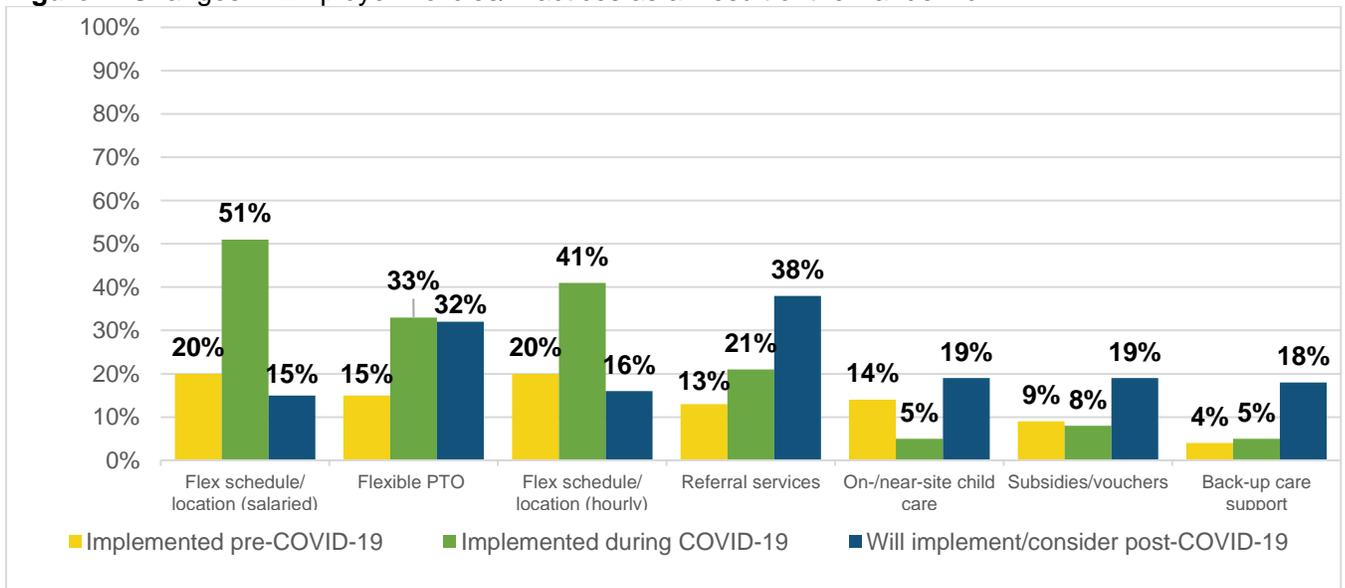
Findings from the 2019 (Pre-Pandemic) Interviews and Literature Review

- Child care was a universal problem for employees across the companies interviewed, impacting absenteeism, retention, and overall productivity.
- Employers were unaware of publicly funded child care resources to support their employees.
- Companies have successfully implemented a number of different approaches to addressing the child care needs of their employees
- Flexibility in paid time off (PTO) policies can support the child care needs of employees where there is no flexibility in where the job is being performed

Preliminary Findings from the June 2020 (Pandemic-Era) Survey of Employers

- Costs, regulatory burden, and concerns about liability were the three largest barriers to providing on-site child care or otherwise supporting the child care needs of employees.
- The COVID-19 pandemic appears to have changed employer behaviors/perceptions about supporting employee child care needs among a fairly significant percentage of survey respondents (see **Figure 1**).
 - The largest changes in practice *during the pandemic* were **increased flexibility for employees** in terms of work schedule, location, and paid time off policies.
 - While not as common before or during the pandemic, many employers stated that *after the pandemic has passed*, they would implement/consider practices that **support employee access to child care** such as providing child care referral services, on- or near-site child care, subsidies or vouchers, or help securing/paying for back-up care.

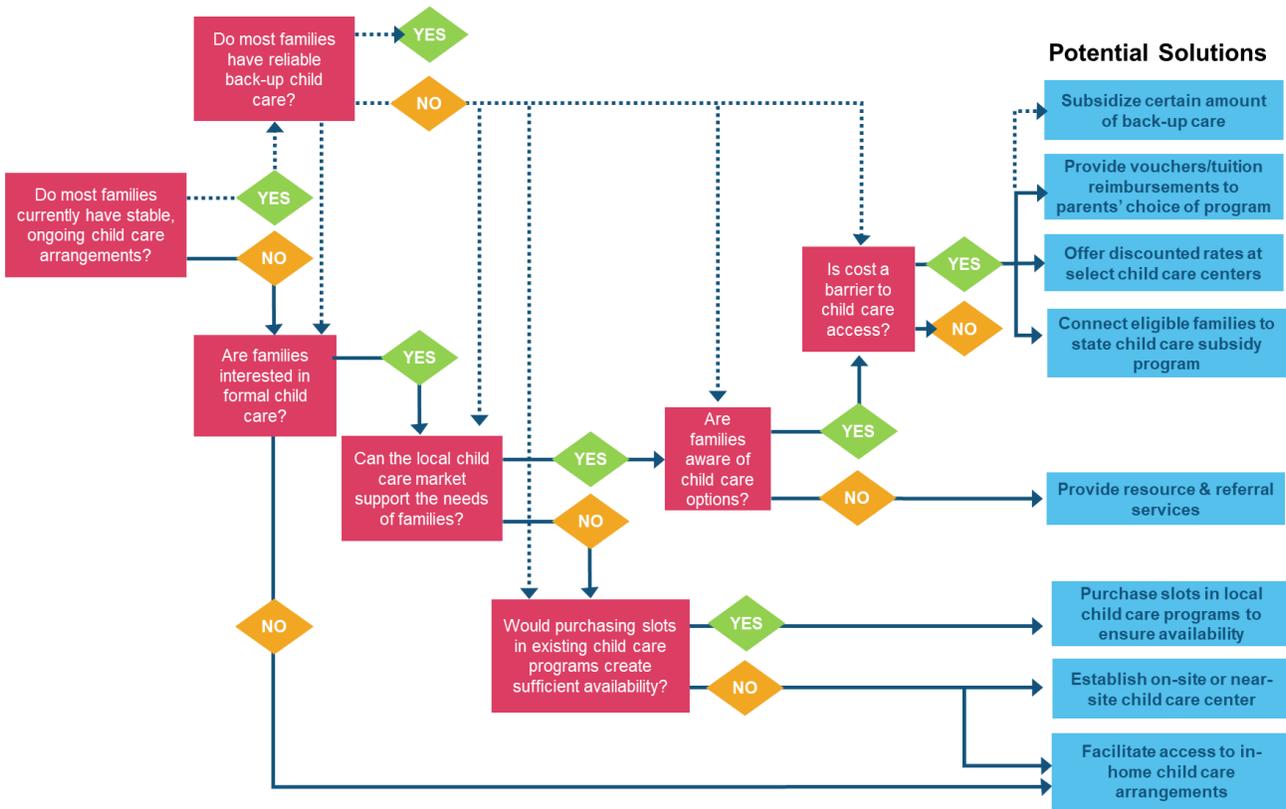
Figure 1. Changes in Employer Policies/Practices as a Result of the Pandemic



Recommendations for Employers

- Conduct a “care census” to better understand the caregiver roles and needs of employees and identify and link child care solutions to the specific needs of employees (see **Figure 2**).
- Make employees aware of and support them in accessing all publicly available resources dedicated to the child care needs of working families in Virginia.
- Consider offering financial assistance to families to help pay for child care.
- Explore viability of on-site or near-site child care programs and/or contracts with local child care providers/family child care networks.
- Explore options such as [Wonderschool](#), [Winnie](#), [Wiggle Room](#), [CareAtWork](#), and [Bridgecare](#) to help families connect to child care options that meet their needs.
- Support policy change to enhance Virginia’s early care and education system

Figure 2. Guiding Questions and Potential Solutions to Support Employee Child Care Needs



Recommendations for Virginia

- Provide support and resources to employers around how to implement policies they are interested in pursuing such as providing referral services, operating on-site child care, providing subsidies/vouchers, and supporting back-up child care.
- Survey respondents reported that the most helpful actions the state could take to support employers, families, and child care providers during re-opening and beyond include:
 - **providing financial supports** (e.g., tax incentives for employers; subsidies for families; monetary assistance for child care providers to support safe, quality care; subsidized COVID testing for providers);
 - **supporting access to child care** (e.g., database of available child care options, increasing availability of care during non-traditional hours);
 - **guidance and technical assistance** (e.g., resources for employers to support employee child care needs, supporting safe operations among child care providers); and
 - **reducing regulatory burden and liability risk** for current providers and potential on-site child care for employers.

Conclusion

The COVID pandemic has illuminated many of the challenges of working parents, the strong commitment of Virginia companies to their employees, and the essential role of a high-functioning early care and education system to support families and the economy. This “disruption” provides a unique and urgent opportunity for the Back to Work Task Force and the state to redefine how working parents are supported, with implications for families, employers, and the state economy as Virginia returns to work and beyond.