

NOVEMBER 2020

PIECING TOGETHER SOLUTIONS:

Employer Childcare Assistance Now and Looking Ahead

At the onset of the COVID-19 public health crisis, employers had to completely change how they operate, in many cases, overnight. Without an idea of how long those extraordinary circumstances would last, many employers implemented quick, temporary fixes unsure of when business would return to normal. Now, in the final months of 2020, employers have witnessed the significant impact of COVID-19 on their workforce and are still wondering how to navigate this new business and talent landscape. One of the aspects of this new landscape is supporting working parents who are attempting to find alternative, affordable, and sustainable childcare solutions when their previous childcare arrangements have changed significantly or is no longer available.

With that in mind, the U.S. Chamber of Commerce Foundation continued its longitudinal study to understand how childcare challenges are affecting working parents amid the COVID-19 pandemic. This study builds upon a [series of studies](#) conducted by the Foundation in the fall of 2019, which found that state economies were losing billions of dollars annually due to childcare challenges for working parents. In the spring and summer of 2020, the Foundation surveyed parents, employers, and childcare providers to understand how these childcare challenges had evolved due to COVID-19. This October, the Foundation surveyed employers again to better understand if and how their concerns and challenges may have evolved as the impact of COVID-19 has endured. Below are some topline findings.

In this study, we looked at the changes employers have instituted due to COVID-19, including their concerns and priorities as they determine how and when to return to work. Knowing that childcare plays a key role in working parents being able to return to work, we asked specifically about how employers are thinking about childcare assistance, benefits, and accommodations in these unique circumstances.

TOPLINE FINDINGS

89%

of employers feel they are aware of the childcare needs of their employees

71%

of employers feel that they provide adequate support for employees with young children

32%

of employers have seen some of their employees leave the workforce due to the effects of COVID-19

Employers are most likely to provide flexible working hours and remote work as additional childcare benefits

20%

of employers are currently willing to increase their investment in childcare needs. However, **49%** of employers would be likely to provide additional childcare assistance if the government offered supplementary incentives

Key Findings: Current State

We have separated our key findings into two categories: (1) Current State, and (2) Future State. The findings in the Current State section are focused on how employers feel today about their investment in childcare needs and what types of assistance they are presently providing.

Employers Feel They Are Aware of Employee Childcare Needs

Most employers feel that they are aware of the childcare needs of their employees, a sentiment that has not changed throughout the pandemic. The majority of employers gather this information through informal feedback (62%); just 13 percent field surveys about the topic and 11 percent hold formal feedback sessions. While there is slight variation across industries, in any given industry at least 80 percent of employers feel that they are aware of their employee childcare needs. In some industries, such as professional and financial services, up to 95 percent of employers feel that they are aware.

Most Employers Feel They Provide Adequate Support

Overall, 71 percent of employers feel that they provide adequate support for employees with young children. This varies depending on the size of the employer; 77 percent of employers with between 10 and 49 employees feel that they provide adequate support, compared to 60 percent of employers with more than 500 employees. This perception also changes based on the industry of the employer; manufacturing employers are most likely to feel that they provide adequate support (84%), whereas health care employers are least likely (48%).

When asked how they are providing support to employees with young children, most employers (82%) cite providing flexibility, such as flexible work hours or remote work, which allows employees to work and provide childcare. The second-most common method of support is offering paid leave (28%), followed by providing a salary that allows employees to pay for childcare (23%).

Alternately, when asked why they felt they did not provide adequate support to employees with young children, employers point to a lack of funds or resources (44%) and a lack of job flexibility (42%).

FIGURE 1

Percentage of employers who feel that they provide adequate support for employees with young children

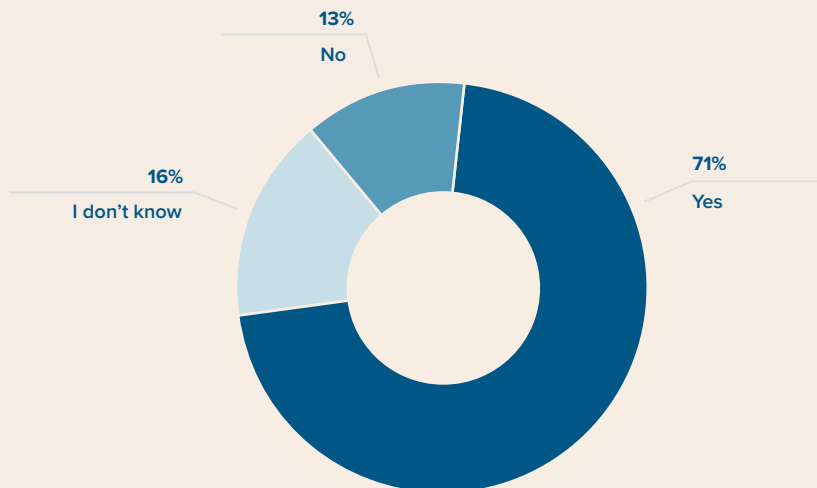
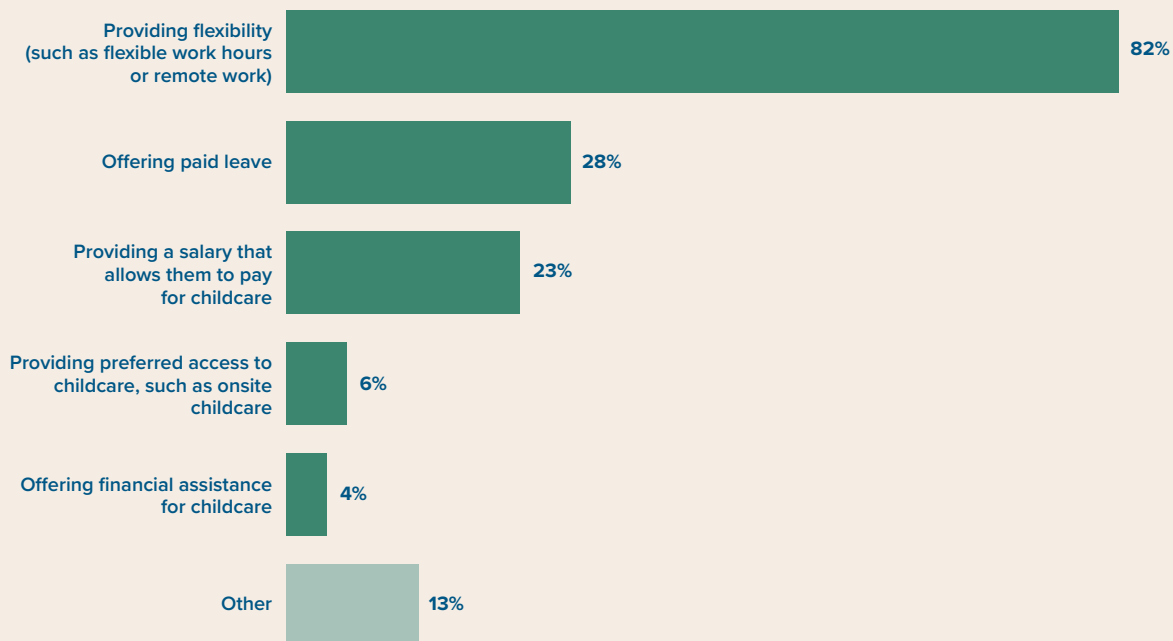


FIGURE 2

How employers feel that they are providing adequate support for employees with young children



Employee Turnover Due to Childcare Concerns

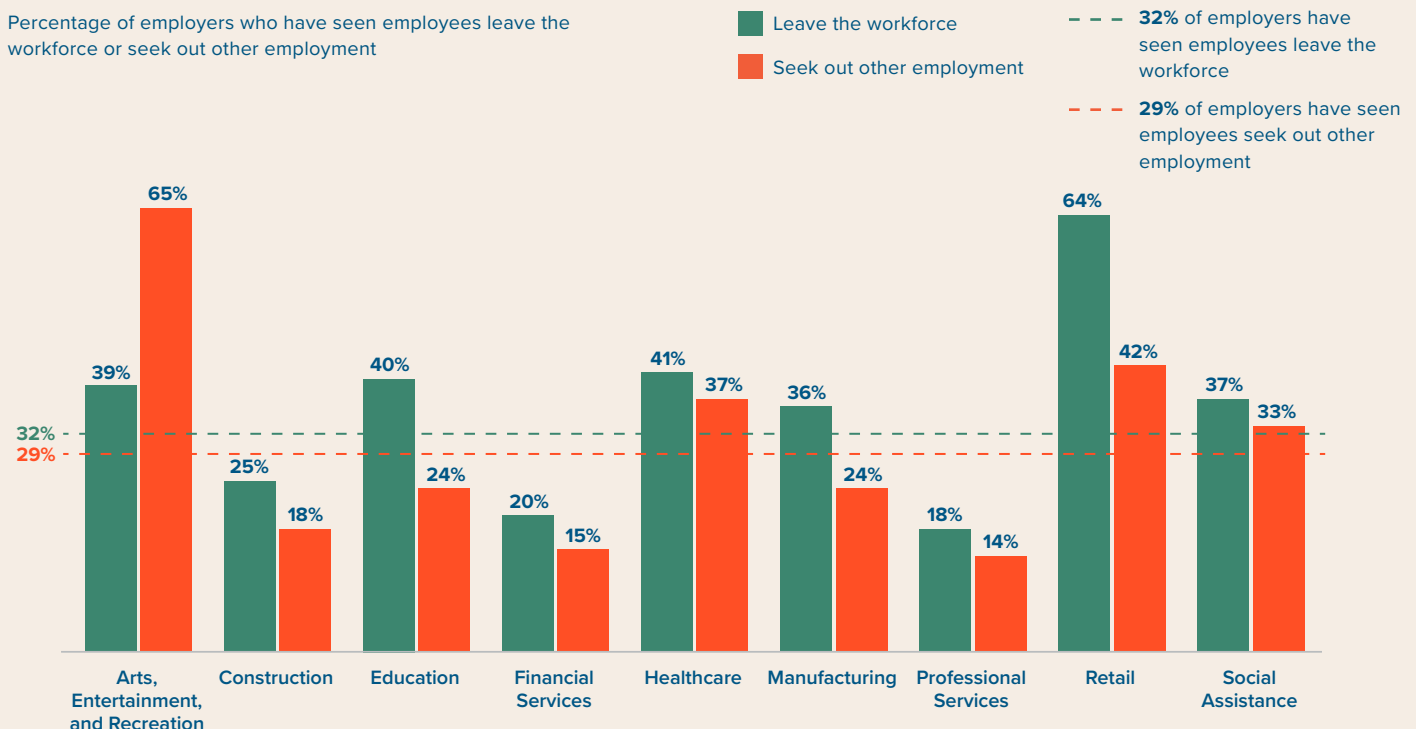
In June of this year, 24 percent of employers were concerned that some of their employees would leave the workforce due to the effects of COVID-19. By October, 32 percent of employers had seen employees leave the workforce. This means that more employers were affected by employees leaving the workforce than they had anticipated in June. When asked what factors contributed to their employees leaving the workforce, 50 percent of those employers cited childcare concerns. Beyond leaving the workforce, many working parents are also debating working less hours or switching employers. Twenty-nine percent of employers have seen employees seek out other employment, primarily due to health/safety concerns (48%) and childcare concerns (44%).

Some industries are being affected more than others. Forty percent of employers in the education industry have seen employees leave the workforce, and 61 percent of those education employers cite childcare concerns as a contributing factor to that departure. Similarly, 41 percent of healthcare employers have seen employees leave the workforce, and more than three-quarters of those employers point to childcare concerns as a contributing factor. As might be expected, the majority of retail employers have seen employees leave the workforce, primarily due to health/safety concerns (68%), lack of desire to work (40%), and childcare concerns (28%).

“Beyond leaving the workforce, many working parents are also debating working less hours or switching employers.”

FIGURE 3

Percentage of employers who have seen employees leave the workforce or seek out other employment



Key Findings: Future State

After gaining an understanding of how employers feel about their current investment in employee childcare needs and how their workforce has been impacted by childcare concerns, we sought to understand what a future state of childcare might look like. We asked employers about whether they would be willing to invest in childcare needs, what types of additional assistance they would be likely to provide, and what types of scenarios might affect their willingness to offer additional assistance.

Employer Willingness to Invest in Childcare Needs

Currently, employers are largely hesitant to commit to providing increase investment in childcare needs. Forty-five percent of employers are unsure whether they would be willing to increase their organization's investment in childcare needs, 35% are unwilling, and 20% are willing. Employers who are willing to increase their investment believe it helps them to retain a strong workforce, improve employee productivity, and attract new employees. The majority of employers who are unwilling to provide increased investment believe they do not have the funds or resources (72%). One-quarter of employers who are unwilling believe their employees are satisfied with the current state of their investment.

While these trends hold true regardless of the number of employees, small employers are least likely to increase their investment in employee childcare needs (17%) and large employers (100-499 employees) are most likely (23%). Across industries, retail employers are least likely to increase their investment (15%), and social assistance employers are most likely (27%).

“The majority of employers who are unwilling to provide increased investment believe they do not have the funds or resources.”

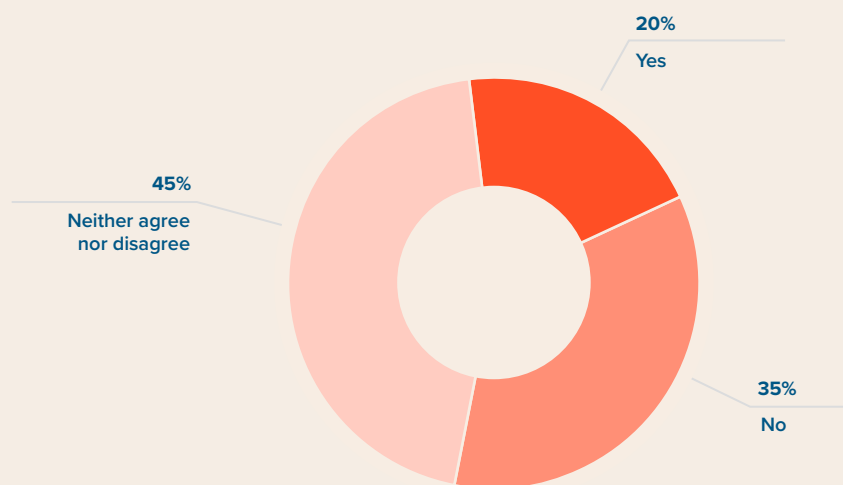
Types of Additional Childcare Assistance

When asked what types of additional childcare assistance they would be willing to provide, many employers elected flexible working hours (44%) or remote work (36%). Twelve percent of employers would be willing to partner with an offsite/nearby childcare provider and 11 percent would be willing to provide a childcare provider subsidy or reimbursement. This largely reflects the types of additional assistance that many employers have already implemented in response to COVID-19. However, as remote work has been largely instituted to protect the health and safety of employees, assistance specific to childcare supports that have been implemented since the pandemic may need to be clearly communicated to employees. Furthermore, remote work opportunities are limited for many jobs, making this accommodation unavailable to many working parents. Thus, it is incumbent upon employers to be aware of which employees benefit from remote work flexibility and which do not.

Across industries, some employers are more likely to provide more direct forms of childcare assistance. Twenty-six percent of manufacturing employers are willing to provide a partnership with an off-site/nearby childcare provider (compared to 12% overall), and 23 percent of healthcare providers would be willing to provide a childcare provider subsidy/reimbursement. Our theory is that for those jobs that require a unique skill set and/or work non-traditional hours, recruitment and retention of talent is a key motivator to offering additional benefits to hold onto their staff.

FIGURE 4

Percentage of employers who agree with the following statement:
"I am willing to increase our organization's investment in childcare needs."



Scenarios for Increased Investment

When presented with various scenarios, employer willingness to offer additional childcare assistance increases. Almost half (48%) of employers would be likely to offer additional childcare assistance if the government provided additional incentives (e.g., tax benefits or subsidies). The impact on employees is also a significant factor; 37 percent of employers would be willing to offer additional assistance if more than 20 percent of their employees cannot return to work due to childcare concerns, and 27 percent of employers would be willing if between 10-20 percent of their employees cannot return to work.

Forty percent of employers have offered additional childcare assistance, benefits, or accommodations in response to the effects of COVID-19. This number is only slightly higher for essential businesses at 42 percent. When asked what types of assistance they offered, the majority of employers identified remote work and flexible working hours or days. Only 1 percent of employers offered direct childcare assistance such as on-site childcare, back-up childcare, or a partnership with an off-site/nearby childcare provider in response to COVID-19.

“Forty percent of employers have offered additional childcare assistance, benefits, or accommodations in response to the effects of COVID-19.”

Implications and Additional Areas of Exploration

As employers consider how to support their employees with young children, they should consider first seeking feedback from their employees directly. While most employers feel that they are aware of the childcare needs of their employees, only 13 percent have fielded surveys on the topic and 11 percent have conducted formal feedback sessions. While informal feedback can be a helpful starting point, a more strategic effort to gather feedback can demonstrate to working parents that they are valued and that their employer is dedicated to supporting them. Additionally, employers can also learn what specific types of assistance their employees already utilize and what assistance they would most value. Employers cannot adequately address a problem they do not fully understand, so intentionally soliciting feedback on the need is a crucial first step.

Employers are most willing to provide flexible work hours or remote work to accommodate working parents and generally believe that this is adequate support. However, a variety of other childcare assistance options are available, such as childcare subsidies, Dependent Care Family Savings Accounts (DCFSA), partnerships with nearby childcare providers, etc. Local childcare providers, employers, and policymakers can collaborate to share knowledge and resources and determine the best way to support working parents in their community, and the role that employers can play to be part of the solution.

As the pandemic continues to evolve, employers are growing increasingly concerned about the ability of their employees to return to work. Forty percent of employers report being concerned that some of their employees may not fully return to work. As childcare is widely seen as a primary factor in preventing employees from returning to work, finding ways to support working parents is essential to retaining a strong workforce. ■

APPENDIX A: SURVEY METHODOLOGY AND RESPONDENT DEMOGRAPHICS

The Foundation conducted an online survey of for-profit businesses, nonprofit organizations, schools or universities, and government agencies. The total sample includes 790 employers across more than 25 different industries and 30 states. The survey was fielded from September 23 to October 14, 2020.

TYPE OF ORGANIZATION	For-profit	Nonprofit	School or University	Government/ Other
N=790	66%	23%	3%	8%

NUMBER OF EMPLOYEES	2-9	10-49	50-99	100-499	More than 500
N=790	21%	31%	14%	21%	12%

ANNUAL REVENUE	Under \$100,000	\$100,000 - \$999,999	\$1M - \$9M	\$10M - \$49M	\$50M - \$500M	More than \$500M	Prefer not to say
N=790	4%	18%	27%	19%	9%	6%	18%

STATES IN WHICH EMPLOYERS PRIMARILY OPERATE	California	Colorado	Missouri	Alabama	Florida	Arkansas	Other
N=790	39%	7%	6%	6%	4%	4%	34%

ESSENTIAL SERVICES	Essential	Non-Essential	Unsure
N=790	68%	24%	8%

APPENDIX B: CHILDCARE AND PAID LEAVE BENEFITS

Although there is a lot of energy around paid leave policies across the country, with any solutions proposed, access to affordable, high-quality childcare is still a problem for many families. Respondents to our survey conflated childcare and paid leave benefits, understandably so. We included all their responses while also recognizing that they are distinct topics and our report only examines childcare.

