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TOWARD A WORKING FUTURE

A CHILDCARE TOOLKIT FOR NEW YORK CITY EMPLOYERS



NYCEDC CHILDCARE INNOVATION LAB

VISION

To build a more vibrant and inclusive economy by making NYC the leading actor on Future of Care and home to a thriving Childcare Innovation sector.

ACTIVITIES

- 1 Researching childcare as an economic issue, such as its effects on labor force participation, business wellbeing, economic output and tax revenues.
- 2 Catalyzing innovative public and private sector solutions to address the unit economics crisis facing regulated childcare.
- 3 Supporting care and FamTech innovators solving entrenched formal and informal childcare challenges facing NYC families and providing a new vision for caregiving-focused design.



TOOLKIT INFORMED BY MULTIPLE STUDIES AND DISCUSSIONS WITH NYC EMPLOYERS

30+

Employers

11

Key Industries

30,000+

NYC Employees

Key Findings

- 1 Better understand caregiver employee needs
- 2 The ROI of investing in care
- 3 Concrete menu of actions
- 4 Partners to operationalize solutions

AGENDA



Introductions



Section 1: The Childcare Crisis & Its Effects on Your Company

- Gain a deeper understanding of the childcare crisis' effect on your employees, company and the economy
- Explore how to gauge employee caregiving status and needs
- Understand the importance of assessing the ROI of childcare policies and practices



Section 2: Exploring Solutions

- Learn about a wide menu of solutions that can support your caregiver employees
- Learn about existing and emerging FamTech models and tools that can help you operationalize practices



Next Steps

INTRODUCTIONS

- Name, Title, Company, Company Size
- Which of the below employee profiles are part of your company?
 - Full time and/or part time
 - Salaried and/or shift workers
 - Standard and/or non-standard hour workers
- What brought you here today?
- What do you hope to gain?



Section

1

THE CHILDCARE CRISIS & ITS EFFECTS

- Gain a deeper understanding of the childcare crisis' effect on your employees, company and the economy
- Explore how to gauge employees' caregiving status and needs
- Examine how to assess the ROI of childcare policies and practices



GLIMPSE AT THE NYC CHILDCARE CRISIS

LACK OF AFFORDABILITY

- Home-based 0-2 care is \$13K/yr
- Center-based care is ~\$20K/yr
- Childcare is unaffordable to 80% and 93% of NYC families, respectively
- Payments insufficient to cover care costs

INSUFFICIENT SEATS

- 78% of kids 0-2 lack a licensed seat
- 57% of NYC is an infant care desert
- Only 5% of facilities offer 6pm-8am care

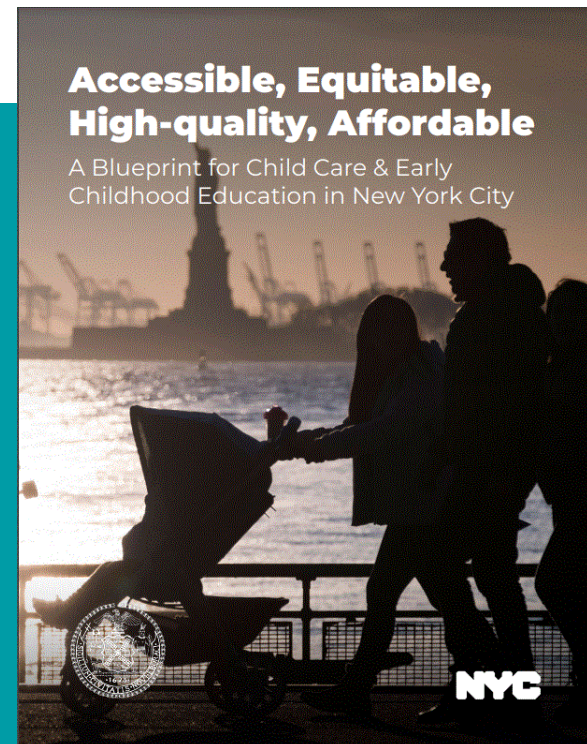
DIFFERING QUALITY

- High turnover of workers due to low wages
- Lack of parent ability to vote with feet

Mayor Adams' Blueprint for accessible, equitable high quality affordable NYC childcare

- 18 strategies and ~\$800M in planned investments to support childcare service delivery
- This brings childcare spending to ~\$2B over the next four years

"Creative solutions that spur action by the private sector can be a force multiplier in establishing a quality childcare system."



ALIGNING WORK AND CAREGIVING IS CRITICAL FOR BUSINESSES AND ECONOMIC GROWTH



EMPLOYERS

- Pre Covid, US businesses lost \$12.7B a year to childcare challenges¹
- Replacing an employee can cost businesses up to 2X their salary²
- Since pandemic, US Chamber of Commerce has received hundreds of queries from businesses seeking childcare strategies



EMPLOYEES

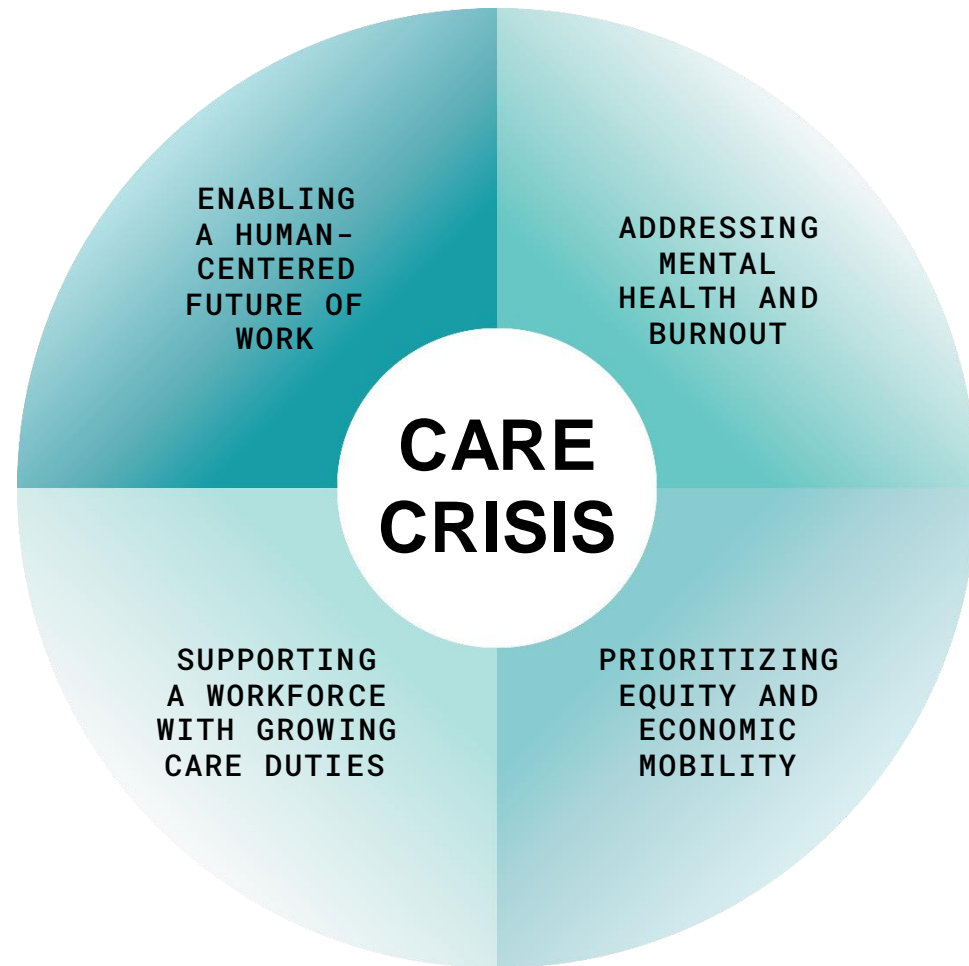
- Pre-Covid, LFPR of NYC women with young kids was <70%
- Women face dire income and wealth losses upon exiting the workforce
- In past year, 29% of women and 22% of men have considered downshifting/leaving jobs³



ECONOMY

- ~375K NYC parents left/downshifted jobs due to lack of childcare and Covid-19, resulting in negative FY22 impacts on the city economy:
- A \$23B decrease in economic output
- A \$5.9B drop in disposable income
- \$2.2B (3.7%) less in tax revenue

CARE NEEDS WILL ONLY CONTINUE TO GROW



EMPLOYERS HAVE AN OPPORTUNITY TO DEPLOY A CHILDCARE STRATEGY THAT IS:

- Employee-centered
- Data-driven
- Innovative
- Customizable
- Has a clear ROI



DID YOU KNOW?

- 73% of US employees have a caregiving responsibility⁴
- In NYC, one in three employees is a parent

CHILDCARE BENEFITS: HOW EMPLOYERS ARE AFFECTED

TALENT ATTRACTION

- Caregivers value childcare at same level as salary, equity, PTO and healthcare when seeking new role⁵
- 79% of mothers and 61% of fathers say employer-provided childcare benefits is a top priority⁶
- 83% of millennials are willing to make a job change based on family/lifestyle benefits⁷

PRODUCTIVITY

- 71% of working caregivers said better childcare would make them more productive⁸
- The estimated average at-work productivity loss for caregivers making a living wage was ~ 11%⁹

TALENT RETENTION

- 83% of women and 81% of men with kids 0-5 said childcare benefits would be an important factor in retention¹⁰
- Turnover can cost businesses up to 2X employee's salary¹¹
- 1/3 of caregivers have left a job due to caregiving responsibilities during their career with ~50% of mothers citing childcare as the reason¹²

TALENT DIVERSITY

- Companies in top quartile of diversity are 35% more likely to have financial returns above the national industry median¹³
- Underrepresented racial groups are more likely to be parents and experience burnout than their white counterparts. When companies address unique reasons for burnout, employees are 20X more likely to intend to stay at their job¹⁴

A GROWING BODY OF RESEARCH INDICATES THAT FAMILY-FRIENDLY PRACTICES PAY OFF FOR COMPANIES

JP MORGAN

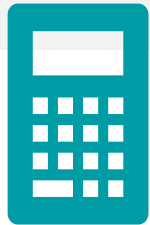
Estimates a 115% ROI for its childcare backup program

PATAGONIA

Patagonia believes it has a 115%-125% ROI on its childcare investments, including recouping over 90% on their onsite center-based costs

VIVVI

The estimated financial impact to an employer of investing in 10 childcare seats can be ~\$600K in annual savings



Foundational Steps

- 1 Gather childcare demand data to determine the scale and nature of supports needed
- 2 If applicable, collect benefits utilization data
- 3 Calculate ROI of existing and/or new potential childcare benefits

BREAKOUT: DISCUSSION 1

What three key themes or messages have you heard from your employees with childcare needs?

Section

2

SOLUTIONS

- Learn about a wide menu of solutions that can support your caregiver employees
- Learn about existing and novel FamTech models and tools that can help you operationalize practices





CAREGIVER-FRIENDLY CULTURE

CHALLENGES

- Only 56% of caregivers report their supervisor is aware of their caregiving responsibilities¹⁵
- 66% of workers believe speaking up about childcare struggles makes them a “problem employee”¹⁶

ACTIONS

- Show leadership’s commitment to being family friendly to employees at all levels, including training managers to support caregivers on their teams.
- Encourage managers to set a positive example by openly sharing how they handle their own caregiving needs.
- Welcome transparent discussion about caregiver needs at work via surveys, focus groups, and team meetings.
- Support transitions around caregiver leave for both the caregiver and their colleagues.
- Grant part time workers both meaningful work and benefits so assuming caregiving responsibilities takes less of a toll on critical safety nets and career success.

INNOVATORS

Help companies prioritize and tailor policies, benefits and cultural norms that enable caregivers to thrive, thus driving performance and reducing burnout.

SUPERKIN



MOM’S HIERARCHY
OF NEEDS



CREATE NEW CHILDCARE SEATS

CHALLENGES

- Even pre-pandemic, 78% of kids 0-2 lacked a childcare seat
- 57% of census tracts are infant care deserts
- Only 5% of licensed facilities offer care between 6pm and 8am though 1.6M NYers work those hours

ACTIONS

Build or partner with daycare operators to create new daycare seats that align to labor force needs (e.g., hours, sliding scale costs).

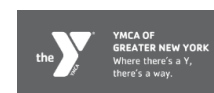
SPOTLIGHT

\$25M in NYC BUSINESS INCOME TAX CREDIT: New refundable credit for employers who create free or reduced-cost childcare seats for employees. The credit is equal to 20% of the annualized weekly per child cost for infants and toddlers according to published childcare market rates for NYC, for a maximum of 25 children.

\$25M in NYC PROPERTY TAX ABATEMENTS to property owners who retrofit their space to accommodate childcare centers, especially those located in childcare deserts.

INNOVATORS

Models that offer new visions for creating childcare space like modular daycares, micro-schools, and retrofitting spaces.



Wildflower Schools





SECURE CHILDCARE SEATS FOR YOUR EMPLOYEES

CHALLENGES

- The childcare supply crisis has been compounded by the pandemic closing of 400+ daycares in NYC, leading to long waiting lists
- Parents who cannot secure a spot turn to more-expensive alternatives, informal care arrangements, or downshift/leave a job

ACTIONS

- Reserve childcare for employees and negotiate terms that align to labor force needs (e.g., hours, sliding scale costs).
- Work with a partner that has access to daycare networks to enable employee care choice and support small businesses.

SPOTLIGHT

TAP INTO FEDERAL AND STATE EMPLOYER TAX BENEFITS: The IRS Employer-Provided Credit offers a credit of up to 10% of qualified childcare resource and referral expenditures.

INNOVATORS

Concierge services that help companies find, reserve, manage and subsidize seats for caregiving employees.



WeeCare



Wonderschool

TOOTRUS
Powering Absolute Potential



CUSTOMIZE EMPLOYEE BENEFITS TO FIT COMPANY NEEDS

CHALLENGES

- Employers often offer a limited list of care benefits that often go under-utilized when they do not meet diverse needs of employees
- *Examples:* part time, shift, non-standard hour workers, mothers post maternity leave

ACTIONS & OPERATORS

- Support building and coordination of informal care systems like family, friends and neighbors.
- Create co-work and care arrangements.
- Tap into unused office space for episodic childcare to cover sporadic care needs such as at events, trainings or busy work weeks.

INNOVATORS

Solutions for employees who may not benefit from traditional childcare offerings.



WORKPLACE

Big and Tiny



HELP EMPLOYEES DEFRAID THE COSTS OF CARE

CHALLENGES

- Even though childcare is one of the largest household expenses and over 80% of families cannot afford care, there are no financing tools for childcare
- Costs are even higher for those for whom traditional daycares are not an option (e.g., non-standard hour workers)

ACTIONS

- Offer dependent-care FSAs where the employer contributes pretax dollars, reducing payroll taxes, and employees choose how much to contribute.
- Issue dependent care-specific or general well-being stipends.
- Deploy creative financing tools to support childcare access (e.g., tuition assistance, income share agreement, employer matching programs).

SPOTLIGHT: TUITION ASSISTANCE EQUIVALENT

Under a tuition assistance-inspired childcare model, employers provide up-front funds for care on the condition of retention or repayment within a defined time period.

INNOVATORS

Operators that help manage employer granted dependent care-specific or general well-being stipends.

MOTHERHONESTLY



BREAKOUT: DISCUSSION 2

What two or three childcare solutions discussed today most resonated with you?

What tools or assistance would be helpful as you take next steps?

NEXT STEPS

- Join the National Business Coalition for Child Care
- Collaborate on pilots or public-private partnerships
- Ask HR to deploy a caregiver survey to employees
- Share your data



Thank you for attending

**CHILDCARE
INNOVATION LAB**

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For more information, please reach out to us at
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Any references to particular companies are for illustrative purposes only and should not be considered an endorsement by NYCEDC.