



# Investing in Indiana's Future

## Economic Ripple Effect

Affordable, accessible child care provides vital support for working families, employers, and our state and national economies. Investing in early care and education will improve community vitality, company productivity, and the viability of our present and future labor force.

**Every year, businesses lose \$1,640 per worker due to a lack of child care options for families.<sup>1</sup>**

Employees miss work, are forced to leave their positions, or are fired due to child care. There are wide-ranging effects on children's well-being, family financial security, and local and state economies when parents are faced with cutting back on their work hours or quitting their employment entirely because there is a lack of affordable and accessible child care.

## Benefits of Investing in Early Care and Education

Employer investments in child care not only benefit their employees and the broader community, but also yield positive returns for their business, including strengthened recruitment and retention, increased productivity, growth in workforce diversity, improved employee relations and satisfaction, and enhanced corporate reputation.

Employers have a responsibility to find and keep qualified employees. Many of the requirements for hiring and retaining talent are things that businesses already know and are skilled at. However, many business owners and human resource specialists know their benefit packages lack discretionary benefit advantages.

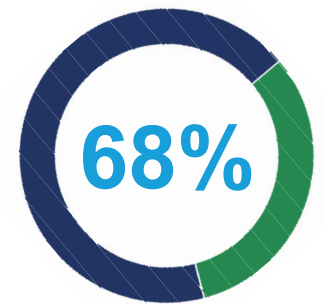
1. <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>



Workers' obligations outside of the workplace ultimately affect their performance and productivity within the workplace. Companies have known for a long time that offering specific perks to their employees will meet this demand and be in everyone's best interests. Companies offer paid time off in part so workers can attend to personal concerns or take a break. Companies gain from paid time off because returning employees are better rested, focused, and productive.

The needs of workers with young children are another issue that some employers are only now starting to address. Parents who work must decide where their kids will be when they are away at work.

In Indiana, there are 480,167 young children 0-5, with 68% of them possibly needing care because one or both parents are working.<sup>2</sup> For many parents, it is challenging or unattainable to find and afford high-quality child care for their young children.



young children need care because one or both parents are working

The statewide average tuition for a year of high-quality early child care and education is more than \$8,417.76 per year.<sup>3</sup> As the brain develops most quickly in the first five years of life, it is essential that young children are enrolled in high-quality programs throughout this time. The basis for all future learning, behavior, and health is laid by early experiences, which also help to create brain architecture. The cognitive and social-emotional abilities that prepare children for school and set them on the path to becoming the next generation of skilled employees and valuable community members are developed when they have access to high-quality child care.

## The Return on Investment

When businesses invest in benefits that support their employees who have young children, it has a positive impact on productivity, attendance, retention, and recruitment. Child care has an immediate effect on the workforce (parents) now.



### Improve Employee Productivity & Attendance

Employers and employees are equally impacted by productivity issues. Early child care and education challenges create less dependable employees. Some reduce their hours, and others drop out of the workforce. Two-thirds of parents with infants and toddlers who have child care challenges reported being late or leaving work early, and more than half said they were distracted at work or missed entire days. A staggering 85% of primary caregivers reported that child care issues adversely affected their efforts or time commitment at work.<sup>4</sup>



Business owners know child care influences productivity. The overall economic consequences are shocking. The estimated annual economic impact on U.S. companies due to child care challenges is \$23 billion.<sup>5</sup>

Prioritizing early child care and education needs would enable more people to enter the workforce, which also would allow businesses to attract and retain more quality, reliable employees. Employer investments can be used to expand or implement a broad range of child care benefits, empowering employers to choose what is most appropriate for their business and local community including sponsoring dependent care assistance plans, providing on-site or near-site child care, or establishing shared tuition benefits.



## **Increase Retention and Improve Recruitment**

Employers know benefits can be a reason workers decide to stay at their workplace. In turn, the lack of particular benefits can be a reason good workers leave. Offering early child care and education benefits to parents of young children can set your company apart from others—making it possible to recruit the talent you need and want.

A new poll finds Generation Z, more so than Millennials or Generation X, rated child care benefits as more important than health insurance in terms of workplace benefits. More than half of Generation Z parents polled said they would consider switching jobs for on-site child care, and a third said they accepted a job that paid less to have more flexibility around child care.<sup>6</sup>

Affordable child care is a top incentive for young families. The lack of accessible and affordable care is having a negative impact on their lives. Access to affordable, high-quality child care is an essential consideration for 81% of Millennials and Gen Zers polled to achieve their professional goals.<sup>7</sup>



## **Sustainable Early Care and Education Programs**

Children who are healthy and ready for kindergarten perform better academically and are more likely to graduate from high school and enroll in college, which means that a child's early years are crucial to their success as well as Indiana's.<sup>8</sup> Additionally, adults with higher levels of education are better equipped to take advantage of career opportunities in a global economy and to strengthen their communities. Allocating resources to support the health and learning of young children is a critical economic development strategy.

The overall known capacity of licensed or registered programs in the state is 180,583. These early child care and education programs can serve more than half (55%) of children who may need care. Two in five (40%) licensed or registered programs in the state are high-quality (Levels 3 & 4).<sup>9</sup>

5. <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>

6. <https://www.kc-learning.com/newsroom/press-releases/gen-z-wants-child-care-benefits-from-employers>

7. <https://thenext100.org/millennials-and-gen-z-want-affordable-child-care/>

8. Source: Information for programs licensed and registered in the state of Indiana Source: Family and Social Services Administration Office of Early Childhood and Out-of-School Learning, Active Provider Report, Pulled October 9, 2023

9. Information for programs licensed and registered in the state of Indiana Source: Family and Social Services Administration Office of Early Childhood and Out-of-School Learning, Active Provider Report, Pulled October 9, 2023





To maintain and grow the capacity required for economic growth, investments in early child care and education programs are crucial.

Budgets for early child care and education programs include two sides, just like any other budget -- revenue and expenses. It is crucial to strike a balance between these two in a business where the margins are tight. Early child care and education leaders concentrate on their tuition rate, which is influenced by their enrollment.

Full enrollment is a cornerstone of an early child care and education business. Participating with other businesses that provide employer-sponsored child care stipends or investments can provide stable enrollment for a program. The early child care and education business can count on more reliable and constant income because the local business is sending their families to them. This reciprocal relationship provides child care businesses opportunities to sustainably invest in their program and staff.

Employers who help subsidize child care costs by providing on-site child care, offering a child care subsidy to employees, or purchasing child care slots in a local program increase the sustainability of child care programs. Helping the early child care and education leaders identify ways to increase wages and benefits for teacher/staff retention or establish funding to pay for continuing education or outstanding loans for early child care and education staff.

Investing in child care programs for infants, toddlers, and preschoolers is the only proven strategy to produce returns employers are looking for -- focus, self-discipline, motivation, and collaboration. All of these skills start to take root in the first five years of life. The bottom line is investments in supporting your employees' child care needs can boost the sustainability of early child care and education programs by:



Providing funding for capital improvements



Offering matching funds to apply for additional funding sources



Identifying facilities/buildings, support services, or other resources of benefit to local child care programs

Other benefits of local business and early care and education partnering are:

Enhanced marketing. Becoming a trusted resource for the business community and word of mouth can lead to additional enrollment or partnerships

Modified schedule. Modifying the business hours of operation and being closed on holidays or during the times the families are not at work