



THE BEST PLACE FOR  
WORKING PARENTS®

Maine.gov

# Child Care Toolkit for Employers

## Meeting Child Care Needs, Boosting Organizational Success

The Best Place for Working Parents®, the Office of Child and Family Services at the Maine Department of Health and Human Services and Coastal Enterprises, Inc (CEI) collaborated on this resource guide to provide concrete options and examples to employers who are ready and eager to meet the child care needs of their employees. The guide provides a range of options that meet you where you are today so you can take the next step that best fits your organization.

As detailed in The Best Place for Working Parents® [top 10 research-backed family-friendly policies](#), employers have a powerful role in supporting working families – and doing so not only promotes more loyal, satisfied and productive employees, but a boost to businesses' bottom line, as well.

# About the Toolkit

**83% of women and 81% of men report child care benefits would be an important factor in deciding to stay at their current employer.<sup>1</sup>**



As a Best Place for Working Parents® organization, you understand that working parents can face challenges trying to balance work and home – and seeking to excel in both of those spaces. Your company can implement programs that will help your employees thrive – while in turn, building a stronger, more loyal and productive workforce for your organization today and for the future.

Child care supports have consistently been rated as a top need for working parents, especially in the post-COVID environment. This guide lists practical tools that Maine employers can use to support their employees' caregiving needs, followed by scenarios that demonstrate how you can mix and match ideas to meet your organization's goals.

The guide is not meant to be a "one-size-fits-all" approach, but rather an overview of current child care assistance options for employers. While this guide is focused on working parents with young children, some of the recommendations apply to all caregivers.

**In a 2022 survey of 501 HR professionals, 58% of respondents indicated that they are hearing requests for child care benefits. That's why 57% plan to prioritize child care in 2022.<sup>2</sup>**

<sup>1</sup> Marshall Plan for Moms and McKinsey & Company, "The Business Case for Child Care: How Parent-Focused Employee Value Propositions Help Companies Win the War for Talent," May 2022.

<sup>2</sup> [https://www.care.com/business/wp-content/uploads/sites/5/2022/05/Care-for-Business\\_Future-of-Benefits-Report\\_2022.pdf](https://www.care.com/business/wp-content/uploads/sites/5/2022/05/Care-for-Business_Future-of-Benefits-Report_2022.pdf), 2022

# Table of Contents

## Section 1 ..... pg. 4

Demonstrating the ROI for Child Care Supports

## Section 2 ..... pg. 5

Understanding Your Workforce's Child Care Needs

## Section 3 ..... pg. 6

How Can Employers Help with Child Care?

## Section 4 ..... pg. 7

Help Employees Access Child Care

## Section 5 ..... pg. 12

Help Employees Afford Child Care

## Section 6 ..... pg. 17

Child Care Assistance Scenarios

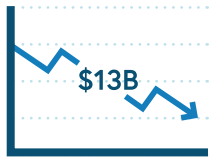
## Section 7 ..... pg. 21

About Best Place for Working Parents®

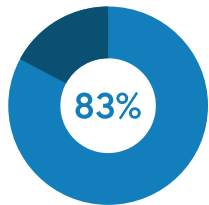


# Demonstrating the ROI for Child Care Supports

1. The child care needs of today's workforce directly impact business profitability and retention.



**Businesses lose \$13B annually** in productivity costs due to child care challenges faced by their workforce.

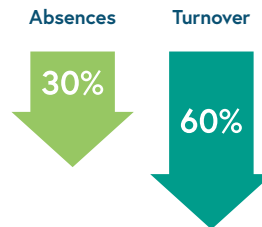


**83% of millennials** would leave their job for family-friendly benefits.<sup>3</sup>

2. Business child care supports have proven ROI to businesses' bottom line.

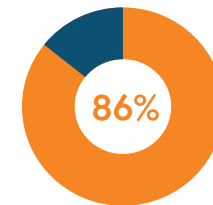


Employers that offer Dependent Care FSA's can save up to **\$382.50 per employee**.

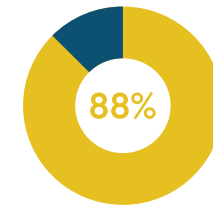


When companies provide on-site child care, **employee absences decrease by 30%** and **job turnover declines by as much as 60%**.

3. Employers experience the benefit of a more productive and loyal workforce.



**86%** say child care benefits have a positive impact on talent **recruitment and retention**.<sup>2</sup>



**88%** report child care benefits help **boost productivity**.<sup>2</sup>

<sup>3</sup> <https://bestplace4workingparents.com/business/>

<sup>2</sup> [https://www.care.com/business/wp-content/uploads/sites/5/2022/05/Care-for-Business\\_Future-of-Benefits-Report\\_2022.pdf](https://www.care.com/business/wp-content/uploads/sites/5/2022/05/Care-for-Business_Future-of-Benefits-Report_2022.pdf), 2022



# Understanding Your Workforce's Child Care Needs

Gain a deeper understanding of employees' caregiving status and their needs related to child care to ensure policies meet the needs of your workforce.

## Info to know

- ① Your work location(s) & proximity to where employees live
- ① Employees' wages & ages of their children
- ① State child care subsidy [income guidelines](#)
- ① Job creation & recruiting plans (type of jobs, wages, location)

**46% of Portland, Maine employers said lack of affordable quality child care affected employee retention.<sup>5</sup>**

**82% of working parents say the pandemic has made employer provided child care benefits more important to them.<sup>4</sup>**

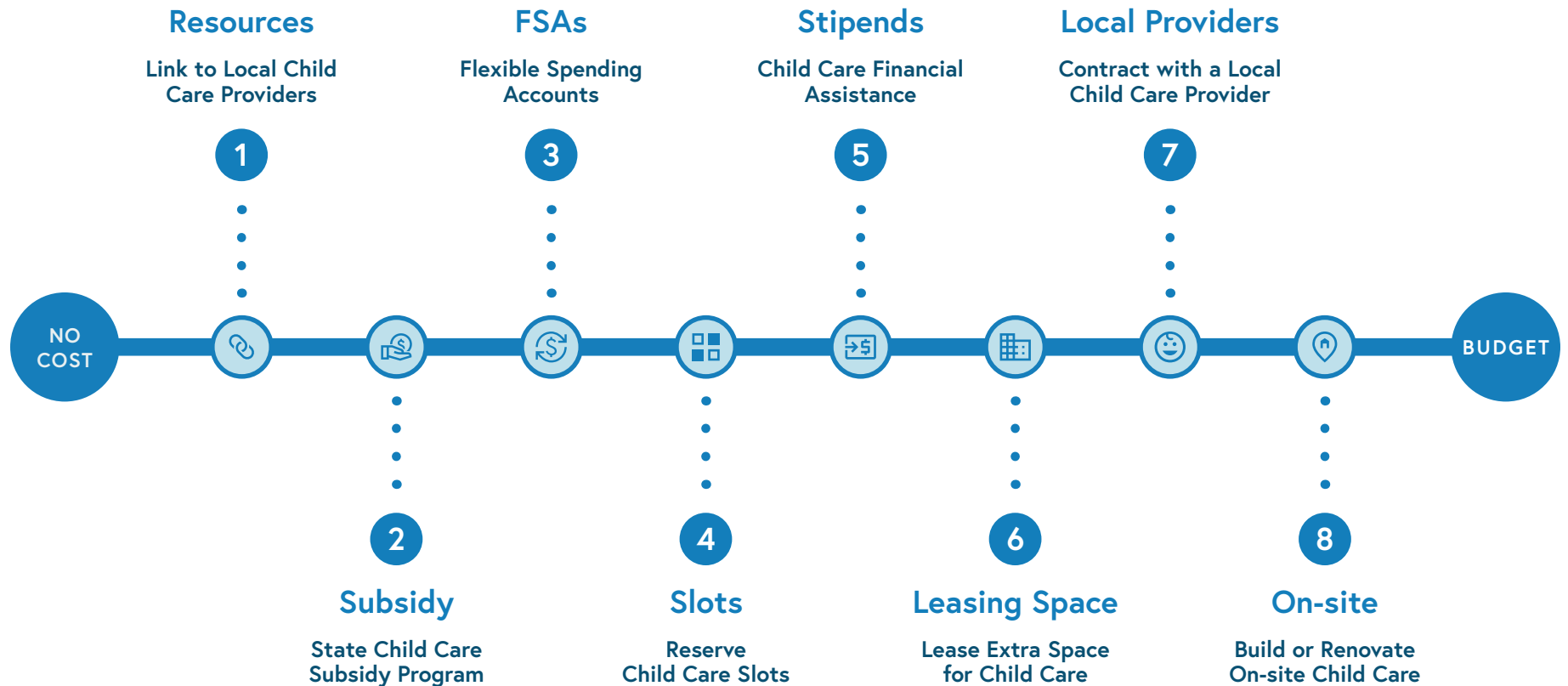


<sup>4</sup> [https://vivvi.com/blog/family/articles/working\\_parents\\_survey](https://vivvi.com/blog/family/articles/working_parents_survey), 2022

<sup>5</sup> Survey: Starting Strong and the Portland, Maine Regional Chamber of Commerce, March 2021

# How Can Employers Help with Child Care?

Employers can implement a variety of family-friendly programs no matter their budget size.



A smiling woman with long, curly hair is holding a baby. The woman is looking at the camera and smiling, while the baby is looking up at her. The background is bright and out of focus.

#### Section 4

## Help Employees Access Child Care



# Share the Link for Local Child Care Providers

A list of all licensed child care providers in Maine can be accessed through [Child Care Choices](#).

## How it works

- ✓ Parents can search by town or zip code to find licensed home-based and center-based child care.
- ✓ Parents can contact child care providers to learn more about their program, fees and availability.

## Tips

- 💡 Add the Child Care Choices [brochure](#) and [website](#) to your new employee orientation packets.
- 💡 Let parents know that if they select a child care provider rated at a 5 Star Quality level, they will receive a refundable State tax credit up to \$500.







# Reserve Slots in Local Licensed Child Care Businesses

Offer your employees' families access to reserved slots at local, high quality child care businesses.

## How it works

- ✓ Identify child care providers near your location or in communities where your employees live. (Consider a variety of home-based and center-based options.)
- ✓ Contract with one or more child care providers to reserve slots for your employees.
- ✓ You will pay for the slots when they are not filled by your employees. When your employees' children are in those slots, the child care provider will be paid by the family or the State Child Care Subsidy Program or both.
- ✓ Employers are eligible for a tax credit up to 25% of expenses associated with providing child care services for employees (up to \$150,000 per year) under IRC Section 162. Consult your tax advisor for more information about your scenario.

## Tips

- 💡 Ask your employees which child care providers they prefer.
- 💡 Before signing a contract, be sure that the child care provider's hours of operation align with the hours your employees typically work.





# Lease Extra Space for Child Care

Rent out extra, unused space at your business to a licensed child provider or someone who has earned the credentials to be licensed.

## How it works

- ✓ Look for space in an environment that is safe for children – perhaps a seldom-used conference room preferably with easy access to space that can be converted to a playground.
- ✓ Contact a child care licensing specialist for an expert opinion on the use of the space for child care.
- ✓ Consider implications for the business and draft terms, such as rent and financial responsibility for required renovations. (Many businesses rent space for below market rates and incorporate other terms that are important to them, such as hours of operation or quality standards.)
- ✓ Identify an existing licensed child care provider interested in expanding to a second location or identify someone with the credentials to be licensed who is keen to start their own business.
- ✓ The child care provider will be responsible for the child care philosophy, furnishings, enrollment, staffing, operations and securing the license. The child care employees will not be your employees. The child care provider will carry appropriate insurance.
- ✓ Negotiate the contract.

## Tips

- 💡 Early in the process, identify who will lease the space and run the child care business. That person will need to develop a business plan, secure the license and possibly source funding for start-up costs.
- 💡 Employers funding renovation of on-site child care may be eligible for a tax credit up to 25% of expenses associated with the renovation (up to \$150,000 per year) under IRC Section 162. Consult your tax advisor for more information about your scenario.
- 💡 Consider adding some of the ideas listed in the [Helping Employees Afford Child Care](#) section of this toolkit.





# Build or Renovate Onsite Child Care

Construct a new building or add on to one on your property.

## How it works

- ✓ Find a child care partner to help you develop and execute the plans, such as an existing licensed child care provider interested in expanding to a second location or someone with the credentials to be licensed who is keen to start their own business. It is not recommended that employers run the child care business or hire the child care employees.
- ✓ In partnership with your child care partner, identify an architect and contractor to develop plans and cost estimates.
- ✓ Create the business plan and draft terms for the child care operation, including rent, financial responsibilities and operational requirements.
- ✓ Contact a child care licensing specialist.
- ✓ The child care provider will be responsible for the child care philosophy, furnishings, enrollment, staffing, operations and securing the license. The child care employees will not be your employees. The child care provider will carry appropriate insurance.
- ✓ Negotiate the partnership contract.

## Tips

- 💡 Identify the child care partner early in the process. That person will need to develop a separate business plan, secure the license and may need to source funding for their start-up costs, e.g., furnishings & children's activities.
- 💡 Employers funding new construction on-site child care may be eligible for a tax credit up to 25% of expenses associated with the build (up to \$150,000 per year) under IRC Section 162. Consult your tax advisor for more information about your scenario.
- 💡 Consider adding some of the ideas listed in the [Helping Employees Afford Child Care](#) section of this toolkit.





A photograph of a man and a baby. The man, on the right, is smiling broadly and looking down at the baby. The baby, on the left, is looking up at the man. The image is faded and serves as a background for the text.

## Section 5

# Help Employees Afford Child Care





# Share the State Child Care Subsidy Program

Inform employees about the State Child Care Subsidy Program which helps income eligible families pay for child care so that parents can work, go to school or participate in a job training program.

## How it works

- ✓ Share [income guidelines](#) for Child Care Subsidy Program and complete the [Child Care Subsidy Application](#).
- ✓ A parent co-pay, up to 10% of a family's annual gross income, is required. The State covers the balance of the child care fees.
- ✓ Employers are required to complete a portion of an employee's application to the Child Care Subsidy Program.

## Tips

- 💡 Pre-populate page 5 of the [Child Care Subsidy Application](#). (Eliminate any stigma associated with an employee having to ask you for the form.)
- 💡 Let parents know that if they are eligible for the State Child Care Subsidy Program, their parent co-pay decreases if they choose a 4-Star or 5-Star Quality rated child care provider.





# Flexible Spending Accounts

Offer Dependent Care Flexible Spending Accounts (FSA), enabling parents to use pre-tax dollars for child care.

## How it works

- ✓ Employers establish a Dependent Care Flexible Spending Account (FSA) plan through an insurance broker. (An employee cannot establish their own FSA.)
- ✓ Employees and employers can contribute up to a combined total of \$5,000 per year per employee. There is no requirement for an employee or an employer to contribute and there is no match requirement. (An employee can withhold up to \$5,000 from their paychecks or the employer can contribute the entire \$5,000 or each can contribute up to a combined \$5,000 total.)
- ✓ All FSA contributions are free of payroll and income taxes; FSAs are funded with pre-tax dollars. Consult with your tax advisor for more information.
- ✓ Employees pay for child care expenses out of pocket and are reimbursed through the Dependent Care FSA after submitting receipts.
- ✓ There are some "use it or lose it" restrictions; check with your FSA Plan Administrator for more information.

## Info to know

- ① Average one-time start-up costs for a business with fewer than 100 employees is less than \$1,000 total.
- ① Average recurring costs (paid by the employer) are less than \$20 / year per participating employee.
- ① Using pre-tax dollars to fund child care, employees save an average of 30% and employers save an average of 7% in taxes.
- ① Call your local insurance agent and tax advisor to learn more.





# On-Site & Contracted Child Care

Contract with local licensed child care businesses to provide child care services either near or at your location.

## How it works

- ✓ **Nearby:** Identify child care providers near your location or in communities where your employees live. (Consider a variety of home-based and center-based options.)
  - ✓ **On-site:** Identify child care providers near your location who may want to open a second site in your space. Or, identify someone with the credentials to be licensed who will lease your space.
  - ✓ Contract to pay for a percentage, a fixed rate or all of the child care costs for your employees.
  - ✓ If you are partially funding child care fees, establish a [Dependent Care FSA](#) for parent pre-tax contributions.
  - ✓ Develop your employee communication plan.
- Employers are eligible for a tax credit up to 25% of expenses associated with providing child care services for employees (up to \$150,000 per year) under IRC Section 162.
- ✓ Consult your tax advisor for more information.

## Tips

- 💡 Negotiate to include your unique business needs, e.g., hours of operation or seasonality.
- 💡 Establish expectations with child care providers about vacancies and rates for families who are income eligible for subsidy and private pay tuition.
- 💡 It is not permitted to discriminate in favor of highly compensated employees.
- 💡 Develop a written policy for employees, including eligibility and what happens at termination of employment.
- 💡 Develop a written policy to explain the cost sharing model if the business is partially funding the cost of child care.
- 💡 If you establish a tiered system to partially fund employee child care, use the employee income as the determining factor. (Collecting and managing household income will create an administrative burden.)
- 💡 Encourage employees who may be income eligible to complete the [Child Care Subsidy Application](#).



# Stipends to Families for Child Care

Implement direct payments to families to cover the full or partial cost of their child care.

## How it works

- ✓ Provide stipends to employees with children, so they can spend the money however they see fit.
- ✓ Could expand to include similar options for employees in different life stages.

## Tips

- 💡 Implement a [Dependent Care Flexible Spending Account \(FSA\)](#) and fully fund the FSA at \$5,000 per employee per year before implementing a direct pay stipend program. The FSA is tax advantaged for the employee & employer.

## Info to know

- ⓘ Easy to implement and to tier based on employee wages.
- ⓘ If you do not implement a Dependent Care FSA, or if you provide a stipend in addition to \$5,000 that an employee has in a Dependent Care FSA payments are considered a taxable benefit for employees and businesses are responsible for payroll taxes.
- ⓘ If you do not implement a Dependent Care FSA, or if you provide a stipend in addition to \$5,000 that an employee has in a Dependent Care FSA the payments will be reported on as income W-2's, and some employees may consider it to be a "wage reduction" when the payments cease.





A woman with blonde hair, wearing a dark long-sleeved shirt, is smiling and looking down at a baby. The baby is lying on its back, wearing a white onesie with a floral pattern. The woman's hands are gently holding the baby's head and shoulders. The background is a soft, out-of-focus light color.

## Section 5

# Child Care Assistance Scenarios

# Allocating \$1,000 to Child Care Costs

## Scenario

- ✓ 10 employees; 5 have children; average wages: \$26/hour
- ✓ You are interested in helping parents find child care
- ✓ You do not currently have funding to allocate to child care; you might be able to allocate \$1,000 in the coming year to help your employees with child care



## Actions you can take

- 1 Share the link to all licensed child care providers in Maine with your employees: [Child Care Choices](#).
- 2 Share information about the State Child Care Subsidy Program that helps income eligible families pay for child care so that parents can work. Pre-populate page 5 of the [Child Care Subsidy Application](#).
- 3 Offer a Dependent Care FSA so that parents can withhold pre-tax dollars for child care from their paychecks. (Employees will save an average 30% and employers will save an average 7% in taxes.) The cost for employers will be less than \$1,000 in the first year and less than \$20 per employee per year before accounting for payroll tax savings. Have a broker come explain the benefit to your employees and encourage adoption.

# Allocating \$5,000 to Child Care to Reduce Turnover Costs

## Scenario

- ✓ 30 employees currently; planning to add 5 new jobs starting at \$20/hour
- ✓ About a third of employees have children younger than 5 years old and most live within 10 miles of your business.
- ✓ You have struggled to retain working parents and you are concerned about finding workers for your new jobs.
- ✓ You think employee turnover cost you \$10,000 in productivity last year. You'd like to re-allocate \$5,000 to helping parents find child care.



## Actions you can take

- 1 Share the link to all licensed child care providers in Maine with your employees and add it to your new employee orientation material: [Child Care Choices](#).
- 2 Share information about the State Child Care Subsidy Program which helps income eligible families pay for child care so that parents can work. Pre-populate page 5 of the [Child Care Subsidy Application](#) and put it in your new employee orientation material.
- 3 Offer Dependent Care Flexible Spending Accounts (FSA) where parents can withhold pre-tax dollars for child care from their paychecks. (Employees will save an average of 30% and employers will save an average of 7% in taxes.) Have a broker come explain the benefit to your employees and encourage adoption.
- 4 Consider contributing \$500 to each parent's Dependent Care FSA; it will cover more than a week of child care for 1 child. (Cost for 10 employees = \$5,000.)
- 5 Reserve child care slots in local licensed child care businesses. You will pay for the slots when they are not filled by your employees. When your employees' children are in those slots, the child care provider will be paid by the family or the State Child Care Subsidy Program or both. (Cost will vary; likely to be less than \$2,000.)

# Re-purposing Unused Company Space

## Scenario

- ✓ 60 employees currently with a third earning more than \$70,000 a year; planning to add 7 new jobs starting at \$25 /hour
- ✓ You have struggled to retain employees and you are concerned about finding workers for your new jobs.
- ✓ You do not know how many employees have children. You have an unused room in your building!



## Actions you can take

- 1 Survey your employees to ask about child care needs. Contact a child care licensing specialist for an expert opinion on how your unused room could be used for on-site child care.
- 2 Contact existing licensed child care providers to explore their interest in expanding to a second location. Get the word out that you are looking for someone with the credentials to be licensed who is keen to start their own business and lease space at your location.
- 3 Consider implications for the business, establish a budget and draft terms for the child care operation, including rent and financial responsibility for required renovations. Costs will vary. (Many businesses rent space for below market rates and incorporate other terms that are important to them, such as hours of operation or quality standards.)
- 4 Offer Dependent Care FSA so that parents can withhold pre-tax dollars for child care from their paychecks. (Employees will save an average of 30% and employers will save an average of 7% in taxes.) Have a broker come explain the benefit to your employees and encourage utilization.



# About Best Place for Working Parents®

The Best Place for Working Parents® is a growing network of business leaders proving that family-friendly is business-friendly. Through a first-of-its-kind 3-minute online business self-assessment, organizations across the country are gaining this competitive designation that recognizes innovation across the top 10 research-backed family friendly policies proven to benefit working parents AND employers' bottom line.

Our online self-assessment and designation was developed together with 100 business leaders who recognized family-friendly practices as a critical lever for catalyzing and empowering a changing workforce, and as a keen business strategy for attracting and retaining today's top talent.

The Best Place for Working Parents® top 10 research backed family-friendly policies are relevant to businesses of every size and industry, and include low- or no-cost options that are proven to boost employee attraction, retention, loyalty, productivity, and engagement. The Best Place for Working Parents® is supported by national research that demonstrates the power of these practices in impacting working parents and their families, and for the businesses that implement them.

The 3-minute online self-assessment instantaneously allows business leaders to see if their organization earned a Best Place for Working Parents® designation, along with a dashboard of their company's results as compared to other businesses of like size and industry. The self-assessment results dashboard is dynamic and updated each time a new business takes the assessment.

To learn more, visit [BestPlace4WorkingParents.com](https://BestPlace4WorkingParents.com).



## Best Place for Working Parents® Maine:

### Ana Hicks

Governor's Office of Policy Innovation and the Future  
Ana.Hicks@maine.gov

### Crystal Arbour

Office of Child and Family Services, DHHS  
Crystal.Arbour@maine.gov

## Best Place for Working Parents® National:

### Sadie Funk

Best Place for Working Parents®  
sadie@bestplace4workingparents.com

### Sara Redington

The Miles Foundation  
sredington@milesfdn.org



[BESTPLACE4WORKINGPARENTS.COM](https://bestplace4workingparents.com)