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City Club of Portland (Portland, Or.)

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SURVEY OF CHILD CARE BENEFITS
PROVIDED BY PORTLAND METRO AREA EMPLOYERS

SUMMARY

Background

Child care is, and will continue to be, an issue with employees for the following reasons (1):

- Only 11 percent of American families have a father breadwinner and mother homemaker;
- Over 50 percent of all children in two parent families have mothers in the labor force;
- 60 percent of all American families are dual-career families;
- As of March 1983, half of all women are in the paid labor force; and
- 80 percent of working women will become pregnant sometime during their careers.

These facts, coupled with lost productivity by employees due to child care problems, indicate the need for employers to take this issue seriously, not only to help their employees, but also to improve productivity.

In March 1983, the City Club issued its report, "Child Care Needs of Working Parents in the Portland Metropolitan Area". The report specifically recommended that a child care task force be established to monitor and report on:

1. The establishment and maintenance of a central computerized information and referral system to link child care providers and users; and
2. Business acceptance and implementation of child care oriented policies, such as flextime, optional benefit packages, and child care information for employees.

In July 1985, the City Club's child care task force issued the second of three annual child care benefit surveys to Portland metropolitan area companies and agencies. The survey was designed to gather information about child care benefits provided by the employers in the greater Portland area and to monitor changes in child care benefits over the three-year period. The Task Force received 132 replies to the 1985 written questionnaire, of which 84 also had replied to the 1984 survey.

Survey Results

The study findings are based on analyses that compared 1) the 1985 and 1984 sample totals, and 2) the subsample of companies responding in both 1985 and 1984. The results for these two groups were very similar.

In general, the 1985 data confirm the findings reported in 1984 and support additional confidence in their reliability. With few exceptions, the 1985 survey reported little change in the frequency of benefits offered by companies responding.

The survey supported the fact that adequate child care was an issue among employees. Sixty percent of the companies responding indicated child care was an average, above average, or high priority issue with their employees.

The following table summarizes the percentage of survey companies currently offering 16 different child care benefit options.

PERCENTAGE OF RESPONDING COMPANIES OPERATING CERTAIN
CHILD CARE OPTIONS

	<u>1985</u>	<u>1984</u>
Sick leave for family illnesses	57%	43%
Flexible hours in emergency	56%	56%
Flexible work hours regularly	37%	38%
Shared work positions	28%	29%
Flexible workplace in emergency	20%	*
Contracted information and referral	14%	3%
Child care information on bulletin boards	14%	11%
Flexible workplace	11%	*
Employee information meetings	8%	*
Child care newsletter	6%	*
Bring child in emergencies	5%	*
Child care in flexible benefit plan	2%	1%
On-site child care facility	1%	1%
Bring child to work regularly	1%	*
Child care coordinator on staff	1%	*
Off-site child care facility	0%	1%

* No 1984 comparable data available

Flexible hours in emergencies and sick leave for family illness headed the list of benefits currently offered by Portland companies. The practice of allowing flexible hours in work schedules to accommodate child care emergencies was reported by 56 percent of companies in both years. Another already widespread company policy became even more extensively adopted in 1985 -- allowing the use of sick leave for illness of family members. In 1985, 57 percent of the companies responding allowed this option, as compared to 43 percent in 1984.

It is significant that the two policies most frequently identified are those that allow families some measure of flexibility in dealing with child care emergencies. As "child care benefits", their costs are indirect and probably modest since the policy simply recognizes emergencies that are inevitable. By contrast, options involving direct subsidy of child care continue to show extremely low frequencies of implementation. Only one percent of Portland companies responding to the 1985 survey finance on-site child care facilities, and no companies reported off-site facilities.

Finally, an increase from 3 percent to 14 percent occurred in the number of Portland companies contracting for information and referral services. Similarly, the percentage of companies that had not considered this option dropped to 69 percent from 81 percent. Nineteen percent of the companies responding in both 1985 and 1984 now contract with an information and referral service as compared to 5 percent in 1984. This shows progress for a program which the City Club recommended in its April 1983 report.

Lower Cost Child Care Options

Many of the child care benefits which employers can offer have little or no direct cost associated with them. Discussed above were the use of sick leave for family illnesses and flexible hours in the case of child care emergencies. Both of these options currently are offered by over 50% of the companies responding. Other lower cost options which have not gained widespread acceptance include child care information shared through a company newsletter or bulletin board, employee child care information meetings, and flexible workplaces (i.e. allowing the employee to work at home) in the case of child care emergencies. A contracted information and referral service is also a lower-cost option which has been implemented by only 14 percent of the survey companies.

Flexible benefit plans, also known as "cafeteria" plans, are another method of offering child care benefits. While more complex to administer than a standard benefit package, "flex plans" allow employees to choose benefits from a "menu" of various benefits, usually including health and life insurance, additional vacation, child care, etc. Frequently, such plans help minimize benefit costs to employers while maximizing value to employees as the employee chooses only those benefits which he or she can use. For example, dual-career families can opt to spend benefit dollars for such items as child care or additional vacation rather than for medical insurance which may be duplicated at the spouse's place of employment. In addition, child care benefits provided under flexible benefit plans are less likely to be perceived as inequitable by those workers without children, as each worker can individualize his or her own benefit package.

A properly structured, flexible benefit program can provide child care benefits in the following ways:

- Salary reduction. The individual reserves a portion of salary for child care services. This amount of salary then becomes nontaxable to the employee, which, in effect, lowers the cost of child care.

- Trading benefits. The employee selects child care in lieu of other employer-provided fringe benefits.
- Company-provided "benefit currency". This "currency" is used to purchase increased benefits, one of which could be child care.

Flexible benefit plans have not yet received widespread acceptance. Only 2 percent of companies responding to the 1985 survey have implemented such plans. However, such plans may aid employers in containing benefit costs and assisting with child care benefits. The containment of benefit costs in most situations will offset significantly the administrative costs of the flexible benefit plan.(2)

Information and Referral Service

The 1983 City Club report made the following recommendation:

The community needs a central, metropolitan Child Care Resource Center. The major component of this Center should be a computerized Information and Referral (I&R) Service. The computerized information would link providers and users, as well as develop an accurate data base for planning and delivering child care services . . . Financing should include in-kind contributions, grants, direct payment for services from businesses (subscriptions), and loaned personnel . . . The Child Care Coordinating Council (4C), a local, private, non-profit agency, successfully incorporate(s) the basic ideas and structure of the model Center that we envision. Thus, we recommend using this existing agency as the basis for a larger, more comprehensive system.

Eighteen companies and public agencies now contract with 4C. The program is successfully established, with "information and referral" services financed by the participating companies. However, due to a lack of funding, 4C cannot meet its goal of providing information and referral to the community at large. Thus, access to the information service currently is limited to employees of participating companies. As a result, 4C will need even wider community support if it is to realize the goal of providing a comprehensive community service that will help all members of the community find child care. Businesses, in general, have been hesitant to become the sole source of funding for these services. Therefore, funding apparently will need to come from a coalition of sources, including additional businesses, government (city, county or state level) and an agency such as United Way.

Summary

Child care will continue to be an issue due to the current and future demographics of the workforce. Companies frequently deal with child care emergencies through flexible hours and use of sick leave. However, few companies have implemented benefits to assist their employees with regular child care, even though many of the benefits available are of relatively low cost. With companies being slow to assist in this area, the need for a

community information and Referral Service continues to be significant. However, a stable source of funding for the service needs to be found.

In 1986 the Child Care Task Force will issue its third and final survey of child care benefits provided by metropolitan area companies in 1986 and report on any changes or trends occurring over the three-year period.

Respectfully submitted,

Beth Blunt
Margaret Browning
Beverly Davis
Arthur Emlen
Susan Gallagher
Chris Hefty
Karen Morgan
Sharon Paget
Richard Yugler
Betsy Crudele, Chairman

CHILD CARE TASK FORCE
STANDING COMMITTEE ON HUMAN SERVICES

Your Committee wishes to thank Arthur Emlen and the Regional Research Institute for Human Services, Portland State University, for assistance in processing and analyzing the survey results.

Approved by the Board of Governors on December 16, 1985 for publication and distribution to the membership. Because this report carries no conclusions or recommendations, no official action is required of the membership.

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- (1) Sandra Burud, Pamela Aschbacher, Jacquelyn McCrokey, Employer Supported Child Care, (Dover, Massachusetts: Auburn House Publishing Company, 1984).
(2) Ibid.

COMING PROGRAMS

Science Breakfast, Thursday, February 6: Internationally known brain researcher *Dr. Edward Herbert* will discuss "Understanding The Genetic Basis of Behavior." The breakfast will be in Miller Hall of the World Forestry Center, across from OMSI. Reservations are necessary, and may be made by calling the Club's office line, 228-7231, before noon, Tuesday, February 4. Cost is \$6.50 for breakfast, \$2.50 for coffee/juice only. Sorry **no credit cards** at the Forestry Center. The public is invited.

Second Wednesday Club, February 12: "Where Will The Water Fall? The Future of Hydropower Development in Oregon." Details on page 560.

Friday, February 14: *Dave Frohmayer*, Attorney General of the State of Oregon. The Club's Program Committee has asked *Frohmayer* to discuss what his agenda for Oregon would be if he were governor. (Noon, Mayfair Room).

Friday, February 21: *Robert D. Scanlan*, Coldwell Banker, Senior Vice President/Regional Manager, NW/Mountain Region, sketches his vision of Oregon's future in "Do We Have a Dream?" (Noon, Mayfair Room).

Friday, February 28: *Don Hodel*, Secretary of the Interior (Noon, Mayfair Room).

NEW LUNCH PRICE

EFFECTIVE THIS FRIDAY

The Westin Benson has announced an increase of 50 cents in the price of lunches, effective this Friday, February 7. New luncheon prices will be \$8.50 for members and \$10.50 for guests. Coffee tickets will remain at \$2.25. The last increase in lunch prices occurred one year ago.

NEW MEMBERS

The following individuals have applied to the Board of Governors for membership in the City Club of Portland, effective February 7, 1986 (continued from last week):

Douglas Fowler, Attorney, Gaylord, Thomas and Eyerman, sponsored by Phillip David.

Susan Holloway, Marketing Director, Northwest Strategies, sponsored by Len Bergstein.

Mary Holt, Attorney, Jolles, Sokol & Bernstein, sponsored by Kris Olson Rogers.

Max Klicker, Vice President-Actuary, First Farwest Insurance Companies, sponsored by Richard Page.

Nancy Knocke, Community Volunteer, sponsored by Virginia Willard.

Patsy Lindsay, Clinic Coordinator, Kaiser Permanente, sponsored by Gretchen Kafoury.

Alan Ludlow, Sr. Vice President, Oregon Bank, sponsored by Isaac Regenstein.

Sonya McDowell, Dept. Chair, Portland Community College, sponsored by Angel Pilato.

Patricia Rees, sponsored by Wendy Lee.

John Rees, Vice President & General Manager, The Quadrant Corporation, sponsored by Wendy Lee.

Judith Rose, Partner, Fox Publishing, sponsored by John Braestrup.

EFFECTIVE February 14, 1986:

Susan Kerns, Interior Designer, Zimmer, Gunsul, Frasca, sponsored by James Van Duyn.

Dennis Kuhnle, Resident Manager, Coldwell Banker, sponsored by Susan Kuhnle.

Timothy Ryan, Junior Executive, Ryan Communications, sponsored by Peter Ryan.

Anita Taylor, Medical Educator and Writer, Oregon Health Sciences University, sponsored by Ann Paxton.

(New Members Continued Next Week)

NEWSPAPER SECOND CLASS POSTAGE PAID AT PORTLAND, OREGON
