

4-17-1987

Information Report: Survey of Child Care Benefits Provided by Portland Metro Area Employers

City Club of Portland (Portland, Or.)

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Recommended Citation

City Club of Portland (Portland, Or.), "Information Report: Survey of Child Care Benefits Provided by Portland Metro Area Employers" (1987). *City Club of Portland*. 419.

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INFORMATION REPORT:
SURVEY OF CHILD CARE BENEFITS
PROVIDED BY PORTLAND METRO AREA EMPLOYERS

To the Board of Governors,
City Club of Portland:

I. INTRODUCTION

In June 1984, the City Club Child Care Task Force began monitoring business acceptance and implementation of child care benefits offered to employees as a follow up to the recommendations of the 1983 Club report on Child Care Needs of Working Parents in the Portland Metro Area. The Task Force collected various articles and reports, and surveys were sent to 535 metro area companies and 12 government entities for three successive years to determine the progress and trends in child care benefits among local employers. One hundred and fifty replies were received in 1984, which decreased to 132 replies in 1985, and 102 in 1986. This report is the third and final report of the Child Care Task Force. Full results are available at the City Club offices.

We would like to thank the participating companies for their assistance over the 3-year period in our survey. The Task Force also extends a sincere thank you to Dr. Arthur Emlen of Portland State University's Regional Research Institute for Human Services for his efforts in compiling and analyzing the survey results.

II. SUMMARY OF SURVEY FINDINGS

Demographic changes are putting pressure on employers to re-orient the work place to parenting needs, but only minor implementation of direct cost child care benefits has occurred over the 3-year survey period. Many employers are beginning to offer a variety of no-cost or low-cost benefits in order to keep pace with employee child care needs. Typically, these include flexible hours in work schedules to accommodate routine or emergency child care needs, and the use of sick leave for family illnesses. Direct child care benefits, such as providing child care, have received only minor implementation.

A sharp increase occurred in the number of companies contracting for information and referral (I & R) services to provide employees with assistance in finding child care. This increase followed the 1983 City Club recommendation that employers provide I & R services. While the initial percentage of increase in I & R was dramatic (an increase of 3% in 1984 to 14% in 1985), the measurable growth of these benefits has not continued to increase, and remains at 13%.

III. THE DEMOGRAPHIC FACTOR

The increasing need for child care is directly related to the dramatic rise in working women, single parents and two-career families. Child care is clearly a family issue. A recent nationwide survey showed that not only family responsibilities, but also child care-related stress and missed work days to care for sick children, are shared by both parents.⁽¹⁾ According to labor department statistics, less than 10% of American families now can

1 Fortune Magazine, February 16, 1987, page 31.

be characterized as traditional (dad at work and mom taking care of children), down from 48% just 11 years ago.(2) Nearly half of the work force is made up of two-career families and single parents. Of mothers with children under three, nearly half have jobs.(3)

The work force demographics of City Club survey respondents reflect the national picture. In the metropolitan area, 68.4% of the employers responding to the survey indicated that at least 66% of their work force was female. Fifty-six percent of employers reported that more than 50% of their employees are under age 40. Sixty percent of employers stated that the median age of their employees is between 30 and 40.

The City Club Child Care Task Force survey attempted to reach every type of organization from manufacturing to electronics, retail, communications, government agencies, health care and other professional services. Eighty percent of the organizations surveyed reported an employee work force under 1,000. Thirty-three percent of the organizations stated they had 50 or fewer employees.

The chart below summarizes the variety of child care options being offered by the City Club Child Care Task Force survey respondents.

IV. DISCUSSION OF SURVEY FINDINGS

Twenty-one percent of employers reported that they have discussed employee child care needs with their employees. Sixty-seven percent of employers perceived that child care is an average to high priority concern with their employees. Nevertheless, a high number of employers, approximately 70%, have never considered any form of direct-cost child care benefit options. Among employers who have considered some form of child care benefits, cost was not a significant factor in rejecting the majority of benefits.

Among employers who have considered forms of employee child care benefits, the clear trend in the Portland metro area is a steady increase in personnel policies which permit the use of sick leave for family illnesses, and modified or flexible work schedules to meet child care responsibilities. An average of 43% of reporting employers allowed some form of flexible hours in work schedules, accommodations in the case of a child care emergency, or job share arrangements. Thirty-three percent allowed the use of sick leave for family illnesses. The percentage of change in each of these categories indicates there has been a widespread employer acceptance of flexible low-cost policies to meet employees' family responsibilities.

The most favored benefits were flexible employment policies which have little or no direct cost to the company. Indeed, employers perceived such benefits as having a positive effect on employee morale. For example, Pendleton Woolen Mills has implemented a flex-hour benefit. Under this policy, employees may establish schedules which enable them to attend to their family and child care needs. Pendleton reported few scheduling difficulties and a limited additional administrative burden in monitoring employee work performance outside ordinary business hours. Additional costs were reported to be insignificant.

2 Washington Times, April 10, 1986, page 12C.

3 Fortune Magazine, February 16, 1987, page 32.

Percentage of Responding Companies
Operating Certain Child Care Options

<u>Benefit</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1984-86 % Change</u>
<u>A. Employer Flexibility</u>				
1) Flexible work hours regularly	38%	37%	43%	13%
2) Flexible hours in emergency	56%	56%	60%	7%
3) Flexible work place regularly	*	11%	15%	
4) Flexible work place in emergency	*	20%	22%	
5) Sick leave for family illnesses	43%	57%	57%	33%
6) Shared work positions	29%	28%	37%	28%
7) Bring child to work regularly	*	1%	0	
8) Bring child in emergencies	*	5%	14%	
<u>B. Information Benefits</u>				
9) Contracted information and referral	3%	14%	13%	333%
10) Child care information on bulletin boards	11%	14%	19%	73%
11) Employee information meetings	*	8%	9%	
12) Child care newsletter	*	6%	7%	
<u>C. Direct Subsidization Benefits</u>				
13) Off-site child care facility	1%	0	2%	100%
14) Child care coordinator on staff	*	1%	2%	
15) On-site child care facility	1%	1%	1%	0
<u>D. Flexible Benefits Plans</u>				
16) Child care in flexible benefit or cafeteria plan	1%	2%	9%	800%

* No 1984 comparable data available.

Spears, Lubersky, Campbell, Bledsoe, Anderson & Young, a Portland law firm, permits employees to job-share, which allows employees an opportunity to tailor their working hours to child care needs. Wilsey & Ham, a west coast engineering firm, allows the use of sick leave for family illness. Both employers reported minimal cost and an insignificant administrative burden in managing the programs, as well as improved employee morale.

Arthur Andersen & Co. has implemented a company-wide policy allowing employees to set aside up to \$4,800 of salary, which may be used to pay for child care or employee medical care. This type of plan often is called a "flexible" benefit or "cafeteria" plan. Small and medium-size companies may find advantages in such a program. By channeling expenses through the employer, the employee is allowed to pay for their benefits in "before tax" dollars. Other Portland employers that have developed similar plans are Good Samaritan Hospital & Medical Center, U.S. Bancorp, and the City of Portland.⁽⁴⁾ While there are administrative costs to such programs, employers frequently reduce FICA taxes, thereby recovering their administrative costs.

⁴ Permission was obtained through personal contact with employers cited above for use of information regarding employment policies.

Some pace-setting employers have implemented benefit programs involving significant direct cost to the employer, such as information and referral services (I & R). I & R is a direct-cost child care benefit, which usually is contracted through an outside organization. I & R assists employees in selecting child care providers who meet individualized parenting criteria and needs. Employers such as Providence Medical Center, for example, reported no administrative burden as the program is administered by an outside provider, the Northwest Family Network. From 1984 to 1986, a substantial increase occurred in the number of employers providing I & R services. From 1985 to 1986, however, the growth in I & R has remained the same.

Most other direct-cost benefits, including on-site centers, have not gained acceptance in the community. Such higher cost options are limited to the employees of large organizations.

V. OREGON COMMISSION ON CHILD CARE REPORT

In 1986, the Oregon Commission on Child Care reported to the Governor's office that child care is an area ripe for partnership between the private and public sectors. It recognized that the State must begin to focus on child care benefits in order to plan for the ongoing increase in the percentage of the labor force that is female. Quality child care, the Commission concluded, is an investment in Oregon's future. Similarly, affordability of child care is a key factor in eliminating welfare dependency. The Commission recommended revisions in current regulations, including insurance and tort reform in the child care area. The Commission noted that infant and toddler care are most in demand, but recognized that direct costs for such programs require subsidization. It recommended that there be more "before and after" school care and that information and referral systems be implemented to serve all Oregon communities.(5)

Governor Neil Goldschmidt's budget proposes a child care coordinator position within the Economic Development Department. This action suggests the Governor has placed significant emphasis on the importance of child care in Oregon's economic comeback.

VI. CONCLUSIONS

There is little doubt that child care issues are affecting American business and American workers. Fortune Magazine recently commissioned the first nationwide study on the relationship between child care problems and productivity, and found that "problems with child care are the most significant predictors of absenteeism and unproductive time at work."(6) The City Club survey indicated that most employers have not considered direct-cost child care benefits, although the majority of employers perceive that child care is an average to high priority concern with their employees.

The Child Care Task Force's most significant survey finding was the steady growth of employer flexibility and low-cost benefit programs. Survey results indicated that such programs are gaining a permanent

5 Child Care in Oregon: A Quiet Crises - Report to the Governor, 1986, Oregon Commission on Child Care.

6 Fortune Magazine, February 16, 1987, page 31.

foothold in the work place. The Task Force found that employers who offer such programs have done so successfully, with noticeable improvement in employee morale.

The City Club's recommendations, that employers provide information and referral services, and that stable funding be provided these services, remain valid. Generally, these moderate-cost child care benefits are not provided in the metro area. Higher cost child care benefits (including child care facility subsidization) remain limited to employees of large, prosperous organizations.

Employers can expect growing pressure from their employees to provide direct child care benefits. Demographic changes that have made child care a workplace issue are expected to continue through the end of this century. Families are changing much faster than business has reacted, and many employers will find themselves rushing to provide child care benefit programs in order to recruit and retain qualified personnel. Employers who implement child care benefits can expect to reap significant positive benefits in return: improved employee productivity and morale, as well as the ability to attract and retain top quality personnel.

Respectfully submitted,

Margaret Browning
Beverly Davis
Arthur Emlen
Karen Morgan
Sharon Paget
Richard S. Yugler
Betsy Crudele, Chairperson

CITY CLUB CHILD CARE TASK FORCE

Approved by the Board of Governors on March 30, 1987 for publication on April 10, 1987. NOTE: BECAUSE THIS REPORT CARRIES NO CONCLUSIONS OR RECOMMENDATIONS NO OFFICIAL ACTION IS REQUIRED OF THE MEMBERSHIP.

The City Club has a Task Force on Hanford, chaired by *Edward Finklea* who prepared this background article. The Task Force is a part of the Energy & Environment Standing Committee, chaired by *Lynn Dingler*.

Child Care Survey Project A Success

The third annual City Club survey of child care benefits in the Portland metro area is printed in this *Bulletin*. The surveys were generated by the recommendations of the 1983 Club report on *Child Care Needs of Working Parents in the Portland Metro Area*. A Child Care Task Force successfully proposed to the Board of Governors that three annual surveys be taken to monitor business acceptance of child care benefits. Copies of the previous two surveys are available from the Club office.

Special recognition goes to the Task Force members who have worked many hours on this project: *Betsy Crudele*, Chair; and members *Margaret Browning*, *Beverly Davis*, *Arthur Emlen*, *Karen Morgan*, *Sharon Paget* and *Richard Yugler*. The Task Force has been working in cooperation with the Human Services Standing Committee, chaired by *Irene Fischer-Davidson*.

Research Fund Receives Generous Bequest

The City Club Research Fund recently received a generous bequest of ESI stock from *Clayton Strain*, who died in February. *Mr. Strain*, co-founder of Electro Scientific Industries, was actively involved in the City Club for nearly 20 years. The Research Fund, which was formerly the City Club Foundation, is a special endowment dedi-

cated to providing support to the research activities of the Club. The Fund is managed by the Club's Investment Committee, with the goal of maintaining the corpus of the fund over time. This gift from *Mr. Strain* is a tribute to his dedication to the City Club and our community.

New Member Reception May 19

A reception for new members will be held Tuesday, May 19, 1987, from 5-7 pm at the Portland Building, Second Floor, Room C. New members and other interested Club members are invited to come talk with representatives from various Club activities and to meet other new members. Call 228-7231 if you plan to attend.

New Member Welcome!

Barbara Basney, Director of Business Research, Northwest Strategies, sponsored by *Wendy Hughson*.

Kendall Blunt, Student, Lewis & Clark College, sponsored by *Beth Blunt*.

Jerry Florence, Director of Corporate Communications, Epitope, Inc., sponsored by *Kandis Brewer*.

Andrew Gardner, Attorney/Partner, Stoel, Rives, Boley, et al, sponsored by *Charlie Hinkle*.

Eloise MacMurray, Program Coordinator, Central Oregon Arts Compact, sponsored by *Douglas Davis*.

Robert Stuva, Executive Director, Portland Habilitation Center, Inc., sponsored by *Edward Look*.

Joni Topper, Assistant Vice President, Seattle-First National Bank, sponsored by *James Larpenteur, Jr.*

NEWSPAPER SECOND CLASS POSTAGE PAID AT PORTLAND, OREGON
