

# Employer-Based Child Care Feasibility & Assessment Guide



**COLORADO**

**Department of Early Childhood**

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# Introduction

Thank you for your interest in learning about employer-based child care solutions. This guide illuminates the process of exploring employer-based early care and education (ECE) and will guide readers through initial steps to identify whether this might be an approach an employer is interested in taking. After working through this guide, users will understand the core components of the decision-making process and be able to identify the assets and opportunities for their organization related to employer-based child care.

This guide is geared toward:

- Colorado-based working parents who are passionate about this issue and are seeking resources to bring to their employer leadership on this topic OR
- Individuals who have been asked by the leadership of their organization to explore employer-based child care.

After working through the guide, users will be able to:

- Explain to others the relevance of employer-based care in their organization
- Further define the opportunity to pursue employer-based care (potential number of slots, space needed, etc.)
- Identify the key steps within the exploration process
- Understand a high-level timeline for implementation



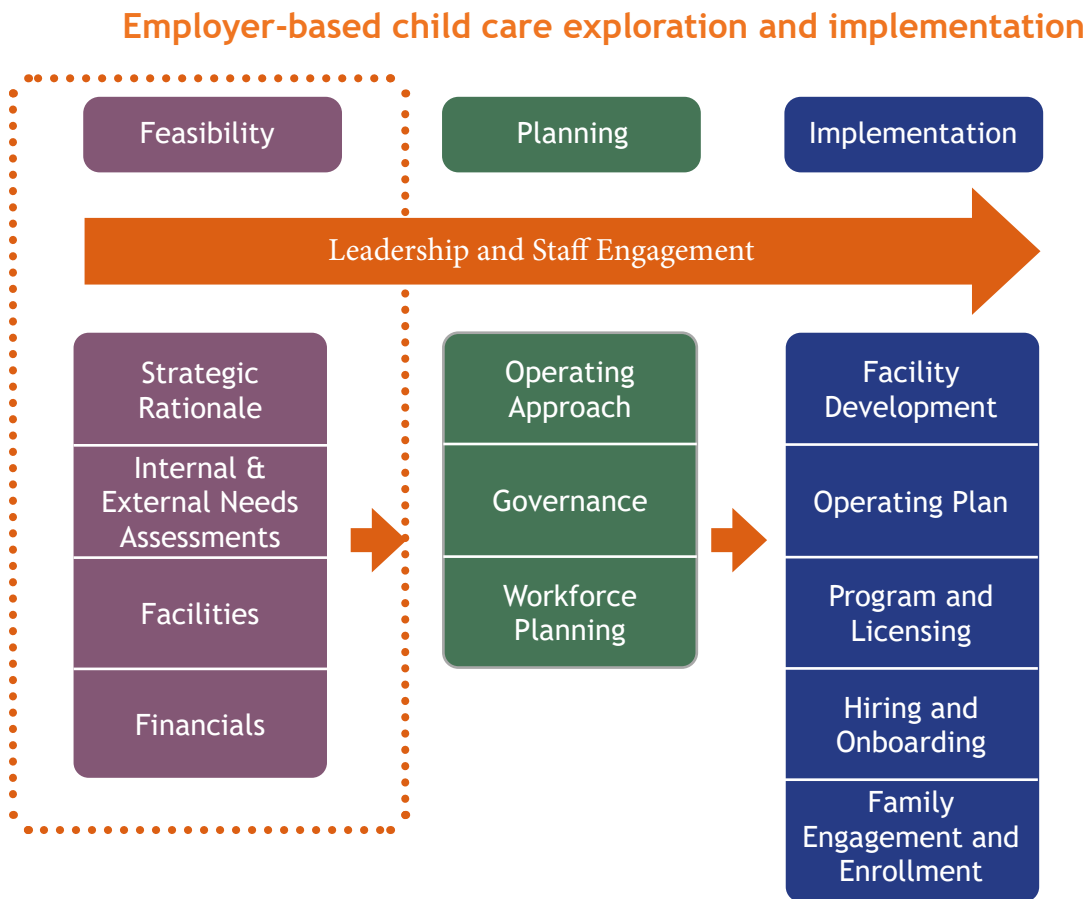
# Topics Covered in this Guide


The exploration process around employer-based child care occurs in three phases: feasibility, planning, and implementation. This guide focuses on the first phase, **feasibility**, and helping you to investigate whether employer-based care may be a good fit for your organization.

This guide will help users tackle questions such as

- Why might an employer consider opening an on-site child care center?
- How does an employer know if employees might benefit from on-site child care?
- How many children might an employer aim to serve in a center?
- How much space does an employer need to support a child care center?
- What impacts the finances of a child care center?
- How much will a child care center cost an employer organization?
- What other options exist if on-site care may not be the right fit for your organization?

This guide uses the visual below throughout the document to highlight the topic of focus within the feasibility column. An organization’s process will not always be linear. Some looping back will be required, but working through this guide will establish a strong foundation for success, including deciding whether this is the right approach for an employer organization.





The guide will focus on helping the user understand the feasibility of employer-based ECE for an organization, and will also share an approach to consider for leadership and staff engagement. Much of that work will need to be tailored to an organization’s individual context.

Some of the questions the guide will not cover include:

- Who will operate the center? The guide makes no assumptions about whether the operations will be done by the company or outsourced to a third-party.
- What does the governance model look like for the center?
- How can an employer ensure the center can attract high-quality early childhood educators?

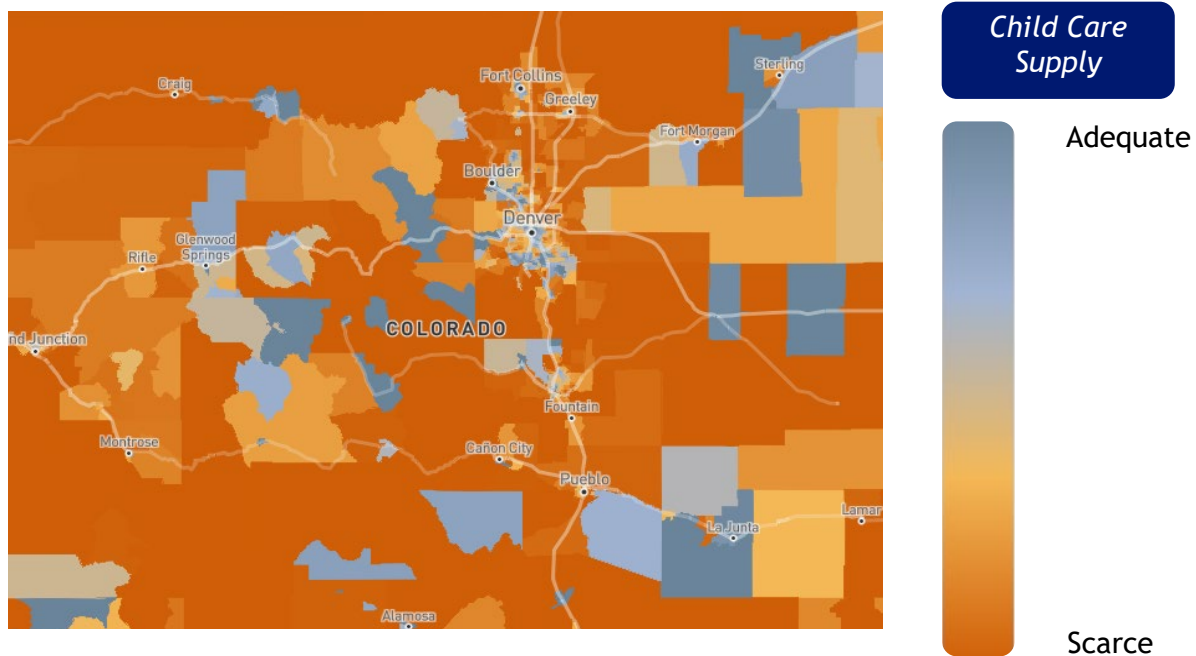
At the end of the guide, additional resources are offered to help the user along the next steps of the journey in planning for on-site ECE.

A quick note on terms. This guide will use a variety of terms to describe early education environments in order to address the opportunities for employer-sponsored family support. It is recognized that some terminology related to early education settings is preferred in specific contexts, and the terms used in this guide are meant to be representative of all preferences. Throughout this guide, “on-site child care” and “employer-based child care” are used interchangeably to mean a child care center that is linked to the employer (housed in the employer’s facility, is funded by the employer, and/or requires employment by the employer to attend). Child care and child care center are used interchangeably with early care and education and are all intended to mean a licensed facility where children below kindergarten age are cared for and learning. Although licensed family child care homes are also a child care offering in Colorado, because the guide is concerned with employer-sponsored child care, which is typically in or near the employer’s workspace, the guide speaks primarily about child care centers.

# Why Employer-Based Child Care

## *Economic, Workforce, and Community Rationale*

Child care is in crisis across the nation, and Colorado is no exception to the measurable losses and community impacts of this need not being met. Access to affordable quality child care options is becoming increasingly harder for working families, especially women, impacting Colorado's workforce pipeline and economic growth and stability. The solution to building child care supply is not simple. Colorado has the 8th highest cost of child care across the country<sup>1</sup>, and the vast majority of the state still exists in a child care desert, where there are 3 children or more that need every 1 spot available, leaving more than 38% of Colorado's 95,000 children under 5 without a spot in a licensed early education setting.



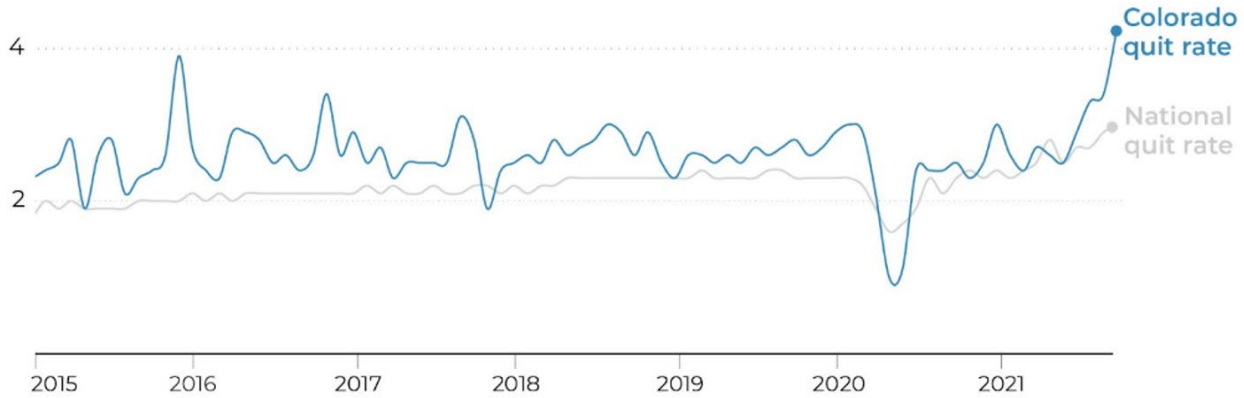
Source: [U.S. Child Care Deserts](#)

Affordability is a significant barrier for many working families across the state. Currently, child care is cited as a major component of household expenses, if not the primary household expense, where Colorado families spend an average of 18% of their monthly income to support their child care needs. This is more than twice the national affordability recommendation of 7% as measured by the federal Department of Human Services.<sup>2</sup> Broadly, child care supply is an economic imperative, especially in addressing recruitment and retention of a quality workforce, where nationwide:

- 33% of working parents have missed work due to lack of child care and say they would be more likely to invest time and energy in a company that invests in child care.<sup>3</sup>
- 51% of working moms and 43% of working dads report they aren't giving 100% to their job because of parenting challenges.<sup>4</sup>
- Turnover costs from working parents dropping out of the workforce can exceed 213% of their annual salary.<sup>5</sup>
- 49% of parents with children 5 years of age or younger report short-term disruptions to employment because of child care challenges.<sup>6</sup>

- 62% of employers cite child care as a factor for why employees are leaving their workforce.<sup>7</sup>
- Of Colorado parents with children ages 0-4, 2022 data from the Colorado Fiscal Institute indicates 24% of households cut work hours and 7% of these parents didn't look for a job to care for kids during the pandemic.<sup>8</sup>

These national statistics are reflected in local employment trends. In Colorado, the Bureau of Labor Statistics reported a stark increase in the quit rate post pandemic, and that figure continues to grow as the workforce and talent pipeline evaluate the value and challenge of work life balance, career supports and community longevity for themselves and their current and future families.



Source: Bureau of Labor Statistics quits levels and rates

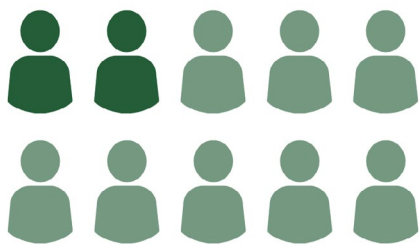
These figures represent thousands of Colorado families struggling to return to work due to child care constraints, and who would likely return with expanded access and early education support in the communities where they live and work.



# Role of Employers in This Work

Employers have a key role in building and sustaining child care infrastructure in Colorado and other communities they serve. Although early care and education is not the core business model of the vast majority of employers, there are often real estate and other assets, support systems, and potential partnerships and networks in place that can uniquely start and sustain high quality child care operations to support working parents. While child care cannot be an equal benefit to all employees, it is an equitable benefit that allows equal access by all current and potential employees to the workplace.

Additionally, as stated above, child care access and affordability directly impacts the attraction and retention of a dedicated and quality employee base, and has a considerable impact on the economy and the ability of working parents to establish and build their careers. In Colorado, inadequate child care is costing working parents \$2.2 billion in lost income and businesses \$680 million a year in lost productivity<sup>9</sup>. A 2021 survey of 2,500 working parents across the nation found that nearly 20 percent of them had to leave work or reduce their work hours solely due to a lack of child care<sup>10</sup>, and 80% of respondents would likely leave their current job for another that offered desired family benefits, and that need and experience continues to grow:



About 20% of Colorado's population, over 1.15 Million people, are dependent on child care in order to work.<sup>11 12</sup>



64% of Colorado Families had to change their work plans due to child care challenges during the pandemic.<sup>13</sup>



69% of Colorado families have two parents in the full-time workforce, and are in need of full-time care options.<sup>14</sup>

For employers, the short and long-term impacts on workforce stability and growth could help mitigate the cost of this investment which can be significant:



Providing child care support for your employees can significantly reduce turnover and absences<sup>15</sup>.



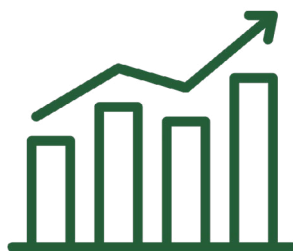
Employees with access to child care benefits report an increase in work-life balance and engagement<sup>16</sup>.



83% of women and 81% of men would be more willing to stay with an employer who offers child care benefits<sup>17</sup>.



88% of women say having access to child care benefits would make them more willing to choose an employer<sup>18</sup>.



115% ROI was estimated by J.P. Morgan for its child care program, due to employees taking less time off and having better focus at work<sup>19</sup>.

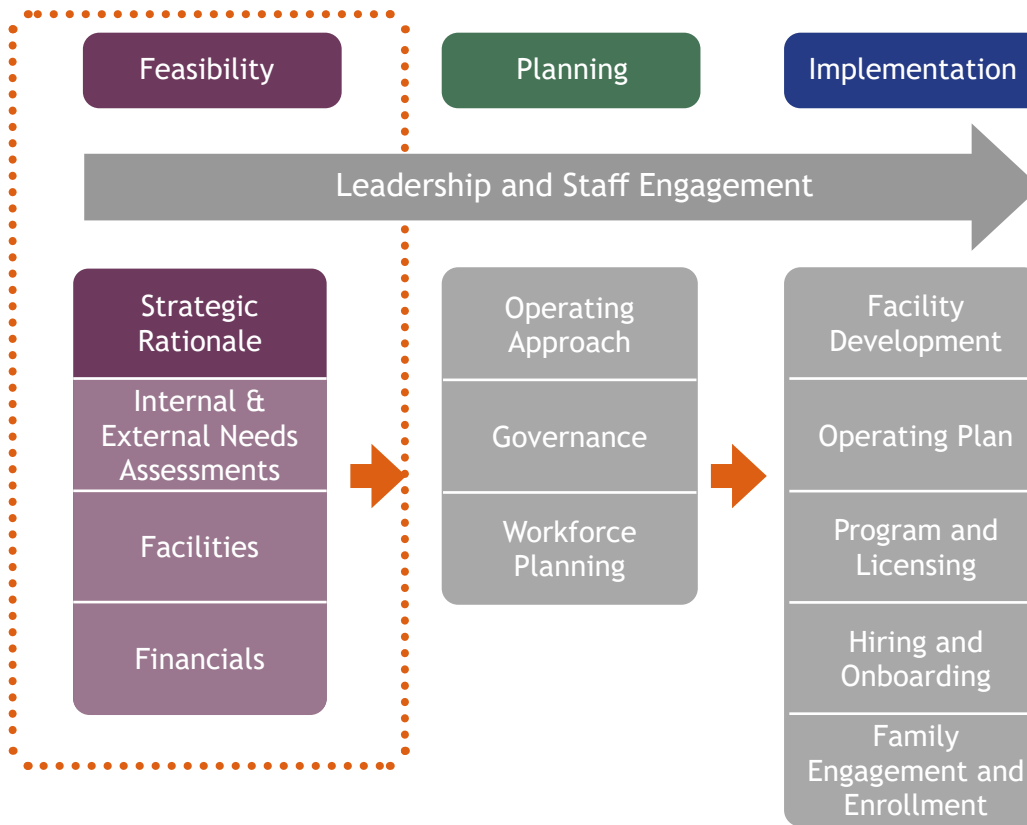


115-125% ROI was estimated by Patagonia, given intangible benefits, including more women in management, greater employee loyalty, and a stronger workplace culture of trust<sup>20</sup>.

Although employer-sponsored child care has significant investment considerations, employers should feel empowered to engage in shaping the child care solution for their employees to increase the child care infrastructure in the communities they serve. Developing a strategic rationale within an organization that includes workforce needs, company culture, and community impact and engagement will establish the foundation that can drive the work forward and across the finish line. A strategic rationale can also surface the internal and external resources that can support to help drive the project vision, goals and outcomes.

# Strategic Rationale

## Employer-based child care exploration and implementation



### *Key question: Why might we consider providing on-site Early Care and Education?*

There are a variety of reasons that employers consider employer-based ECE that are largely linked to the benefits to employers discussed above. Expanding benefits to include on-site child care can give an employer a competitive edge in attracting talent and can position them as a forward-thinking destination employer. Child care benefits may also be implemented as an equity strategy related to a company's efforts to prioritize diversity, equity, and inclusion. Some other reasons include:

#### *Workforce*

- Increased attractiveness to prospective employees as this reduces the challenge of finding a convenient child care center
- Increased attractiveness to particular populations who are most impacted by lack of access to high-quality child care
- Increased retention of parents with young children or who plan to have children in the future
- Reduced employee absenteeism due to child care challenges
- Increased engagement and focus of employees due to peace of mind and proximity of their child

## *Culture*

- General benefits to the brand, including employee attraction and retention, by signaling a culture that is supportive of working parents and a forward-thinking employer of choice
- Seeking to support employees in a more holistic way by addressing challenges in their lives
- Creating a work environment infused with joy and opportunities for engagement with the child care center

## *Community Impact and Engagement*

- Recognition that accessible high-quality child care is lacking in the community and the employer may have resources to help meet that need or free up slots in the general community by providing capacity for employees
- Recognition of the economic impacts of building child care supply and infrastructure

There is no one “right” reason for creating an on-site child care center and there are likely many more not listed here. The key is to identify the reason or reasons that resonate with organizational leadership and ensure those are front and center in the planning process as there will be many choices to make along the way. The most cohesive projects have a clear rationale in which all decisions are rooted.

## *Debunking myths*

There are some common concerns employers have about on-site child care:

Myth: The liability insurance costs are significant

Fact: There are liability insurance requirements, but they are not at all excessive! Many child care centers operate on thin margins and are able to afford insurance. While it is worth thinking through the reputational risk of a negative incident at your on-site center, the costs are not a reason not to pursue a center.

Myth: The cost of running a center is too high

Fact: There are different costs associated with supporting employer-based child care that are more concrete and visible than the invisible costs associated with employee turnover, disengagement, and absenteeism due to lack of child care. Patagonia, one of the pioneers of the employer-based care model, estimates that less than 10% of the total cost of the center is unrecouped in hard figures, and that factoring in the benefits of more women in management, increased employee loyalty and a stronger culture of trust in the workplace, the ROI is 115-125%<sup>21</sup>.

Myth: Employers shouldn't provide a benefit that isn't universally needed

Fact: Leadership will need to work through their philosophy on this, but employers do this all the time! Health care insurance is not needed by everyone but the employer contributes to the cost. Some people don't drink coffee, but it is still available in the break room. Historically, child care has been viewed as a private issue for families; however, child care supports are seen as a social good by many, much like K-12 education, that is not being publicly funded. Benefits equity is a consideration for employers to work through, but many employers see child care as a core tenant of their diversity, equity, and inclusion strategies and recognize the broader cultural benefits it can impart.

Myth: Only large employers with a large number of employees and lots of money can afford to create on-site child care.

Fact: Small, mid-sized, non-profit, and governmental employers have all been successful in creating on-site or near-site child care facilities. In some cases, multiple employers have created cooperative models and have pooled resources in order to create child care for their employees and local community. This approach allows the cost to be shared across multiple employer organizations and takes a more holistic, community approach.



How leadership weights the different potential reasons to offer employer-based care, given the employer's specific context, may inform the organization's philosophy and the way they approach offering care.

*"We see that there are not enough child care slots available in the community and are focused on increasing access."*

Charge market rate tuition to employees.

VS

*"We want to ensure that we increase access AND make it equitably financially accessible by our employees."*

Offer sliding scale tuition to employees.

*"The culture of our child care center should be influenced by our workplace."*

Self-operate or partner with a flexible operator to align to the employer. organization.

VS

*"We are seeking an expert to tell us how the center should operate."*

Partner with an operator who has an existing model and runs with it.

*"We want to support current and future employees in their child care needs."*

Make the center available only to employees.

VS

*"This center is part of our focus on supporting the broader community."*

Open the center to all families in the community.

## Employer Center Case Study: Steamboat Ski Resort



Center Basics	
Capacity	35 children
Ages Served	6 weeks- 6 years
Populations Served	Steamboat Employees and some Community Spots; 15% CCCAP
Square Footage	4,200
Start Up Costs	\$1M

*“The culture of our child care center should be influenced by our workplace.”*

Self-operate or partner with a flexible operator to align to the employer. organization.

VS

*“We are seeking an expert to tell us how the center should operate.”*

Partner with an operator who has an existing model and runs with it.

The resort hired an experienced teacher from the successful Grandkids Child Care Center at UHealth Yampa Valley Medical Center in Steamboat to become the center’s new Executive Director. It was a priority for this team to support the center with in-depth local knowledge and influence the daily experience of children and families. It was also critical for Steamboat Ski to both directly contribute to and preserve the connection to community, support and growth in Steamboat Springs and Routt County.

*“We want to support current and future employees in their child care needs.”*

Make the center available only to employees.

VS

*“This center is part of our focus on supporting the broader community.”*

Open the center to all families in the community.

Because of the center’s size and importance to employee attraction and retention, Steamboat Ski decided to prioritize employee enrollment at the center. However, with its philosophy also rooted in community access and growth, the center planned to make community spots available after the first initial months of operation to ensure unused spots are meeting the local needs.

*\*A note on workforce*

*Concerns were discussed during the initial phases of the project that a new child care center had the potential to draw staff from other operators in need. However, to the contrary, Steamboat Ski was pleased to discover that many of the center’s staff are new to Steamboat and contribute to both the diversity and population growth needed for a thriving community.*

There is no right or wrong reason to be considering exploring employer-based care. It is, however, important to get clear on the reasons, and ideally to understand the priority of those reasons. As an organization progresses through the planning process, the organizational “why” will inform many of the decisions along the way. Consider completing the worksheet on the next page to capture the current thinking on paper.

During this step of the process, or at various stages throughout the process, it may become apparent that employer-based care is not an attractive option for the organization. That is okay! Included in Appendix A are a list of other ways employers can support employees with young children.



Worksheet 1: Strategic Rationale and Anchors

The problem we are trying to solve through this process is \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

To keep our “why” at the core of this process and our designs, I will keep in mind (*a person, profile, staff experience*) \_\_\_\_\_  
\_\_\_\_\_.

If this center is established, the things that will be different for our organization include:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

If our wildest dreams were to come true, this would also be true:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

In order to bring our vision to life, the most significant hurdles that we’ll work to overcome include: (Note: you can also think of the biggest risks to the project coming to fruition and list those here)

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

The costs to our organization of not having employer-based care for our employees include:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

The data that I think would be most compelling to our leadership from inside our organization or this guide to “make the case” for employer-based care is:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

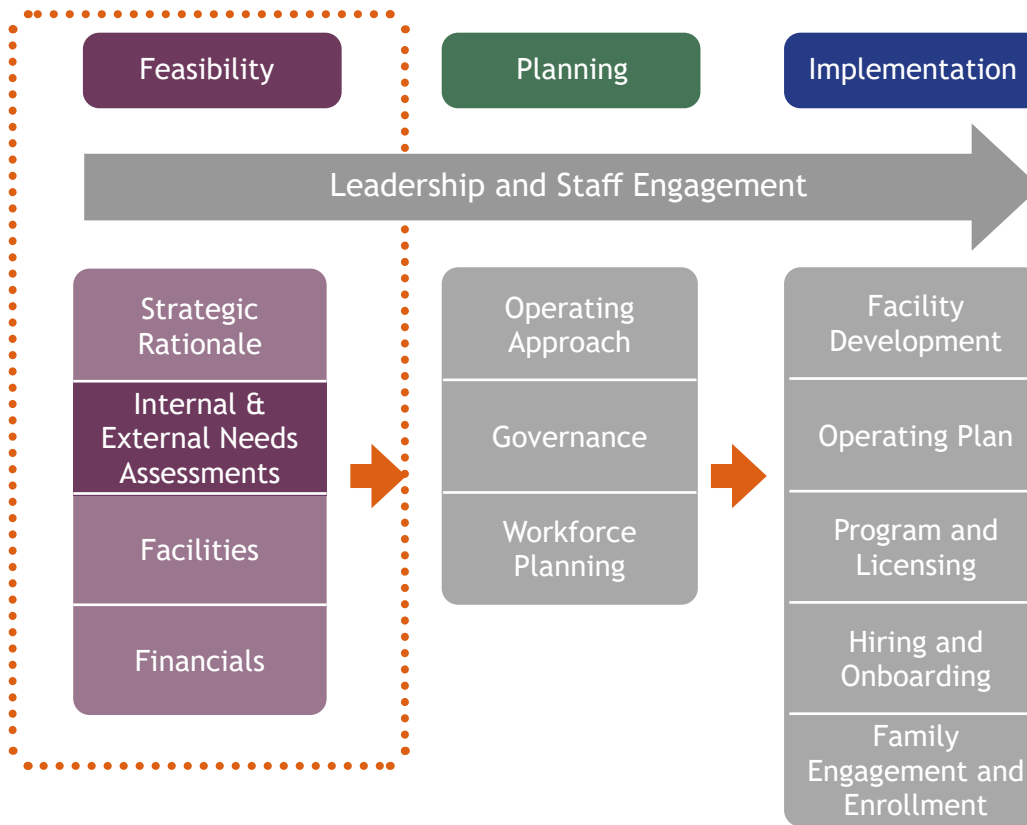
## Anchors

The intention here is to indicate any guidelines that have been established about this project. It is okay if you have very few of these filled out. This guide will help you to make progress on many of them!

Topic	Description	Guidelines, information to date
Location/site	Planned location	
Enrollment profile	Ages and slots in center Who is eligible to attend	
Program days/hours	Hours of operation Days including weekdays/ weekends/holidays	
Tuition and revenue	Expectations/commitment for tuition to be at market rate, on a sliding scale, etc. Will public subsidy (CCCAP) be accepted.	
Funding available/ budget impact	Need to break even or commitment to subsidize Any specific resources already committed	
Operating model	Operating in-house or with an external partner; if external do we know who?	
Governance model	Relationship between the center and employer	
Workforce planning and development	Any programs, initiatives, incentives to attract and retain center staff	
Other partners in this work	Other champions, supporters, partners	

# Internal and External Needs Assessment

## Employer-based child care exploration and implementation



After beginning by identifying the strategic rationale for the development of on-site child care, it will be valuable to gather some information about the needs of the organization's employees. In alignment with the strategic rationale, these needs will inform critical decisions such as the number of slots in the center, hours of operation, ages to serve, and potentially the location and tuition levels.

### *Key questions:*

- What can we learn about our employees and their needs for child care?
- How are our employees' needs impacted by the external landscape?
- How many children might make use of on-site care and what are their ages?
- What hours and schedule would be valuable to families?

There are a few different ways to approach data collection, depending on the organizational context and stage of exploration.

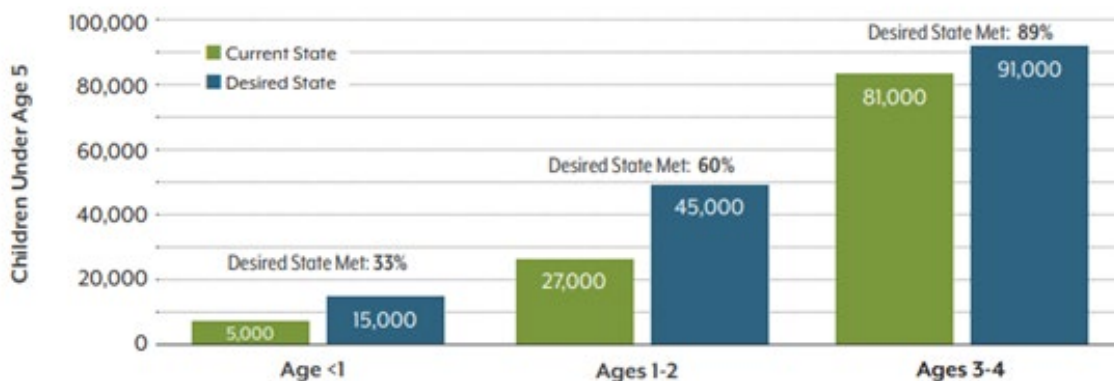
Stage of exploration	Potential data collection approaches
Feasibility (during exploratory stages)	<ul style="list-style-type: none"> <li>• Research re: local landscape for child care</li> <li>• Collection of non-identifiable data from human resources</li> <li>• Ad hoc employee conversations</li> </ul>
Planning and Implementation (when there is a commitment from the organization)	<ul style="list-style-type: none"> <li>• Employee survey</li> <li>• Focus groups</li> </ul>

### Local landscape for child care

A 2019 Colorado needs assessment indicates that there is not enough licensed child care to serve infants and toddlers. Only about one third of Colorado infants whose parents want licensed child care are able to obtain it today. As a result, almost 11,000 infants and 18,000 toddlers whose parents prefer licensed care are estimated to be currently cared for in a setting outside of licensed child care. That’s about 16% of all infants and 14% of all toddlers in the state . Colorado has more supply to support 3- and 4-year-olds, but still not enough to meet family preference in most communities.

The same Colorado needs assessment indicated that there is a significant and demonstrable decline in licensed child care capacity for infants and toddlers. At the same time, demand for licensed child care in Colorado appears to be increasing.

**Figure 1. Current State and Desired State of Available Licensed Care by Age, October 2019**



The total eligible population for children under age 5 is 329,000 (under age 1 = 66,000; ages 1-2 = 131,000; and ages 3-4 = 132,000). According to the Child Care Model, approximately 113,000 (34%) of children under 5 are estimated to be in licensed child care. In the desired state, or parental preference in the absence of any barriers, an estimated 152,000\* (46%) children would be in licensed care. That’s an increase of 39,000\* children from the current state.

\*In some cases, sums may differ due to rounding.

Three online resources may enable a data-driven understanding of the local landscape:

1. [The Colorado Department of Early Childhood’s \(CDEC\) Marketplace Dashboard](#) contains detailed county level information about licensed slots by age group and setting. With this tool, users can understand the settings and types of slots being offered. This data is updated monthly.
2. [The CDEC’s Early Childhood Council \(ECC\) Shared Measures Dashboard](#) indicates the licensed capacity for care as compared to the number of children in various age groups, by county/Early Childhood Council through Measure 1.1. Early Childhood Councils are local organizations that support the availability, capacity, quality and affordability of child care in their communities. This tool can help in developing an understanding of where the most significant gaps are in an area. Typically, infants and toddlers are underserved, but the degree to which that is the case will vary by region. This data is updated annually.
3. ChildCareDeserts.org provides a highly localized look at the neighborhoods in which child care is scarce and those in which it is adequate. A child care desert is defined as an area in which there is only 1 child care spot available for every 3 or more children who need it. Note in using this resource, that there is not a distinction between the various age groups. Often, sufficient supply of preschool slots can mask a significant challenge at the infant and toddler level. For that reason, the guide recommends using this in conjunction with the marketplace and shared measures dashboards.

### *Employer-specific data collection*

1. Collection of non-identifiable data from human resources.

Working with human resources provides opportunities to understand employees’ likely interest in on-site care. If that is not an option, consider what you know or could find out about the organization in other ways that would offer a reasonable proxy for this information.

Data to collect	What the data tells you
# of local employees	As a common rule of thumb, the number of slots needed should be near 10-15% of the total employee population that would have access to the facility. This will not hold in all cases and assumes a distribution of employee ages typical of private employers. If a portion of the workforce works remotely, consider that this rule of thumb may indicate more slots than would be needed.
Employee age distribution/ average age	Understanding the age distribution of employees may offer insight into the number of employees with or likely to have young children in the future. People may become parents at all ages, but taking what is known about typical ages for childrearing and aligning it to the organization’s population may offer clues about the level of need for child care benefits.
Parental leave counts	One way to get a sense of the number of young children that employees have is to look at the number of parental leaves over the past 5-6 years. If the organization has stayed the same size over this time, adding up the number of leaves can offer a reasonable estimation of the number of children who may be eligible for child care.
Dependent counts	An additional check on the number of young children is looking at dependent counts on the healthcare plans of employees who participate in your employer-sponsored plan. Look at what percentage of employees participate and for them how many dependents there are. Assume only approximately 25% of them are under age 6, and know this will not capture all eligible children, but can provide an estimate of how many eligible children employees may have.

Data to collect	What the data tells you
Employee work sites and home locations mapping	Looking at where people live and work provides insight into what locations may be attractive for employer-based care. This will be most relevant if a new site will be needed to house a child care center. <a href="#">This resource</a> walks through how to create a heat map of a large number of addresses, which may help to visualize attractive locations.
Work location requirements and routines	An assessment of what or how many days, if any, employees are required to be in the office, and what hours individuals in different roles work, will help to determine what hours child care support may most be needed. Coupled with location mapping (above) this will help to paint a picture of when and where child care would be attractive.

None of these pieces of data will offer comprehensive answers to the key questions just yet, but they will provide much more information about the employee base and their likely needs. By putting together these pieces of data the user can begin to craft a hypothesis about employee needs from which to base the next steps of exploration.

For example, compare the parental leave data to the “10-15% rule of thumb” and check both numbers based on the fact that not all families will send eligible children to a potential center. Perhaps just about half would consider it. Those rates will vary significantly based on the local market and the work location and routines of employees as well as unknowns at this point like tuition rates and programming offered.

## 2. Ad hoc employee conversations

Speaking with even just a handful of parents who have young children can provide significant insight into how families think about and experience the need for child care. Asking about what has worked for them, what has been difficult, how their work schedule impacts child care needs, etc. can all be highly informative to start to determine what might be helpful to employees. In fact, ensuring knowledge of some experiences to share with leadership will help make this challenge and opportunity more tangible to decision-makers.

## 3. Employee survey

An employee survey is the most comprehensive way to collect employee information and assess interest in employer-based care. The downside to surveying employees is that it may set an expectation or get employees’ hopes up that on-site care or other child care solutions are likely to happen. Some of the types of things that could be collected in a survey include:

- # children under age 6 (and anticipated future children). Birthdays can be helpful to collect depending on the stage of exploration you are in.
- Current care arrangements (hours, setting, etc.)
- Cost of current care arrangements
- Attractiveness of employer-based care (consider asking by age of child)
- What would be most important in considering employer-based care (i.e. location, hours)

## 4. Focus groups

Focus groups provide an opportunity to gather more qualitative information about employees’ experience with child care and needs for child care. They can be helpful after completing an employee survey and when a planning process is underway, to run ideas or questions by a group of engaged and interested parents/guardians to help shape the direction of planning for the center.

## Worksheet 2: Internal and External Needs Assessment

### **Local landscape**

Our local Early Childhood Council (ECC) is: \_\_\_\_\_ (you can find this [here](#))

From the [“Shared Measures” Dashboard 1.1](#) by filtering for my local council data, I see that in my ECC’s area the licensed capacity vs population is as follows:

Age group	Licensed capacity estimate	Population estimate	% children served in licensed setting	% children statewide served in a licensed setting
Infants (0-18 mo)				
Toddlers (18-36 mo)				
Preschoolers (36-60 mo)				

The [county-based data](#) indicates that this month there are \_\_\_(number) child care centers and child care homes in operation. They have capacity to serve \_\_\_\_ total infants, \_\_\_ total toddlers, and \_\_\_ total preschoolers.

From reviewing these sources and ChildCareDeserts.org the data that stands out includes:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

What aligns with or is different from what you have heard about the local context for child care as you review this data?

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## Employee needs

Data to collect	Our data
# of local employees	We have ____ employees working locally. 10-15% of this number is _____ child care slots.
Employee age distribution/ average age	Our median employee age is ____  I expect that over time more/fewer/the same number of employees will have young children based on what I know of our workforce.
Parental leave counts	On average over the past 5 years there have been __ parental leaves each year.  If we served all of those children in on-site care we would need about __ slots (avg # per year times 5-6).  <i>Note: it would be highly unusual to serve all employees' children in on-site care from birth through kindergarten.</i>
Dependent counts	About ____ percent of our employees participate in our health care program.  There are ____ dependents enrolled in our health care program. 25% of this number is _____, which may approximate the number who are under 6.
Employee work sites and work locations	From reflecting on work sites and home locations as well as work location requirements and routines, insights include the following about location: <ul style="list-style-type: none"> <li>• _____</li> <li>• _____</li> <li>• _____</li> </ul>

What else have you heard from employees about the need for child care?

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

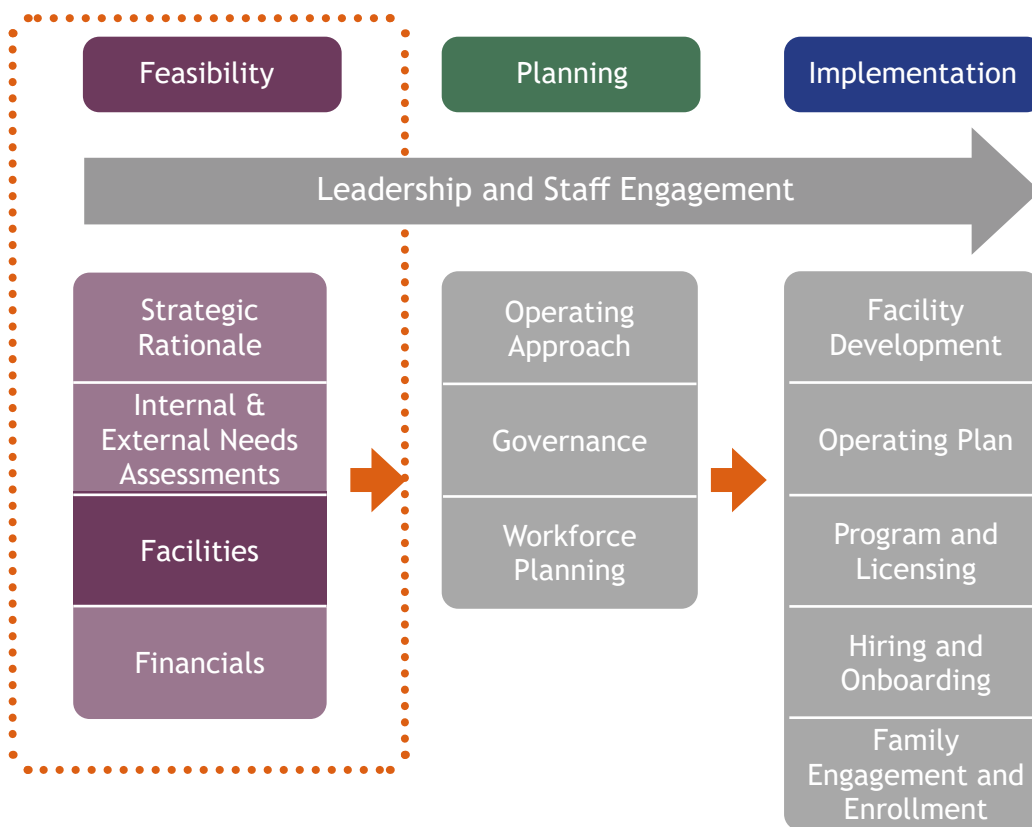
Reflecting on all of the data above, what are your insights about:

- # slots to consider offering: \_\_\_\_\_
- Ages to be served by the center: \_\_\_\_\_
- Location for the center: \_\_\_\_\_



# Facilities

## Employer-based child care exploration and implementation



Identifying and preparing an early education space is a process of varying complexity driven by the priorities of the organization and available options for consideration. The primary drivers for any employer seeking a space to house child care are generally cost, proximity, and alignment to employee needs. When working to identify the ideal balance of these priorities, it is best to approach the process through the foundation of the organization's strategic rationale.

*Key question: Where will the center be located?*

Proximity to place of employment can be a key factor in determining the attractiveness of a site under consideration, and will be driven by the specific trends of the workplace. For some employers, being in the office is not a requirement, while for others commuting to work daily is vital to their services and consumer base. Understanding the trade-offs among employees' needs when identifying a location, including proximity, will help to narrow the choices when selecting the site for the project.

## Use existing space

For employers that have existing space either on- or near- site that can be retrofitted for child care, this can be an attractive option to reduce start-up and real estate search and acquisition costs. For many industries, something close to work can be optimal for employee access to their children, and the ability to maintain work schedules.

Pros	Cons
<ul style="list-style-type: none"><li>• Lower cost option to renovate</li><li>• Highest accessibility to employees</li><li>• Shorter timeline for real estate identification and selection</li></ul>	<ul style="list-style-type: none"><li>• May have to adjust capacity expectations or plans with available space; extended ramp up period</li></ul>

### Existing Space Case Study: Mile High United Way

Mile High United Way has long been a supporter of early childhood education. As the macro need for child care increased dramatically during the global pandemic and more specifically within the organization's own neighborhood, the team realized they had an opportunity to make an impact and possessed an asset with which to do so. Mile High United Way is in the process of converting a conference center into an early childhood education center.

The new early childhood education center will provide high-quality child care to Mile High United Way employees and to community members in need of low-cost child care. The center located within the organization's building will also provide opportunities to bring together multiple programs and partners to pilot new and innovative ways of providing care and supporting families in our communities.

Center Basics	
Capacity	Up to 60 children
Ages Served	6 weeks - 6 years
Populations Served	MHUW Employees and Select Community populations; 70% CCCAP
Square Footage	6,000
Start Up Costs	\$4.4 M

## Acquire new facility space

If real estate assets for the child care project are not in the company's portfolio, commercial and other spaces appropriate for child care can be researched and acquired in the surrounding community. While this is a more time consuming option, it can offer the opportunity for increased alignment between the space and priorities of the project.

Pros	Cons
<ul style="list-style-type: none"><li>• Greater opportunity to fulfill capacity needs</li><li>• Higher probability of community access and partnership</li></ul>	<ul style="list-style-type: none"><li>• Often higher cost to lease space</li><li>• Increased facility costs</li><li>• May be less opportunity to customize the space</li></ul>

### Acquire A New Facility Example: Steamboat Ski Resort

Steamboat Ski Resort supports a variety of diverse year-round and seasonal employees that need access and proximity to their place of work; however, after researching their assets, there was not an ideal location on-site to accommodate the center that the Steamboat Ski team was envisioning. In order to keep development costs manageable and keep the quality and environmental goals of the center, the team signed a lease at a nearby facility space and renovated it into a warm, modern and welcoming space for children and families, with immersion in the natural world the backdrop of the center and the core of their curriculum. With river adjacency and a walking path nearby, the outdoor space requirements were able to be creatively approached, and it ultimately fits the needs of parents, early educators and Steamboat Ski.

## Build a new facility

Pros	Cons
<ul style="list-style-type: none"><li>• Greatest opportunity to customize space and learning environment</li><li>• Increased opportunities for community access and engagement</li><li>• Partnership opportunities and incentives for land owners and developers through tax credits</li></ul>	<ul style="list-style-type: none"><li>• Often highest start up costs</li><li>• Likely not as close to place of employment</li><li>• Likely longest developmental timeline</li></ul>

## New Build Case Study: Community Hospital's Adventure Academy



Center Basics	
Capacity	95 children
Ages Served	6 weeks - 6 years
Populations Served	Community Hospital Employees followed by community families
Square Footage	7,500
Start Up Costs	\$5M

Community Hospital of Grand Junction in Mesa County is a 140,000 square foot state of the art Level III Trauma Center that offers full outpatient diagnostic services and inpatient care for the Western Slope region of Colorado and Eastern Utah. In order to address the growing strain on their workforce due to child care constraints and challenges, Community Hospital saw the opportunity to invest further in their land assets on site, and wanted the ability to create their environment from the ground up, to truly be a complement to their current facility, as well as create as customized and high-quality a learning environment as possible.

Creating an on-site option was additionally important for Community Hospital's workforce due to the unique nature of their shift needs, and the ability to access their children more readily if and when needed. These needs outweighed the opportunity to occupy an existing off-site space, or renovate other real estate options on-site, and the \$5M needed to make the vision a reality. Community Hospital celebrated their Groundbreaking Ceremony in November 2022 and plans to welcome children beginning in 2024.



## Key facility considerations

As stated, location choices for employers should be rooted in the greatest balance of ability to serve employee needs, proximity and access, quality, and overall cost to the organization. Based on the needs assessment, employers should be able to determine ideal locations based on employee commuting, scheduling, and household composition. These critical factors will help identify priorities and parameters for choosing a location for child care.

Facilities for child care are beholden to a complex set of rules and regulations that govern the safety, required space, building parameters and other requirements of the facility. When a location has been selected, employers should engage the Division of Early Learning, Licensing and Administration in the Colorado Department of Early Childhood in order to ensure the facility will meet these requirements, and become familiar with the value and trade-offs associated with achieving and maintaining a high-quality environment based on state and national standards. These include but are not limited to:

- Square footage allotted per child in each age group
- Outdoor access and playground space
- Building design, fire safety, and zoning
- Mechanical and plumbing fixtures

These regulations are designed to serve as a basis for operations, however, whenever an environment experiences a hardship or limitation that cannot fulfill written licensing regulations, it is possible to apply for a waiver that allows for exemption from specific rules and regulations when a reasonable accommodation or alteration can be found. Waivers are evaluated on a case by case basis, and can be more specifically explored within the context of the environment you are working to create. Although this consideration will be generally assessed after your facility selection, you can find out more information on the waiver process and requirements [here](#).

## Explore your facility: Calculating Space

### Key Question: How much space will we need?

The size of your facility will be primarily determined by the needs assessment results, related to likely age composition and overall number of children you hope to serve. This will also be driven by the investment level and type of environment you endeavor to create

In order to determine the amount of space needed based on your determined needs, you can begin with the following guide aligned with [Colorado Child Care Licensing Regulations](#).

Age of children	Adult to child ratio	Max group size*	Sq. footage required per child
Infants 6 wks to 18 months	1:5	10 infants	35 sq. ft. free play 50 sleep/play combo Outdoor minimum of 400 sq. ft.

Age of children	Adult to child ratio	Max group size*	Sq. footage required per child
Toddlers 12 to 36 months	1:5	10 toddlers	30 sq. ft. free play, 30 sq. ft. separate sleep 45 sq. ft. sleep/play combo Outdoor = group size (10 or 14) x 75 sq. ft. per child
Toddlers 24 to 36 months	1:7	14 toddlers	
Preschool 2 ½ to 3 years	1:8	16 children	2 ½ to 6 yrs 30 sq. ft Outdoor = 75 sq. ft. per child Minimum of 1500 sq. ft. or 1/3 of license capacity, whichever is larger 2 surfaces, 150 sq. ft. shaded
Preschool 3 to 4 years or Mixed group 2 ½ to 6 years	1:10	20 children	
Preschool 4 to 5 years	1:12	24 children	
School-age 5 years and older	1:15	30 children	Ages 5 and older, 30 sq. ft. Outdoor- see preschool
Mixed Age 2 ½ years to 6 years	1:10	20 children	See preschool

\* Rules Regulating Child Care Centers (Less than 24-Hour Care), eff. 12/01/2021, 7.702.46 A 15 d “The licensed room capacity must not be exceeded at any time.”

If ages of the children to be served are unknown, or to simplify in the early stages of planning, estimate 50 sq ft of classroom space per child and 100 sq ft of overall facility space per child, as below. This allows sufficient space for hallways, restrooms, and administrative space.

Number of Children	Classroom Space	Overall Facility Space
60-100	3,000-5,000 sq ft	6,000-10,000 sq ft

## Exploring your facility: Sample Facility Designs



*Child care spaces thrive when they are flexible and functional*



*Steamboat Child Care Center*



*Steamboat Child Care Center*

Facility designs for child care centers can vary from simplistic to imaginative and will depend on project elements like budget, environmental goals and available space. Flexibility is perhaps the most important aspect of a facility design behind health and safety, to allow for greater use of the space and multiple functions for the evolving needs of children and educators. Early care and education design opens the doors to innovative solutions for shared space, outdoor access and integration into the community, as aligned to organizational priorities and goals for the child care center.

### ***Exploring your facility: Start-Up Costs Estimates***

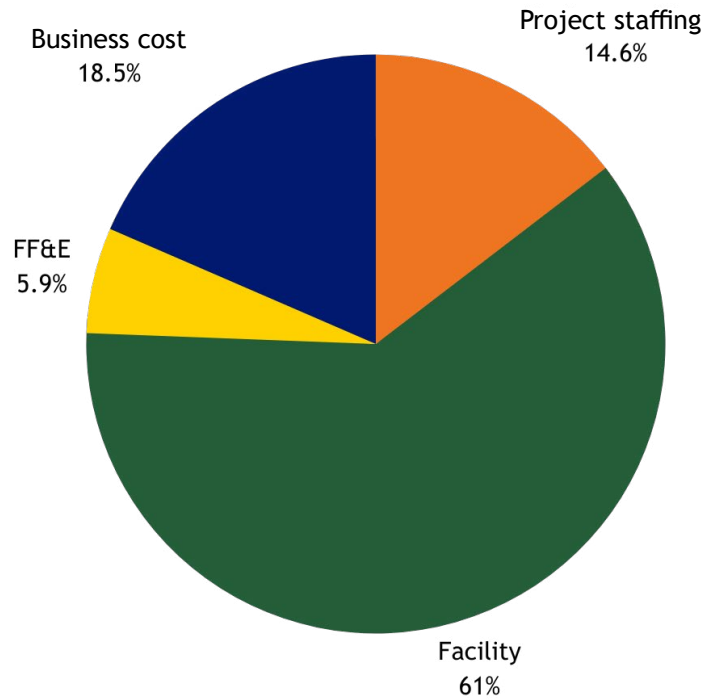
Employer investment, whether through funding support or other utilization of assets is a reality of determining child care project feasibility. Start-up costs will vary widely based on the size, makeup, design and location of your child care center, and depend on a variety of factors, impacted by both local regulations and statewide standards. The markets that govern child care start-up costs are ever changing, and while the figures below cannot reflect every possible project profile, they represent recent industry averages and can be used as a basis for consideration for your organization’s level of investment:

Facility Approach	Average Start-Up Cost
Use existing facility	\$50k-2M
Acquire new facility space	\$1M-8M
Build new facility	\$3.5M-16M



The approach to your facility will govern the range levels you will most likely experience, however it is also important to understand the major cost drivers in the start-up budget. The majority of costs will be rooted in the cost of building a quality indoor and outdoor space to accommodate young children, with the remaining costs being dedicated to external and internal project support; operational and staffing preparations; and furnishings, and fixtures and equipment (FF&E). The primary drivers are represented below as an average percentage of total start-up budget:

### Drivers Of Start Up Costs



While start-up costs can be intimidating, there are a variety of options to support development costs for child care projects. Not all funding sources will be applicable to your project depending on your organization type, scope and project goals, so be sure to check for those that best fit your needs. To help guide your thinking on available supports, consult the tables below:

Funding Sources to Support Center Development			
Funding opportunity	Max Award*	Context	Suggested next step
Gifts, Grants and Donations	\$50K-\$1M	Several foundations and philanthropic organizations have grants dedicated to capital projects, and enhancing community access to critical needs like child care.	Contact your local Early Childhood Council to learn more about current and upcoming grant opportunities
		Private and independent donors can be interested in funding and supporting sole and partnership endeavors to support child care projects within your specific community.	Research state and local foundations that support child care infrastructure and development

Funding opportunity	Max Award*	Context	Suggested next step
Community and/or Employer Partnership	Determined by project scope and needs	If your organization exists adjacent to other employers and businesses, it may be of interest to pursue potential partnership discussions to assess the pros and cons of sharing financial and sustainability obligations to support a common community need	Conduct market and internal research to determine if this approach is a fit for the needs and goals of your project
Community Loan Funds	Determined by project scope and needs	Loan product that carries debt implications for operations; however solutions to reduce debt obligations to the ongoing operations	Research Community Development Finance Institutions throughout the state
Congressionally Directed Funding	Determined by Project Scope and Needs	Part of the broader appropriations process, CDS is a mechanism by which members of Congress can request funding for specific projects in their home state that have been submitted for consideration by local government entities and nonprofits. Funding for projects, if approved, passed by Congress, and signed into law, would be distributed during the following fiscal year (October - September).	<a href="#">Learn More about Current Fiscal Year Initiatives</a>
State Grant Programs	Determined by funding source and project scope and needs	Child Care and Community development funding for capital and other project needs	Research whether there are available grants through the Colorado Department of Early Childhood (CDEC) or Office of Economic Development and International Trade (OEDIT)

\*All max award amounts based on estimates and information shared by each prospective organization on public platforms

Whether the project team is versed in the development funding landscape or completely new to various funding types and applications, creating a robust and detailed financial model for the child care operation is key to pursuing the necessary funding.

## Worksheet 3: Facility

### ***Type of space***

Which type of space are you most likely to pursue at this point?

- Existing space
- Acquire new space
- New build

What are the key factors contributing to this choice (consider cost, proximity, design, etc)? \_\_\_\_\_

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If you do not have clarity on which type of space to pursue, what are the outstanding questions? Consider employee needs, number of children to be served, etc.

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### ***Required space***

Based on the data triangulated on worksheet 2 about the # of slots, our best estimate is to have \_\_\_\_ slots.

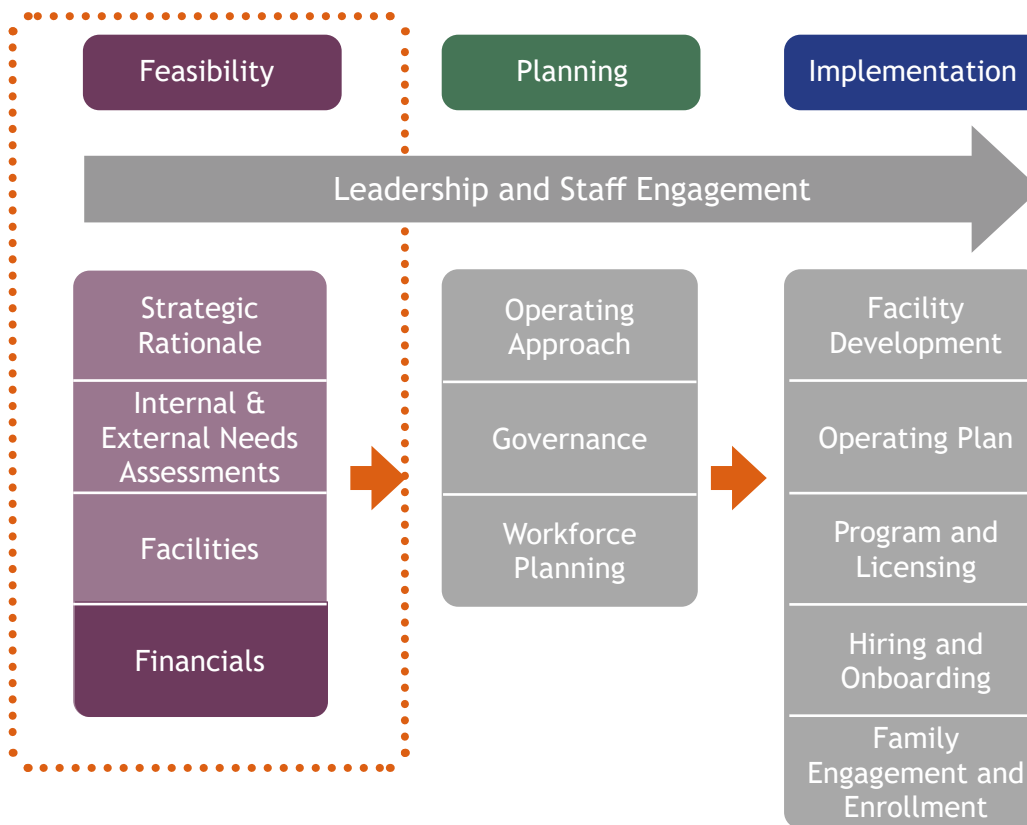
Multiplying that number of slots by 50 sq ft for classroom space, I assume we will need \_\_\_\_\_ sq ft of classroom space.

Multiplying that number of slots by 100 sq ft for total facility space, I assume we will need \_\_\_\_\_ sq ft of total space.

Outdoor space will vary with the age groups served and number of children per age group, but based on multiplying the number of slots by 75 sq ft, I assume we will need \_\_\_\_\_ sq ft of outdoor space.

# Financials

## Employer-based child care exploration and implementation



The ongoing financial bottom line of offering employer-based care is certainly top of mind for most leaders considering the addition of this benefit for their employees.

**Key question: What will the financial impact be of offering an on-site child care center?**

As one might imagine, there are many variables that go into determining the answer to this question. Here we will provide an overview of how the child care center financial model works, at a high level, and provide some examples to increase understanding of what the financial impact is likely to be.

### *The ECE financial model*

Sources of revenue include family tuition, government funding (primarily for lower-income families), and private funding such as from employers, foundations, etc. The vast majority of funding for most centers comes from family-paid tuition.

With a fixed amount of revenue, influenced by these factors, operators must work to balance their budgets while meeting requirements of child care licensing, and ideally providing a high-quality learning environment.

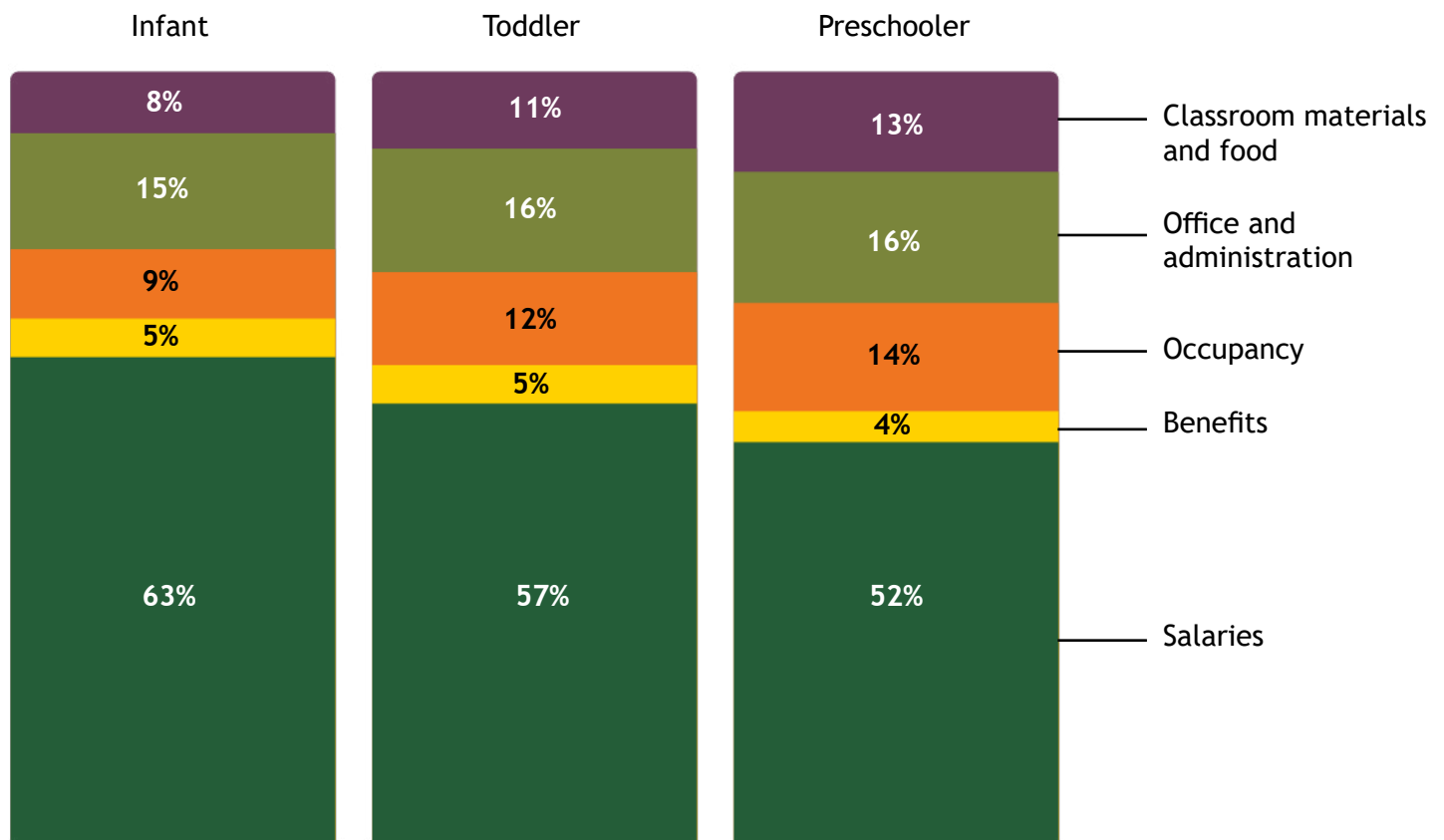
Unfortunately the current ECE business model is challenging, due in large part to the revenue ceiling:

- Families are price sensitive and Colorado families already pay on average 18% of their income for child care costs<sup>22</sup>.
- Rates for public funding such as the Colorado Child Care Assistance Program (CCCAP) are set based on market rate surveys of an area which a) may not reflect your local market and b) is constrained by what families can pay.

The largest line item in the child care center budget is personnel. Below is the breakdown of expenses for an average child care center in the U.S. by age of child. The difference between age levels is driven primarily by the number of children who can be supported by one teacher, which is much lower for infants than for preschoolers.

*Personnel costs are the largest expense for child care programs*

Distribution of child care program expenses for an infant, toddler, and preschooler in a child care center meeting basic state licensing standards and paying current average wages, based on United States averages



Source: Where Does Your Child Care Dollar Go? Interactive<sup>23</sup>.

With the squeeze in budgets to lower costs, the personnel line item is often viewed as the easiest way to make it work. This primarily takes the form of undercompensating employees, not funding benefits, and in some cases limiting hours worked and/or sending employees home when they are not required in a classroom to ensure the minimum teacher:child ratio required by licensing. The average educator in a Colorado early childhood classroom only makes \$16.03<sup>24</sup> while the living wage in Colorado for a single adult with no children is \$19.22<sup>25</sup>. Downward pressure on wages has resulted in reducing the number of individuals interested in working in early care and education.

This is all to say that the challenging early care and education business model is part of the reason this country has experienced demand for care that vastly outpaces supply of child care slots. However, as discussed above, an employer has a different equation to consider in determining the value of employer-based care. The benefits to the employer come in the form of reduced absenteeism, greater employee productivity, reduced turnover, and more.

### *Exploring your business model: Costs*

Employers will need to use their rationale for this work and their values as an organization to make key decisions that will inform their approach to operating their center and, in turn, the costs of that center. Some of the key decisions that will impact the cost of care per child include:

- Ages served: there can be a maximum of 10 infants in one classroom, whereas there can be up to 24 preschoolers in a classroom. Yet, these two classrooms require the same number of teachers. One can easily see how the cost structure would be very different based on the number of infant vs. preschool classrooms.
- Compensation approach: as shared above, market rate compensation for educators in Colorado is quite low. Additionally, benefits such as paid time off, retirement contributions, and health care benefits are uncommon. Compensating at market level or the level of local competitors may enable a balanced budget, but may result in high turnover and may not be aligned with the company's compensation philosophy or with hopes for individuals affiliated with the organization.
- Center size: A center with more classrooms has the benefit of fixed costs of administration, systems, etc. being spread over more classrooms.

These all have both financial and operational tradeoffs to them. Serving more preschoolers may seem to make sense, yet the scarcity of slots is likely much higher for infants and toddlers locally. That is when parents feel the biggest pain points and are more likely to enroll. A larger center may make more sense financially, but many parents crave the intimacy of a smaller center for their children and family.

Previous resources shared how to think about center size and collect some data about what ages to serve. A few resources to consider in thinking about compensation include:

- Determining market rate wages for early childhood educators in your community. Visiting commonly used job boards such as Indeed, Monster, or ZipRecruiter and reviewing the compensation listed there can help illuminate what is typical in your community.
- Aligning to the State's Compensation and Benefits Task Force Report. This approach may make the center more attractive to educators and increase retention levels and quality. These are new recommendations and are far out of reach for many centers without a shift in the funding landscape. [The Colorado Early Childhood Compensation & Benefits Task Force report](#) is available on the CDEC website under [Reports and Data](#).

Estimating these costs without a robust financial model may be difficult! As a starting point, use the information above about sample costs of care or the Center for American Progress's [Cost of Child Care Calculator](#). The [accompanying report](#) offers some valuable context and comparison across states.



## Cost Exploration Case Study: Steamboat Ski Resort

In order for Steamboat to consider a child care center, even with an international parent company, Alterra Mountain, they had to fit the costs into their annual budget, working with far less resources than are at the disposal for the entire company. However, after examining the annual losses incurred from both challenges in recruitment and retention due largely to child care constraints, the leadership team was able to establish an ROI and investment strategy that worked, ultimately investing those dollars lost into a long-term solution like child care that would reduce or impact those costs over time.

### *Exploring your business model: Revenues*

Revenues primarily come from tuition and may also come from public funding streams such as the Colorado Child Care Assistance Program (CCCAP), the Universal Preschool Program (UPK) Colorado, and others.

#### *Tuition*

Tuition may be set on a sliding scale based on household income or other factors; may be aligned to the “market rate” in the local community; or could be subsidized for all employees. If tuition rates charged to employees are lower than market rate, the difference between the paid rate and market rate is considered a benefit offered by the company and may create a tax liability for employees. Consult with a tax expert to better understand this situation.

Tuition information may be more difficult to find, as many providers do not post it publicly on their websites. Some do, so it is worth checking to see what you can find. There may also be private resources online that share average tuition rates in your area. Some folks engaging in exploration may also find out from families what they are paying for their child(ren)’s care. This information is often more easily collected through an anonymous survey, as some people may not be comfortable personally disclosing this information.

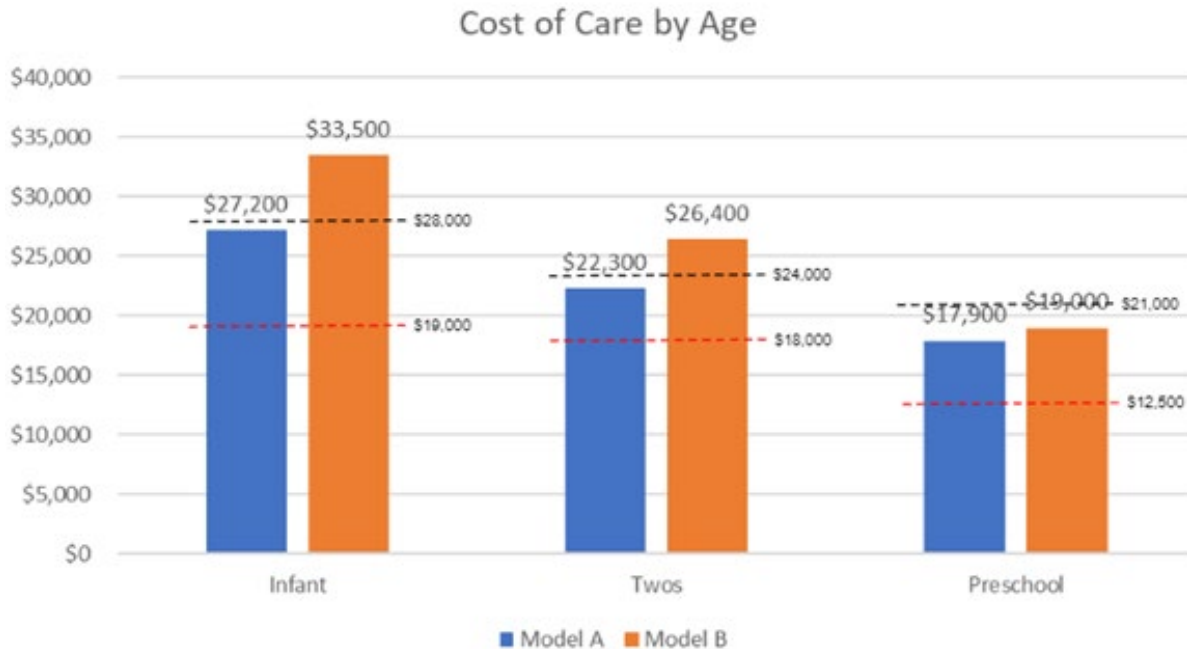
#### *Public funding streams*

While relying on public funding streams can make accounting more complex, it also helps child care businesses protect themselves financially. For example, [a recent report](#) by Early Milestones Colorado found that providers who participated in the state’s child care subsidy program, Colorado Child Care Assistance Program (CCCAP), or similar state or local-funded public preschool programs, were more likely to stay open during the coronavirus pandemic.

CCCAP supports low-income families and other eligible populations with paying the cost of child care. Families apply through their county’s local human services department. With the choice to accept CCCAP and other public revenue programs the organization will be working in partnership with counties to provide families access to high-quality early care and learning.

UPK Colorado funding supports families by providing funding for programs to offer free care hours, with eligibility depending on the population. Like CCCAP, rates are set by county. For hours offered beyond those funded by UPK, programs charge families tuition.

These revenues and costs come together to help develop an understanding of the financial model. Below is a chart representing the financial models of two Executives Partnering to Invest in Children clients from 2022. Both centers are high-quality models wishing to compensate educators at \$23 per hour, a level that is currently above the typical market wage. The bars represent the cost of care and the lines represent potential revenues. The black dashed line represents an estimate of the annual full-time tuition rate in the local market. The red dashed line represents the public subsidy rate for a low-income child.



Employer center A: serves 120 children and the facilities cost includes rent payment

Employer center B: serves 50 children, offers the highest-quality teacher to child ratios, facilities cost excludes any rent cost

A few critical insights can be discerned from this chart, including:

- Operational decisions have a significant impact on the cost of care
- Costs of operating a high-quality setting in some cases, exceed the revenue available from tuition
- The CCCAP reimbursement rate does not cover the cost of care in either center at any age for these particular models (this will not be true in all cases)

The financial modeling process is an iterative one and changes can be made to better align with the philosophy of the employer and to meet financial goals. It can be difficult, however, to achieve a high-quality environment on all dimensions without the employer contributing financially to the center at some level.



## Exploring your business model: Employer Contribution

There are a variety of ways that employers may choose to financially support the operations of an employer-based child care center including:

- Providing a regular cash subsidy to operations. If the center is run by the employer rather than outsourced, this may simply mean running the center at a financial loss. If the center is run by a third-party partner, it would mean funding that partner at a higher level to be able to offer the quality of program desired by the employer.
- Offering occupancy at low or no cost. One key line item in center models is rent or mortgage payments. The employer may choose not to pass along the cost of the space to the center to the center operator.
- Covering ongoing facility costs (maintenance, utilities, repairs, etc.). Similar to the above, especially if the ECE program space is part of a larger facility used by the employer, the employer may choose to absorb the costs of using and maintaining the space.

Other elements to take into consideration, depending on your industry or business type, include:

- Property taxes: some tax-exempt entities will need to pay property taxes for the part of a facility operating as a child care center if the center is operated by a for-profit entity. This is determined on a county-by-county basis in Colorado by the County Tax Assessor.
- Restricted revenues: if the organization has significant funding in the form of restricted revenue, work with experts who can ensure that the organization meets the revenue requirements despite any organizational financial contributions to the center.

## Worksheet 4: Financials

### 1) Costs

Start by using the [Cost of Care Calculator](#) for the age groups you are considering serving, to determine what the likely cost of care might be for a child, based on their age group.

Tailor the assumptions that you think are most likely for your organization. Here we'll allow space for two different scenarios, but do as many as you'd like!

Scenario 1 assumptions: \_\_\_\_\_  
\_\_\_\_\_

Scenario 2 assumptions: \_\_\_\_\_  
\_\_\_\_\_

	Infant Monthly Cost of Care	Toddler Monthly Cost of Care	Preschooler Monthly Cost of Care
Scenario 1			
Scenario 2			

### 2) Revenues

Tuition will be your primary source of revenue. This could come from private pay or public sources such as CCCAP or UPK Colorado.

To find tuition rates, check local resources for sample tuition rates.

CCCAP rates can be found [here](#) under “provider reimbursement rates.” Find your county, the type is “center” and the appropriate age level. The “level” is the quality rating system and all centers will start at Level 1 so that is a conservative assumption. Calculate the monthly rate by multiplying the daily rate by 20.

	Infant Monthly Cost of Care	Toddler Monthly Cost of Care	Preschooler Monthly Cost of Care
a) Monthly tuition rate			
b) Monthly CCCAP rate (reimbursement rate x 20)			
c) % children paying tuition			
d) % of children funded by CCCAP			
Average revenue per child (a x c) + (b x d)			

Note that UPK funding is not included in these calculations for simplicity as it will be a different source of revenue but will not change the total amount of revenue (e.g. will be an offset to family tuition).

### 3) Bottom line estimate

By entering your average monthly revenue and cost per child at each age group you can see the monthly bottom line per child. It is common for infants and toddlers to have a cost higher than the revenue. In some cases this will be true for preschool as well.

Estimating the number of children you will serve in each age group will enable you to get to a bottom line estimate for a full center. Here are some typical numbers of children per classroom that you can use. If you want to estimate more than one classroom, simply multiply the number of children by the number of classrooms for use in the table below:

	Infant	Toddler	Preschooler
Licensing maximum	10	10	20
High-quality recommendation (NAEYC)	8	12	20

	Infant	Toddler	Preschooler
Monthly revenue per child			
Monthly cost per child			
Net monthly per child			
# children per age group			
Net monthly per age group			
Center net (sum of all age groups)			

This net number is the estimate of how much the center is making (if a positive number) or will need in additional funding to break even (if a negative number). Please keep in mind this is only an estimate and the specific circumstances of the cost of the facility, whether the employer is paying a third party to operate the center, and many other specific details will inform the actual bottom line figure.

#### 4) Contextualizing your “center net”

As mentioned above, often employers will need to make a contribution to support the child care center. If the center net estimate is negative, that may be the case for the center your employer envisions. In the early sections of this guide, we identified the hidden costs of not having benefits such as employer-based child care. Here we provide a few useful tools to calculate the cost of child care--related absenteeism and turnover. You can make estimates of these numbers, if you’re not sure, to get to ballpark numbers.

##### **Cost of absenteeism**

- a) # of employees with children under 5:
- b) Average employee salary:
- c) # days missed by average employee with children: 8<sup>26</sup>
- d) Typical work year: 240 days
- e) Cost of absenteeism:  $a \times b \times (c / d)$ :

How does the estimated cost of child care related absenteeism compare to the cost of supporting the center?

---

***Cost of turnover and replacement***

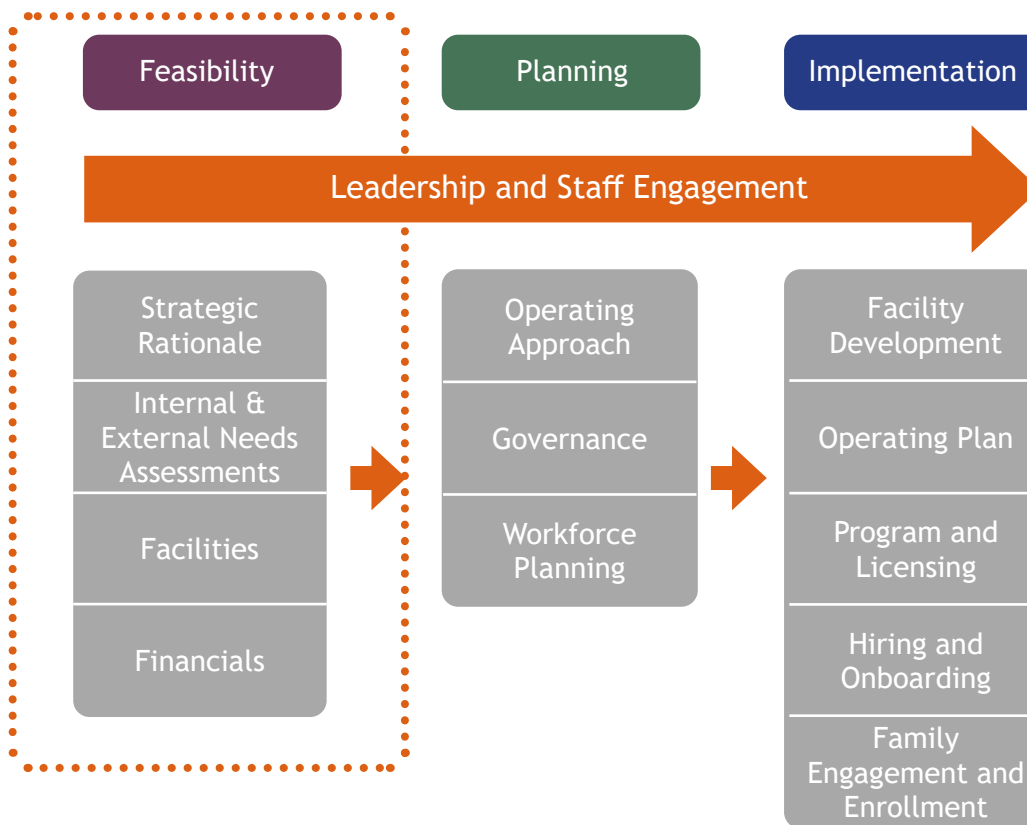
- a) Number of employees:
- b) Average turnover rate for your organization (i.e. % of employees who leave each year):
- c) New turnover rate given child care benefit (Patagonia<sup>27</sup> cites 25% reduction):  $b \times (1 - .25)$ :
- d) Average employee salary:
- e) Replacement cost (75% of annual salary<sup>28</sup>):  $c \times .75$ :
- f) Savings from reduced turnover:  $(b \times e) - (c \times e)$  :

How does the possible savings from reduced turnover compare to the cost of supporting the center?

---

# Leadership engagement

## Employer-based child care exploration and implementation




**Key question: How can organizational leadership be strategically engaged to support a path forward that includes employer-based care?**

The answer to this question will vary significantly based on where the impetus for this exploration has come from! Did the guide user decide to explore it on your own? Did a senior executive ask for more information? Is HR driving the effort? Please remember that leadership and staff engagement is not something to do once and check off! In using this guide the user will want to consider how you to engage leadership along the way. Or, consider that coming to them at the end of this exploration may be best for your situation.

One framework for thinking about change and new approaches comes from Chip and Dan Heath's book, [Switch](#) where they identify 3 categories to think about in enabling change. Consider each of these in the effort to gain buy-in from leadership:

### *Direct the Rider (Appeal to the Rational)*

The logical mind of each person needs to understand how something new will work and how it has worked in other places. Sharing data about the problem that needs to be solved, stories of how employer-based care has been implemented elsewhere, and providing estimates of the outlays and potential ROI for an initiative are all examples of Directing the Rider.



Recognize that some figures may be difficult to quantify at this stage of exploration, but sharing ballpark numbers that indicate both the challenge and solution can help appeal to the logical mind. The guide provides resources in this toolkit to quantify the internal need, calculate the hidden cost of care, determine employer cost estimates, and understand experiences of other organizations.

### *Motivate the Elephant (Appeal to the Emotional)*

Coupling hard data about the challenge within the organization with personal stories of hardship with child care and the impact to people and the organization appeals to individuals' softer side. Appealing to organizational values and the type of employer that the organization is or aspires to be and painting a picture of the cultural benefits of an employer-based child care approach may help individuals to understand the challenges that parents face and motivate leadership to be a part of the solution.

### *Shape the Path (Change the Environment)*

Easing a decision to do something differently includes changing the circumstances in which an individual is operating to make the decision or path ahead simpler to navigate. For example, this toolkit is hopefully helping to shape the path by offering a roadmap and set of tools to help the user on this journey! Painting a picture for leadership of what the next steps are in exploration that they can say yes to is a way to shape the path. Another approach may be by rallying a group of folks to help to advocate for employer-based care. Hearing from a larger group of employees may be more compelling than from just one or two.

These are simply considerations in thinking about what will be most compelling within the organization. Look at other change management efforts and how new ideas have come to fruition whether from grassroots or from the top down. What was successful in those efforts? What might be done differently?

In continuing further along the path in planning and implementing an employer-based child care center, engagement will shift to include much more of a focus on the broader employee base and employees with young children or who anticipate future young children, in particular. The user may want to consider using this same framework for any employees who may not be aligned with the value of employer-based care. Many employees with young children will quickly be on board with the idea and will, instead, have more tactical questions about the approach to the center including enrollment, programming, and tuition.

## Worksheet 5: Leadership Engagement

The person/group I most need to be a champion for this project is: \_\_\_\_\_

The person/group who may have the most concerns/questions about this project is: \_\_\_\_\_

As I think about engaging leadership in our organization I am mostly focused on (group, person, level):

\_\_\_\_\_

We will want to lean on these strategies to support (check all that apply):

- Direct the Rider
- Motivate the Elephant
- Shape the Path

Some things I might do to engage (key audience) in thinking about employer-based child care include:

Direct the Rider

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Motivate the Elephant

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Shape the Path

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

*Feel free to replicate this for a variety of audiences inside the organization.*



My next steps to engage leadership include:

Action	By when	Notes/questions

# The Path Ahead

## Employer-based child care exploration and implementation



### Key questions to come

This guide has progressed through many of the key considerations around the feasibility of developing on-site care. The path ahead from here involves deeper dives on operational elements of the employer-based child care center. The process will require revisiting some of the questions initially explored from a feasibility perspective and delving into new questions as the project begins to take shape. Key questions to come include:

#### 1) Operating approach

- Will the organization operate the program ourselves or outsource it to a third-party?
- If a third party, will it be a corporate provider or a local partner?
- Does our organization have a perspective on the type of program/curricular approach for the center to offer?
- Will the center offer enrollment to community members or only employees?

#### 2) Governance

- Where will this “sit” within our organization? Who will be responsible for oversight?
- Who will be the key decision-makers and set policy for the center?

### 3) Workforce

- Given the existing challenges finding early childhood educators, how might the organization support the development of a robust employee pipeline for our center?

### 4) Employee needs

- How might the organization gain more information about the needs of our employees to further shape and inform our decision-making process?

### 5) Facilities

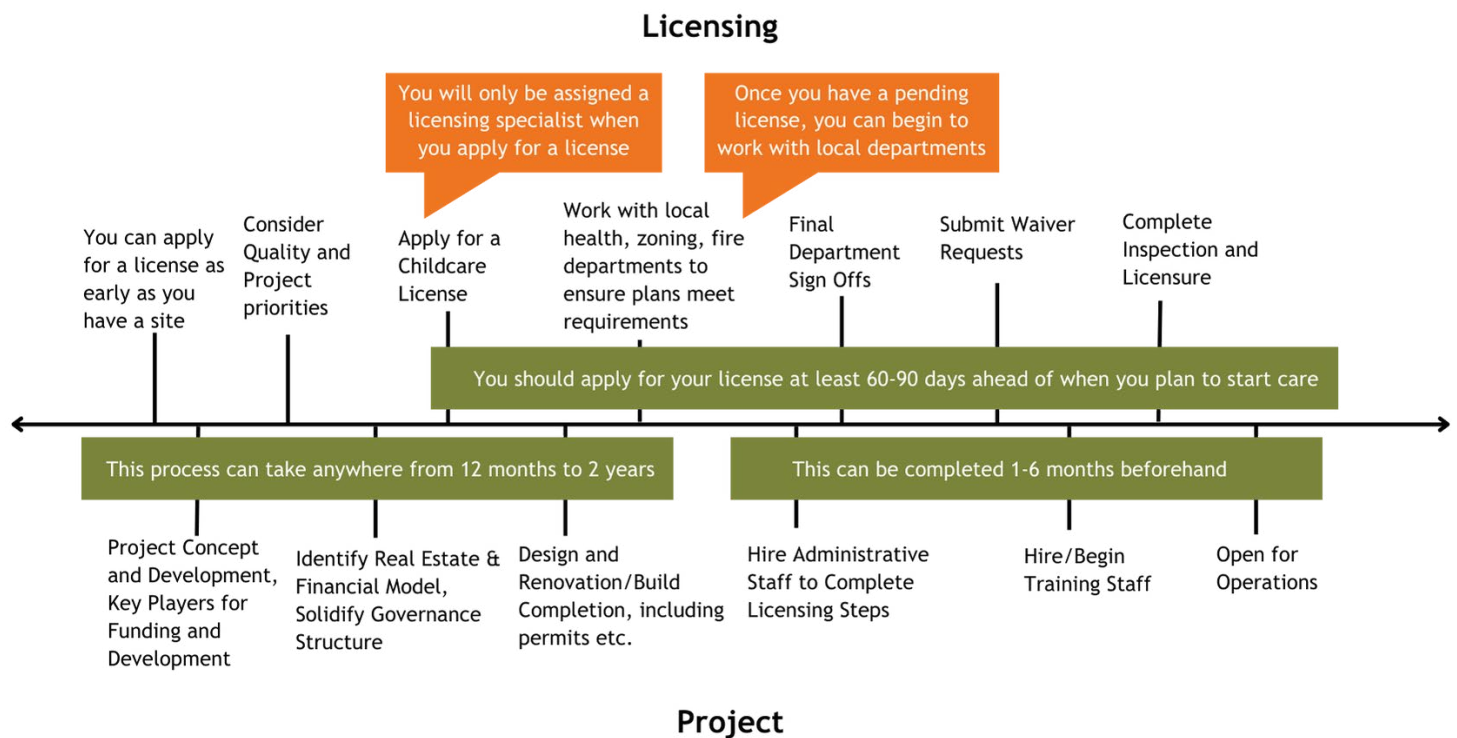
- What will the timeline for facility development be?
- What partners including both facility and ECE experts will support the development of this facility?

### 6) Financials

- What resources will fund this program?
- What will be our approach to tuition for employees?
- What are the actual costs of a program likely to be, as more decisions are made that inform the financial model?

## Implementation timelines and supports

Timelines for the planning and implementation processes can vary widely depending on the need to gain buy-in from key stakeholders, work with partners, and the identified facility option. This example offers a 15-30 month timeline for your project licensing and development.



As the center takes shape, there will be a variety of individuals and organizations who can provide help along the way.

Category	Partner	Type of support	Notes
Facility	Real estate broker	Identify a facility or location that will meet the identified parameters	
Facility	Architect	Develop site plans for a ground-up build or tenant improvements within an existing space.	Aim to find an architect with early education center expertise. K-12 has very different requirements.
Facility	General contractor	Conduct construction work	
Funding	Local funders	Financial support for start-up	
Program/ Funding	Early Childhood Council	Advice on how to approach the program, finding partners, funding, etc. Can also help with licensing waivers.	Find the local early childhood council: <a href="https://ecclacolorado.org/find-an-early-childhood-council/">https://ecclacolorado.org/find-an-early-childhood-council/</a>
Program	Early Learning, Licensing and Administration	May provide thought partnership on establishing the program; will authorize the program for operation so engage them early	<a href="https://cdec.colorado.gov/child-care-licensing-and-administration">https://cdec.colorado.gov/child-care-licensing-and-administration</a>
Program	Early childhood operator	Operate the center, if desired	Some organizations outsource operations, others will hire individuals to run the program

### *Additional resources*

- [Small Business Development Center \(SBDC\)](#) - Provides a series of workshops, consulting services and engagement resources and opportunities for entrepreneurs, communities and other business entities across the state in a variety of industries and sectors, including for child care businesses.
- [Office of Economic Development and International Trade \(OEDIT\)](#) - Robust program and funding resource for economic development, including grant opportunities
- [Executives Partnering to Invest in Children \(EPIC\)](#) - Provides comprehensive project consulting and feasibility services, which includes subject matter expertise as well as project management, funding source identification, and overall technical assistance support
- [Business Guide for Child Care Centers](#)

### *In closing*

It is the sincerest wish of the authors of this guide that your organization is successful in ensuring its employees are supported in their needs as working parents, to be the best employees they can be while caring for young children. Hopefully, this guide has expanded the user's understanding about the critical elements of launching employer-based child care programs and sets the organization off on a successful path forward.

## Endnotes

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## Appendix A - Employer Support Alternatives to On-Site Care

Employer-based care is one solution. If this does not align to employee needs there are other options to explore - revisit the strategic rationale and needs of employees as you consider additional options:

### *Support employees with access and affordability:*

Further research focus groups and other internal exploration may be critical to your organization's process of pursuing further benefits for families. These are some common approaches to lower cost support options to enhance current benefits:

- Launching a parent employee resource group to refine and specify needs
- DCAP/flexible spending accounts (Annual reimbursable or other structure)
- Finding and funding backup care (Care.com, Bright Horizons, Call Emmy, TOOTRiS)
- Providing child care discounts/subsidies
  - [Vivvi Care Cash](#)

The options above will depend upon an understanding of overall employee composition and potential child care needs, as well as local market data research to understand supply and potential efficacy of any single benefit or strategy within your workforce population.

### *Support a local operator with expansion:*

The options above, while valuable to many employees, require child care supply to be utilized to their full potential. If flexible spending accounts, tuition assistance, or backup care is already part of the organization's current plan, or there is interest in helping to build supply but on- or near-site development is not possible, supporting a local operator to expand can be one option to build supply. Many operators are interested in expansion but lack the access to capital and sustainability support they need to do so. Understanding the child care operator landscape could uncover opportunities to support development.

### *Collaboration with other employers:*

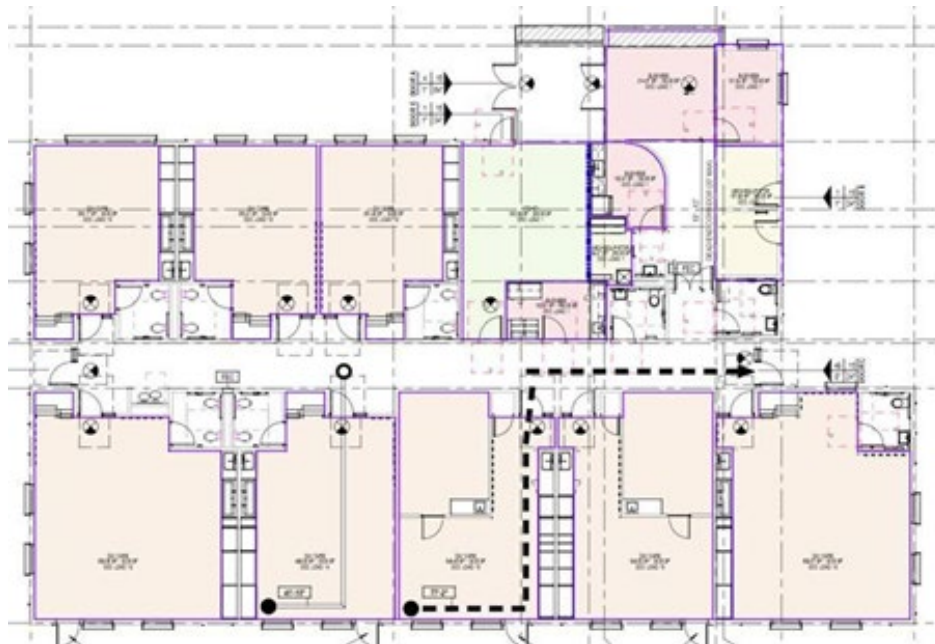
For some employers, on- or near- site child care is the right solution for employee needs, however organizational assets and reach are not able to cover the costs of development and sustainability. In this case, collaboration with other employers with similar needs can be a mutually beneficial endeavor, as it allows for greater distribution of costs and expanded access for employees and families who need child care support in order to stay in and return to their work.

Regardless of the best approach, there are always ways to enhance and further support family needs. The first step is always to establish a rationale, understand the needs of the employees and community, and assess the assets and challenges specific to the organization.

## Appendix B - Facility Design Examples



60 Child Capacity Center



Sample Facility Blueprint







## Appendix C - Worksheets

1. [Strategic Rationale and Anchors](#)
2. [Internal and External Needs Assessment](#)
3. [Facility](#)
4. [Financials](#)
5. [Leadership Engagement](#)

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