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The Child Care Connection

by Lorraine Faulds

In 1950, the average American family consisted of Dad, who worked Monday through Friday, 9 a.m. to 5 p.m., and Mom, who stayed home, did the housework and cared for the children who had milk and cookies waiting for them when they got home. Well, the days of Ward and June Cleaver are over! Today's average American family includes parents who are both employed outside the home and children who are cared for by someone other than Mom or Dad.

In the United States, as of 1987, both spouses were working in 57% of married couple families.¹ That was 12.8 million working married couples and, of course, those couples had children—8.8 million of them younger than 6 years old and 12.3 million between the ages of 6 and 13.² Including families supported by a lone parent, the number of children under 14 climbed to 26.1 million.³

What the statistics reflect is a dramatic change affecting both the workplace and the organization of family life—the migration of women into the labor force in unprecedented numbers. Nationally, 57% of all women 16 years

and over were in the labor force in 1989.⁵ This included over 4 million married women with a child under six and approximately 5.7 million with children 6 to 17 years old.⁶ There could have been more. A 1982 survey found that 26% of nonworking mothers with preschoolers would look for work if "reasonably priced child care were available." That equated to approximately 1.7 million additional workers. Seven hundred thousand workers said that they would work longer hours if additional or better child care were available.⁷

In South Carolina, 58% of women with children under six and 68% with children 6 to 17 years old were employed in 1988. Those figures put South Carolina second only to Washington, D.C. in percentage of mothers who worked outside the home.⁴

The trend will continue in the American family of tomorrow. There will be 139 million persons in the labor force in the year 2000, an increase of 21 million from 1986.⁸ Between now and 1995, women will comprise two thirds of the new entrants to the job market. Approximately 80% of these women will become pregnant during their working years, and the trend is that these women will return to work. Nationally, in 1988, 52% continued working after childbirth.⁹

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These figures show that the number of working parents is significant and will continue to climb. In turn, the issue of child care will become increasingly important to parents and employers alike.

Child care in this country has historically suffered from the illusion that it was of lesser quality than parents could provide or that it was primarily for the economically disadvantaged. This caused employers and the public to ignore the need for quality child care.

The first child care centers were established between 1840 and 1887 to assist children of Civil War widows and, later, children of the more than 5 million immigrants who came to this country. The care was performed by wealthy women looking to "feed the starving, clothe the naked, enlighten the soul."¹⁰ Historically, the United States has made efforts to expand child care only during wartime when women were needed to assume men's roles in defense plants or during depressions to create a source of jobs.

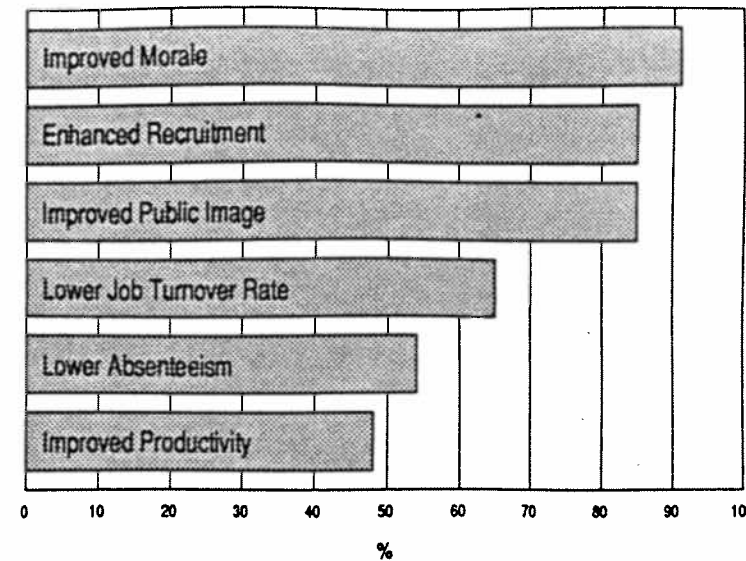
The Works Progress Administration (WPA), brought about by the Great Depression of the 1930's, used federal funds to support nurseries for children. The main purpose of these day care centers was to provide employment for teachers, child development experts, artists, laborers, clerical workers and other unemployed people, most of whom were men. Nonetheless, this was an excellent program and a precedent to the Lanham Act of 1941. The Lanham Act provided federal funds to individual states that opened care centers for children whose mothers were "drafted" to work in defense plants during World War II. By 1945, this led to more than 3,000 federally funded child care centers serving over 100,000 children.¹¹ At the war's end, 95% of these centers were closed due to lack of funds.

In 1954, the federal government allowed a small tax deduction to parents for employment-related child care expenses. The federal government again invested in day care centers in 1962. These centers, not aimed primarily at working parents, were essentially to shelter neglected children. The Economic Opportunity Act in 1964 created Project Head Start, a program intended to ready economically disadvantaged children for elementary school. In 1971, Congress passed the Comprehensive Development Act which would have provided services for welfare recipients, improved child care facilities, broadened eligibility for tax deductions, and expanded the Head Start program. President Nixon vetoed the bill, despite large popular support for it.

Congress replaced the tax deduction for child care expenses with a tax credit in 1976 and eliminated certain income and marital status requirements. The Economic Recovery Tax Act of 1981 raised the credit amount and currently there are also laws which give tax benefits to employers who offer child care assistance. The federal government, although aiming to replace funds for child care with private sector support, has recently granted \$14 million to South Carolina to boost child care for low-income parents. By using a voucher system, the Health and Human Services Finance Commission hopes to assist parents who are unemployed due to the cost of child care.

Other states, such as Connecticut, offer tax credits to corporations for expenses relating to child care facility planning, construction and renovation. The city of San Francisco requires downtown developers to either include space for child care facilities or set aside \$1 for every square foot of floor space in the building toward a child care facility. The private sector is also responding. According to The Conference Board, the number of companies offering

BENEFITS OF PROVIDING CHILD CARE SERVICES
As Reported by Employers



Source: Survey of 175 companies offering child care assistance conducted by S. Burud, P. Aschbacher and J. McCroskey, "Employer Supported Child Care in the United States", Dissertation Abstracts International, 1979

some sort of child care assistance is seven times what it was in 1982.

Why all the fervor over child care? Child care, and the problems related to it, impact not only the employee dealing with these problems but supervisors and co-workers as well. Workers with children are prone to more stress on the job because of child care situations. They are more apt to miss work to care for a sick child, to find substitute child care when the regular care provider is unavailable, or to look for a new child care situation. There are always children's medical appointments, performances, and teacher conferences. Parents also worry a lot—about the sick child who is at home caring for herself or himself, about the latch-key kids who are on their own after school, and about the quality of their child's care situation. These problems can result in a distracted, possibly

unhappy, employee who in turn spends unproductive time at work.

A 1984 survey conducted by John P. Fernandez of AT&T supports this notion. The survey included 5,000 employees in five large technically-oriented companies. The respondents included both white-collar (supervisors) and blue-collar (crafts) employees. The survey found that 67%, regardless of gender, felt that problems with child care were costing the company a great deal of money in unproductive employee time.¹²

The survey also found that 77% of the women and 73% of the men with children under 18 dealt with family problems during the work day.¹³ Fifty-seven percent of the women and 33% of the men with children under 6 said that child care problems led to unproductive time at work.¹⁴ In Portland, Oregon, of 8,000 employees surveyed, men and women with

children under 18 years old missed more days of work than employees without children.¹⁵ This unproductive time equates to lost profits for U.S. companies. The Congressional Office of Technology Assessment reports that personal problems cost industries in this country \$137.6 billion every year.¹⁶

Child care benefits can prove to be a cost-effective proposition. By providing working parents with policies and benefits such as child care centers, information and referral services, financial assistance or flexible work hours, employers can offset absenteeism, tardiness and high job turnover with improved recruitment, higher morale and improved public image.

From 1978 to 1981, the U.S. Department of Health and Human Services conducted a study

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of child care centers at 415 hospitals and midsized businesses across the country. Ninety percent of the companies studied found that employee morale improved. Also, 85% reported increased worker recruitment and retention, 65% found decreased turnover, and 53% cited reduced absenteeism. For 38% of respondents, child care arrangements were a factor in accepting a job and 69% remained in their current position because of child care benefits.¹⁷

Benefits offered to working parents can also improve a company's image. Catalyst Career and Family Center surveyed Fortune 500 companies and found that 60% reported an increase in favorable publicity.

Companies providing child care centers have reported lower turnover rates. A 1984 survey of 17 Minnesota companies found that, among employees who were child care center users, there was a 0% turnover rate!¹⁸ Two southern textile factories, one with an on-site child care center and one without, were surveyed. Workers at the company with the child care center had higher job satisfaction and commitment and, hence, lower turnover than the workers at the company without a center.¹⁹

Employer-sponsored child care centers also reduce financial losses by companies. Intermedics, Inc., a manufacturer of cardiac pacemakers, found a lack of quality child care in the community where the company was located. A center was built for 260 children which charged parents \$15 a week. The center was immediately filled to capacity. In the two years following the opening of the center, Intermedics, Inc. saw a 60% decrease in the turnover rate and saved 15,000 work hours in the first year. These combined reductions totaled a savings of over \$2 million in the first two years of operation.²⁰

Hildebran, North Carolina is the home of four plants owned by Neuville Industries, Inc. In 1981, the hosiery company opened a new plant and at the same time opened a child care center for 39 children. Ninety-five percent of the applicants to the new plant were attracted by the care center. During the first two years of operation, the turnover rate was 5% to 8%, compared to the industry average of 50% to 100%. The center charges \$25 a week, and company officials feel that the cost to run the center—\$14,000 a year—is well worth the benefits.²¹

On-site child care centers are not the only profitable benefit offered by companies in this country. Tyler Phillips provides child care referrals and counseling and found that the users of this service reduced lost time at work by 40%. The company predicts that an individual's absenteeism will be reduced by three days a year after using this service.²²

In South Carolina, companies and public sector organizations offer a wide variety of child care benefits for employees. Lexington Medical Center's Child Development Center in West Columbia is open from 6:30 a.m. to midnight and serves 175 children. The on-site center also has after-school pickup from area schools. NCNB has both maternity and paternity leave plans (which also cover adoptive parents), subsidies of up to 50% for child care expenses, and a plan in which parents are allowed up to two hours a week of paid work time to assist in their child's school as tutors, coaches, mentors or other support personnel.

In the public sector, South Carolina Educational Television in Columbia opened an on-site child care center in February 1989. The center serves 38 children, charging parents \$45 weekly. On the federal level, the Strom Thurmond Federal Building in Columbia houses a

center for children of federal employees. The space in the building and the utilities are provided by the federal government, and federal employees are given priority in space allotment although other public sector individuals are welcome.

With the increase in dual-career families, single parent families and numbers of women entering the workforce, benefits geared toward working parents make good business sense. Work and family represent a complex combination, but with companies assisting employees with parental responsibilities, the nation is working toward a more stable, productive and, hopefully, satisfied work force.

Endnotes

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About the Author...

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