A guide for best-in-class child support; a business imperative

The employee benefit that pays for itself

Based on BCG analysis
Company leaders should invest in child care benefits

We talked with five companies leading the charge on child care benefits

Up to 425% ROI

Companies are seeing a positive ROI, up to 425%

This is the easiest talent investment decision you’ll ever make

It’s time for companies to act

Read on for a landmark study on the impact of child care benefits at five US employers, from Moms First and Boston Consulting Group

The Moms First team would like to acknowledge our partners and team at BCG for leading the research, and Emily Oster, Misty Heggeness and Joe Fuller for consulting on the methodology.

Reshma Saujani, Moms First CEO
Emily Kos, BCG Managing Director and Partner
Kelsey Clark, BCG Managing Director and Partner
A daunting task: 1 in 3 employees balance parenthood and work

- The US child care system is in crisis, leaving more than 50 million parents to patch together child care, facing obstacles like cost, access, reliability, and quality
- Companies are impacted as parents navigate a broken system
- Parents may be late, not show up to work, or be distracted when their child care plans fall through
- Without support, some parents are held back—avoiding new challenges, promotions, or travel—or leave the workforce altogether
- As a result, they miss out on career growth opportunities, earnings, and chances to advance
- Companies lose out on highly valuable talent, as working parents can’t operate at their full potential without proper child care support

Child care benefits remove burdens

The bottom line: inadequate child care costs companies money every year

Child care benefits are a smart investment

Child care benefits strengthen financials and culture

**Four core impacts of adequate child care benefits for working parents**

- **Recruitment and Retention**
  - 90% of employers say child care benefits boost talent recruitment and retention—as much as paid time off and health insurance

- **Productivity and Presence**
  - 88% of employers agree child care benefits boost productivity

- **Career Progression**
  - 56% of part-time or non-working parents would go back to work full time if they had access to quality child care at a reasonable cost

- **Job Satisfaction**
  - Generous family policies associated with improved happiness in parents with no reduction in the happiness of non-parents

Sources: Care.com, First Five Years Fund, American Journal of Sociology
Our landmark study makes the case for child care benefits

BCG conducted a study with five companies to establish the financial impact.

We saw a range of returns; all were positive, ranging up to 425% ROI.

JUST 1%
Retaining as few as just 1% of eligible employees can cover the cost of benefits.

These benefits pay for themselves.

Because of child care benefits...

- **Recruitment and Retention**: Up to 86% of working parents are more likely to stay with their employer.
- **Career Progression**: Up to 78% of working parents report positive career impacts.
- **Productivity and Presence**: Working parents avoid up to 16 absences each year.
- **Job Satisfaction**: Clear improvements to company culture, morale, and goodwill.

BCG surveyed hundreds of employees and spoke with dozens of working parents enrolled in a variety of benefits programs.
Innovative companies support parents with child care in a variety of ways

Examples of child care benefits examined in our study

<table>
<thead>
<tr>
<th>Stipends</th>
<th>On or near-site care</th>
<th>Backup care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular subsidy paid to</td>
<td>Company managed or sponsored child care center at or near the office. Employees are</td>
<td>Company may offer access to backup care providers, credits for vendor-provided</td>
</tr>
<tr>
<td>employees by the company</td>
<td>offered priority access; company may provide discounted tuition</td>
<td>care, or reimbursement</td>
</tr>
<tr>
<td>Why</td>
<td>Helps with <strong>cost</strong></td>
<td>Helps with <strong>access</strong> and <strong>cost</strong></td>
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This is not an exhaustive list of employer-sponsored child care benefits—there are several other options (e.g., securing seats for employees at local child care providers)

These benefits are above and beyond more traditional (and critical) family benefits offered, such as:

- Paid parental leave
- Dependent care FSAs
- Employee Assistance Programs

Companies are customizing child care benefits for their workforce
Child care benefits keep the lifts running

The benefits:

**Near-site child care center**

Steamboat Child Care Center opened December 2022

Employees receive priority registration and 20% discount on tuition

Meg takes on new leadership roles

Meg Tewkesbury
National Sales Manager

9 YEARS WITH STEAMBOAT

Life at Steamboat
Meg is a high performer at Steamboat

Maternity leave
Meg utilizes Steamboat’s parental leave when her daughter is born

Focus and productivity
Child care center enables a successful transition back to work

Steamboat Child Care Center
Meg enrolls her daughter in the child care center and is able to continue nursing when she returns to work

Leadership opportunities
Hesitating to take on a leadership role, the stability of the child care center gives her the confidence to step into the role—benefiting her and Steamboat

Loyalty to Steamboat
Meg is thrilled by the benefit and says it positions Steamboat as “the best employer in the area”

Recruitment and Retention

~90% of working parents intend to be working at Steamboat in a year

“This is the core of what people need. For young families, how can you expect to keep them without child care?”

Program Analyst

Productivity and Presence

13 avoided absences per year

“Reliability and consistency allows me to be more productive as a mom, employee, and team member.”

Manager, Communications

Career Growth

70% of working parents say child care benefits help them stay in the workforce

“This having consistent and high quality child care has made me confident to step into a new role.”

Manager, Sales

Job satisfaction

8 out of 10 for working parents

“This benefit is unmatched, and it shows that the employer is invested in your family. That investment to me is critical.”

Manager, Sales

Steamboat Child Care Center also offers 6 weeks of paid parental leave (plus up to an additional 6 weeks of leave through vacation, unpaid time, and/or short-term disability), a dependent care flexible spending account, and an employee assistance program.

Source: BCG and Moms First Survey, Fall 2023
Child care benefits keep stores open

The benefits:

**Monthly stipend**

Monthly $1,000 child care stipend

Can be used for up to 3 years, for children 6.5 years old and younger

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**Suleyka Basil**

Store Manager

11 YEARS WITH FAST RETAILING

**Suleyka joins Fast Retailing**

First job out of college

Cost of child care is daunting

Pregnant with twins, she considers leaving the workforce due to the cost of care

Stipend unlocks persistence

The stipend gives her access to child care she’s happy with

Peace and focus

With her children taken care of, Suleyka has both peace of mind at home and can be more consistent at work

Appreciation and longevity

“The benefits make me want to be the best version of myself at work.”

Ultimately, Suleyka sees Fast Retailing as more than a job—it’s a long-term career

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Value Story:

**Recruitment and Retention**

86% are more likely to stay thanks to child care benefits

“When I found out I was pregnant, I considered leaving my job given the cost of child care. Then I learned about the stipend. It truly saved us.”

**Store Manager**

**Productivity and Presence**

11 absences avoided on average by hourly employees per year

Child care benefits help keep Fast Retailing’s stores running smoothly

**Career Growth**

4 out of 5 feel their career has been positively impacted

**Job satisfaction**

“It’s not just the money, it’s the principle. It feels like a ‘thank you’. It’s an incredible morale booster.”

**Corporate Employee**

86% are more likely to stay thanks to child care benefits

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**Corporate Employee**

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Fast Retailing also offers 3 months (for birthing parent) or six weeks (for non-birthing parents) of paid parental leave, fertility and maternity support, bereavement leave for failed fertility treatment and miscarriages, and a dependent care flexible spending account.

Source: BCG and Moms First Survey, Fall 2023

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8
Child care benefits pay off for hourly workers

The benefits:

**Emergency onsite daycare**

3-month pilot program offers emergency onsite child care at UPS warehouse facility, serving hourly employees

**UPS Shift Supervisor seizes her potential in support of her family**

**Hired**
She works at UPS part-time while caring for 3 children as a single mom

**Nearly let go**
She struggles with reliable child care—as a result, she misses so many days of work that her job is in jeopardy

**Child care program**
She immediately begins using the child care center when typical arrangements fall through

**Reduced absences**
Able to attend work regularly, she can focus on her productivity

**Promoted**
Within a month, she is promoted to shift supervisor

**96%**
Retention increased from 69% to 96% for hourly shift workers

**16**
Avoided absences per year

**Job satisfaction**
“This program is life changing for me. When you have support, it makes your day so much easier.”
Shift Employee

**We’re really proud of this program. UPS is a leading employer because we take care of our people. We deliver for our people so they can deliver what matters for our customers.”
Carol Tomé, CEO

UPS also offers access to a vendor partnership which provides personal guidance related to child care, parenting, and caregiver support, an adoption assistance program, a dependent care flexible spending account, and short-term disability benefits due to the birth of a child.

Source: UPS pilot program data, Q4 2022
Gleydis recruits others to join Synchrony

Gleydis Gonzalez
Senior Specialist, Recovery

3
YEARS WITH SYNCHRONY

Seeking a role with better support
With two children and another on the way, Gleydis leaves her former employer with no child care benefits or paid parental leave in search of a company that would better support her as a working parent.

Synchrony cares for working parents
Gleydis joins Synchrony

As she begins to utilize the child care and parental leave benefits, she asks: “Why didn’t I do this sooner?”

Backup care grants peace of mind
Gleydis regularly uses the backup child care benefits which give her peace of mind—no need to use sick days, no risk of low-quality care, and no added financial stress.

Championing and recruitment
Knowing the difference that child care benefits have made on her family, Gleydis recruits two working parents from her immediate network to join Synchrony as well.

The benefits:

**Backup Care**
60 days of backup care annually
Mix of reimbursement and backup care provided by vendor

**Productivity and Presence**
Working parents reported a 45% reduction in unexpected absences thanks to child care benefits

**Career Growth**
“I was presented with a big opportunity in my career, and I was able to take advantage of it because of the benefits.”

**Value Story: Synchrony**
As a working mom, I’m so proud that Synchrony continues to invest in programs that help parents thrive at work while having peace of mind at home. It’s clear that our child care benefits are making Synchrony a leading employer of choice while strengthening our workforce.

Carol Juel, EVP & Chief Technology and Operating Officer

Synchrony also offers 22 weeks (for birthing parents) or 12 weeks (for non-birthing parents) of paid parental leave, a dependent care flexible spending account, and an employee assistance program.

Source: BCG and Moms First Survey, Fall 2023
Child care benefits help build culture

The benefits:

**Backup Care**
- Up to $4,000 of backup care credits annually

**Annual stipend**
- $1,000 annual work/life stipend

Maureen has a long-term home with Etsy

Maureen Sitterson
Senior Director, Global Product Marketing

2.5
YEARS WITH ETSY

Hired
Maureen joins Etsy pregnant with her second child

Backup child care
Complimentary options give her peace of mind for the unexpected and keep her from juggling responsibilities or taking sick days

Advocacy
She becomes a vocal advocate for child care benefits and champion of Etsy

Promotion
Maureen gets promoted to Senior Director of Global Product Marketing

Loyalty to Etsy
“Even if another company offered me more money tomorrow, I wouldn’t even consider it, given how much this company has invested in my personal life.”

Recruitment and Retention
82% considered child care benefits when deciding to join the company
79% are more likely to stay due to child care benefits

Senior Director, Marketing

Productivity and Presence
“Anytime my kids are sick, I book a babysitter and I don’t think twice about it. I can’t think of a time this year that I’ve experienced juggling work and child care unexpectedly.”

Vice President, Product

Career Growth
60% of working parents say child care benefits help them stay in the workforce

Job satisfaction
“Child care benefits are an expression of the culture of Etsy—a company that values, understands, and supports its employees.”

Vice President, Product

Etsy also offers 26 weeks of paid parental leave, a dependent care flexible spending account, and an employee assistance program.

Source: BCG and Moms First Survey, Fall 2023
Making the case for child care benefits: It’s an investment

All companies could tell us the cost of their child care benefits. Few had quantified the return. Companies aren’t tracking this data, but they can and they should.

Companies need to test the financial impact of retention and productivity to demonstrate the positive ROI.

To estimate the return on investment simply, we compared the annual cost with the annual net financial benefit (increased productivity and costs avoided due to improved retention).

To estimate the net financial benefit, we issued a survey to parents asking them directly how the benefits impacted their ability to be present at work and their likelihood to stay employed at their company.

Our analysis intentionally focuses only on child care benefits and not other benefits, such as parental leave. It also does not quantify intangible impacts like improved culture or career progression of women.

Companies can and should measure the return...
Time to act

Make the investment
Treat child care benefits as an investment, not a cost center, and make the case to offer more

Measure & share impact
Share the story with your employees, peers and the world—take a stand and champion the cause

Advocate for change
Use this data to build the case and make the ask. Let companies know what parents need to succeed

Child care benefits pay for themselves

MOMS FIRST
Get involved with us to support this critical effort
Key Statistics—Methodology

Range of company ROIs

<table>
<thead>
<tr>
<th>Return on investment</th>
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<tbody>
<tr>
<td><strong>Net annual benefit compared to annual cost</strong></td>
</tr>
<tr>
<td>Company A</td>
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<tr>
<td>Company B</td>
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<tr>
<td>Company C</td>
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<td>Company D</td>
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<td>Company E</td>
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The purpose of this report is not to compare companies, but to showcase that ROI is positive in a variety of scenarios, which is why we are anonymizing company names associated with specific ROI results.

Defining ROI

BCG measured the percentage return on investment (ROI) of child care benefits currently offered by the five companies. Percentage ROI is defined as the net financial impact of child care benefits divided by the cost to administer, multiplied by 100. The publication highlights the highest ROI among the companies studied (all companies earned a positive ROI).

Defining Retention Breakeven Point

The publication also highlights the lowest retention "breakeven" point among the companies—in other words, what percentage of the eligible employee base would need to be retained to cover the cost of administering benefits (does not include financial impact of productivity and presence). ROI and breakeven point do not account for the costs or financial impacts of parental leave.

Data informing the calculation

BCG leveraged HR data, employee interviews, and surveys tailored to each workforce. Because our partner companies did not have the necessary data on attrition and productivity of working parents and the impact of child care, BCG relied on survey data to measure impact.

Scope

While companies benefit in a variety of ways from offering child care benefits (intangible impacts like improved culture, morale, etc.), the study used a conservative approach of only quantitatively measuring the impact of improved retention and productivity and presence consistent with other research methods used by our partners Misty Heggeness, Emily Oster, and Joe Fuller.

Defining improved retention

Companies save by avoiding replacement costs (including backfilling the role, recruiting for the role, and decreased productivity during the onboarding and training process) for the employees they would have lost, if not for child care benefits.

Key variables used

- **Parent attrition rate:** Percentage of parents who would leave the company or cut back on hours on an annual basis.
- **Parent retention rate:** Of parents who considered leaving or cutting back on hours, the percentage that stayed in the company's workforce because of the child care benefits offered.

Replacement multiple:

Function of employee's salary that estimates the costs for replacing them (designed to include costs like backfilling, recruiting, decreased productivity during training). For purposes of this study, a range of replacement multiples (0.2-2) has been applied based on level or seniority (e.g., senior leaders are more expensive to replace than frontline workers).

Salary:

Self-reported annual salary for survey respondents.

Defining improved productivity and presence

Companies benefit financially from the improved productivity of working parents when they miss fewer hours and days as a result of supportive child care benefits.

Key variables used

- **Avoided absences:** The number of absences that a parent has avoided because of their child care benefits in a given time period.
- **Avoided late arrivals and early departures:** The number of late arrivals and early departures that a parent has avoided because of their child care benefits in a given time period.

Salary:

Self-reported annual salary for survey respondents.

Key Statistics—Methodology

Note: UPS provided precise data from their benefit’s 3-month pilot period in Q4 of 2022, including retention data; As a result, an employee survey was not administered; UPS’s findings and analyses present results from 3-month pilot period in Q4 of 2022 and are not annualized or extrapolated unless stated otherwise.