BCG

MOMS F1RST

The employee benefit that pays for itself

Based on BCG analysis

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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

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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

Gaps in child care severely impact employees and employers

~70%

Productivity and Presence

~70% of working parents' work days have been impacted when child care falls through

58%

Recruitment and Retention

58% of parents who left their job cited inability to find child care as a reason

$13B Inadequate child care cost employers $13B a year in lost productivity

2x Replacing an employee costs companies up to 2x an employee's salary

66%

Job Satisfaction

66% of working parents are experiencing parental burnout

63%

Career Progression

63% of parents say they made career changes to afford child care

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

Sources: Care.com, US Chamber of Commerce, The New York Times, Harvard Business Review, Gallup

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

Productivity and Presence

88% of employers agree child care benefits boost productivity

Recruitment and Retention

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

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

FAST RETAILING · Etsy · ups · synchrony · Steamboat

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...

86%

Recruitment and Retention

Up to **86%** of working parents **are more likely to stay with their employer**

78%

Career Progression

Up to **78%** of working parents report **positive career impacts**

16

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

Stipends	On or near-site care	Backup care
Regular subsidy paid to employees by the company	Company managed or sponsored child care center at or near the office. Employees are offered priority access; company may provide discounted tuition	Company may offer access to backup care providers, credits for vendor-provided care, or reimbursement
Why		
Helps with **cost**	Helps with **access** and **cost**	Helps with **access** and **cost**

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

Steamboat

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

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

Focus and productivity
Child care center enables a successful transition back 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

90%

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

13 absences avoided per year

Career Growth

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

"Having consistent and high quality child care has made me confident to step into a new role."

Manager, Sales

70%

8 out of **10**

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 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

FAST RETAILING

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

Suleyka can afford child care and stay in the workforce

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**

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

86%

Productivity and Presence

11 absences avoided on average by hourly employees per year

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

11 absences avoided per year

Career Growth

4 out of 5 feel their **career has been positively impacted**

4 out of **5**

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

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

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

UPS Shift Supervisor

1 MONTH WITH UPS

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**

With UPS's promote-from-within rate of 86%, she has opened up new career opportunities and earnings potential

Recruitment and Retention

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

96%

Productivity and Presence

16 avoided absences per year

"They don't just expect you to be at work—they help make that possible."

Shift Employee

16 absences avoided per year

Career Growth

"Because of this benefit, I not only got to keep my job, but now I get to be a supervisor and **can start a career here**."

Shift Supervisor

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 Tomè, 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

synchrony

Child care benefits improve careers

The benefits:

Backup Care

60 days of backup care annually

Mix of reimbursement and backup care provided by vendor

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

Recruitment and Retention

"Child care issues were **the main reason that I moved on from my previous career to Synchrony.** Before, I didn't have any benefits, I had to pay everything out of pocket, and I had no flexibility."

Document Control Specialist

Productivity and Presence

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

45% reduction in unexpected absences

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.**"

Portfolio Manager

Job satisfaction

"**I don't feel like I've had to sacrifice time with my daughter** for my career and it gives me a lot of satisfaction to be a part of a company that takes care of everyone."

Customer Service Manager

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

Etsy

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

82%

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.**"

Senior Director, Marketing

Career Growth

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

60%

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 F1RST

Get involved with us to support this critical effort

Key Statistics–Methodology

Range of company ROIs

	Return on investment
	Net annual benefit compared to annual cost
Company A	90%
Company B	175%
Company C	375%
Company D	385%
Company E	425%

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

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