

AUGUST 2020

PIECING TOGETHER SOLUTIONS:

Employers, Childcare, & Returning to Work in COVID-19

The COVID-19 public health crisis has rapidly shifted how we do business. Seemingly overnight, employers adapted the workplace to keep their employees healthy and follow public health guidance. Video communication was implemented, commutes changed, and working parents faced the reality of full-time childcare and full-time work. Many businesses moved all or part of their workforce to remote work, some were forced to closed operations, and still others were deemed essential. Businesses of every size and industry have been impacted by this pandemic, so employers have had to figure out how to operate a business in an entirely new landscape.

Prior to the pandemic, limited access to affordable, high quality childcare had significant recruitment and retention costs for employers. As childcare programs have closed or are operating at limited capacity, the impact of this lack of childcare options on employers is even greater. In the fall of 2019, the U.S. Chamber of Commerce Foundation conducted a series of surveys, which led to the creation of four reports, referred to as **Untapped Potential**, to better understand how childcare challenges affect parents' participation in the workforce, affect employers' ability to recruit and retain skilled workers, and impact state economies. This study found that childcare challenges, such as breakdowns in care, affordability, or lack of access, contribute to parents postponing school and training programs, forgoing promotions because of schedule changes, and sometimes leaving the workforce altogether. In the four states studied, these childcare issues resulted in anywhere from \$479 million to \$3.47 billion in estimated annual losses for their economies, with specific direct and indirect impact to employers in those states. These losses were significant to families, employers, and states when economies were strong and unemployment was low.

TOPLINE FINDINGS

79%

of employers have shifted a significant part of the workforce to remote work

40%

of employers have offered additional childcare accommodations, assistance, or benefits due to COVID-19

92%

of employers believe they are aware of the childcare needs of their employees

Now, several months after this study, working parents are facing new, complicated childcare challenges caused by COVID-19. Parents are trying balance their dual roles with limited to no access to formal childcare or family, friend, or neighbors to help, making childcare an important need for every employer and state to prioritize in their return to work plans. With that in mind, the U.S. Chamber of Commerce Foundation has launched a new longitudinal study to understand how childcare challenges affect working parents and their employers in the unprecedented times of COVID-19. Over the next few months, the Chamber Foundation will be releasing findings and insights from multiple angles of those impacted by the childcare challenges, including parents, employers, and childcare providers. Adjacent are some topline findings from employers.

In this study we looked at the changes employers have implemented due to COVID-19 as well as their concerns and priorities as they determine how and when to return to work. Knowing that childcare plays a key role in return to work plans, we asked how employers are thinking about childcare assistance, benefits, and accommodations in these unique circumstances.

TOPLINE FINDINGS (CONT'D)

40%

of employers are concerned that some of their employees will not fully return to work

25%

of employers have laid off or furloughed employees

34%

have reduced working hours

51%

of employers are likely to provide additional childcare assistance if the government offers incentives

Key Findings: Workforce Adjustments

We have separated our key findings into two categories: (1) Workforce Adjustments, and (2) Views on Childcare. The findings included in the Workforce Adjustments category focus on the changes employers have experienced to their workforce due to COVID-19. These findings indicate that almost all employers, regardless of size, industry, or location, have been forced to make significant changes due to COVID-19. At the same time, the impact and responses of employers varies widely by size, industry, and location. Businesses shared the adjustments they have made as a result of COVID-19, and which of those changes might become permanent.

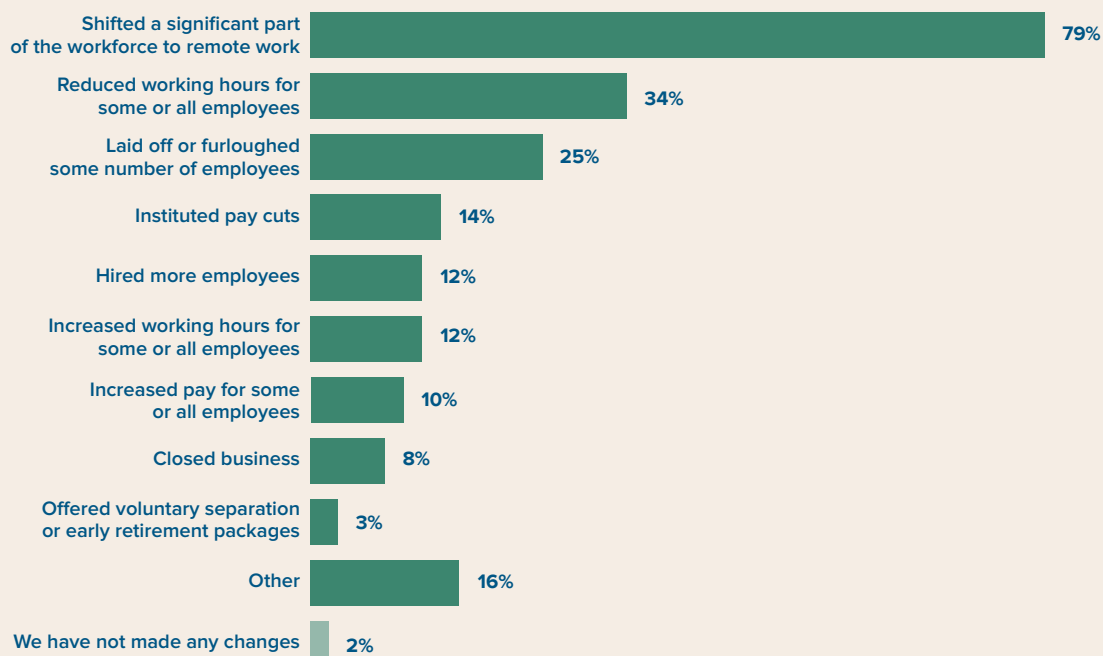
Widespread Shift to Remote Work

The onset of COVID-19 has spurred 79% of employers to shift a significant part of the workforce to remote work. This widespread shift to remote work has affected most industries, including education, financial services, non-clinical health care, professional services, manufacturing, real estate, and social assistance. Businesses like restaurants and retail stores, while still heavily impacted by COVID-19, are exceptions to this general trend as they are less able to turn to virtual engagement.

Employers of all sizes have experienced this transition to remote work, though large employers are most likely to have made this change. Ninety percent of employers with more than 500 employees have shifted a significant portion of their workforce to remote work, compared to 79% of mid-size employers and 70% of employers with fewer than 10 employees.

FIGURE 1

Percent of employers who have instituted changes due to COVID-19



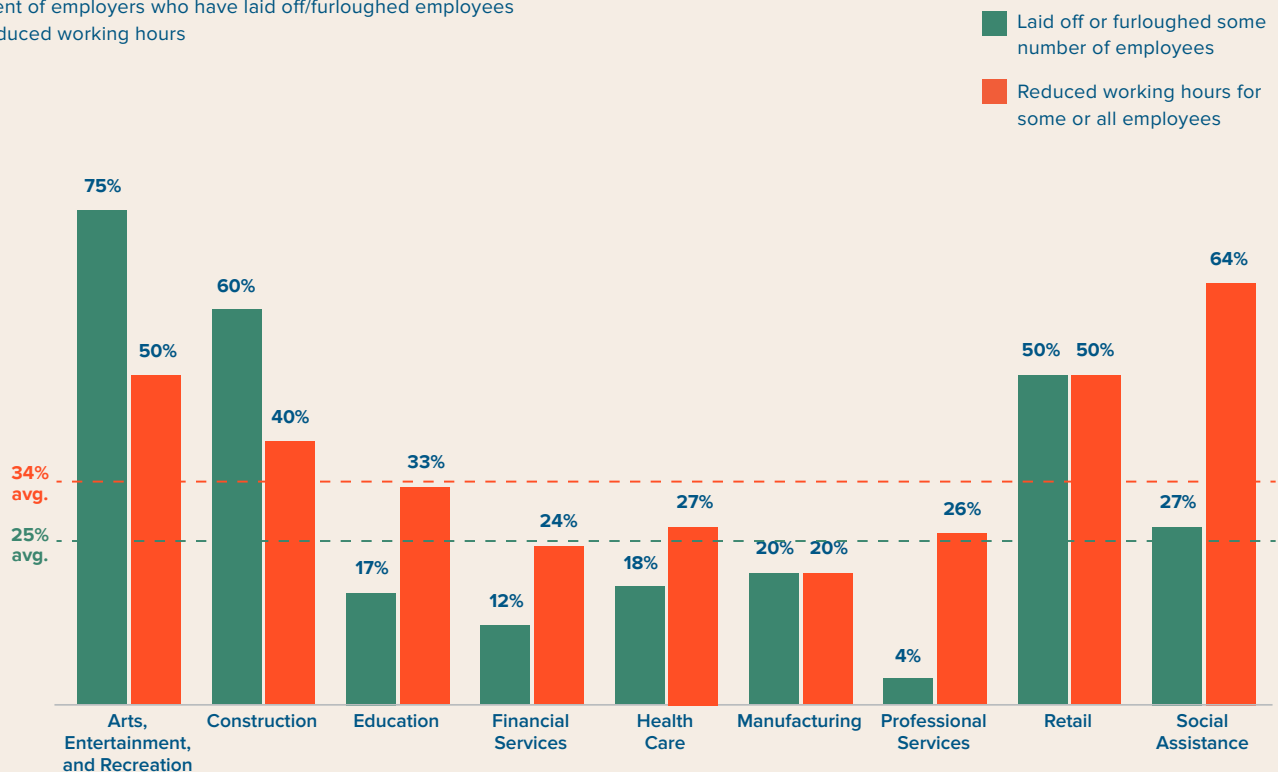
Extensive Lay-Offs and Reduction in Hours

One quarter of employers have laid off or furloughed employees due to COVID-19, and 34% have reduced working hours for their employees as many have seen revenue plummet in a matter of days. For hourly wage employees, a reduction of working hours equates to a loss of income. Coupled with layoffs and furloughs, the economic impact of the virus is still being determined but will be significant. Those decisions also have implications on employers as several federal assistance programs have sought to maintain employment and keep payrolls at pre-pandemic levels.

While no industry is immune, a few industries have been affected more than others. The arts and entertainment, construction, retail, and social assistance industries have seen higher than average rates of layoffs and reduction in hours. Other industries including education, financial services, health care, manufacturing, and professional services have been able to stay below the average.

FIGURE 2

Percent of employers who have laid off/furloughed employees or reduced working hours



Key Findings: Childcare Equation and Returning to Work

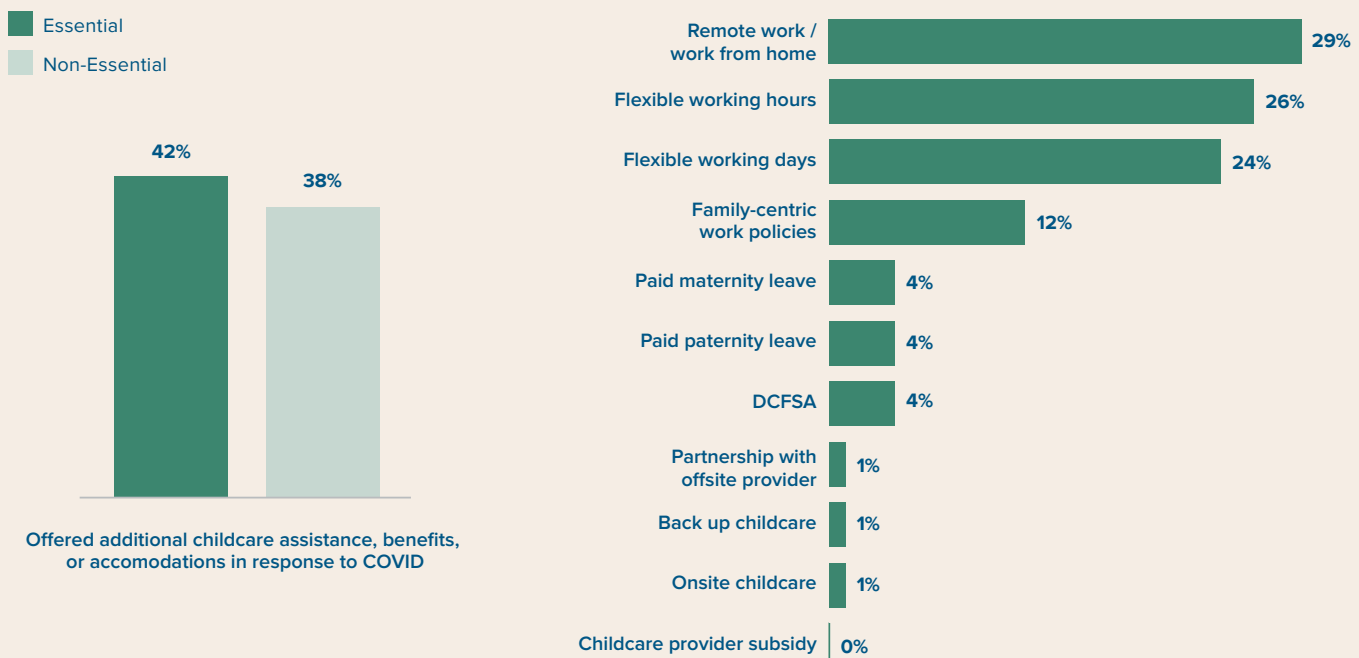
Many childcare providers have closed their doors or limited availability due to COVID-19. For working parents, this has created a difficult dilemma of reworking their 'Childcare Equation,' trying to find new childcare arrangements or trying to balance working from home while providing childcare. In addition to parents' perspectives, employer insights are valuable to addressing current challenges. We asked employers about whether they provided additional childcare assistance as a result of COVID-19, any concerns about their employees returning to work, and overall awareness of childcare needs. We also asked what might prompt them to offer additional childcare assistance, benefits, or accommodations to understand some of their decision making in their return to work plans.

Additional Childcare Assistance

Forty percent of employers have offered additional childcare assistance, benefits, or accommodations in response to the effects of COVID-19. This number is only slightly higher for essential businesses at 42%. When asked what types of assistance they offered, the majority of employers identified remote work and flexible working hours or days. Only 1% of employers offered direct childcare assistance such as onsite childcare, back-up childcare, or a partnership with an offsite/nearby childcare provider in response to COVID-19.

FIGURE 3

Additional childcare assistance provided by employers



Concern About Future Workforce

Forty percent of employers are concerned that some employees will not fully return to work (e.g., they will need or want to work less hours or work from home). Employers believe this is mainly due to both health and safety concerns (81%) and childcare concerns (79%). Additionally, nearly one quarter of employers are concerned that some employees will leave the workforce entirely. Employers also believe this is largely due to health and safety concerns (78%) and childcare concerns (63%). Employers in the health care and social assistance industries are more likely to have these concerns than employers in the education, financial services, or professional services industries.

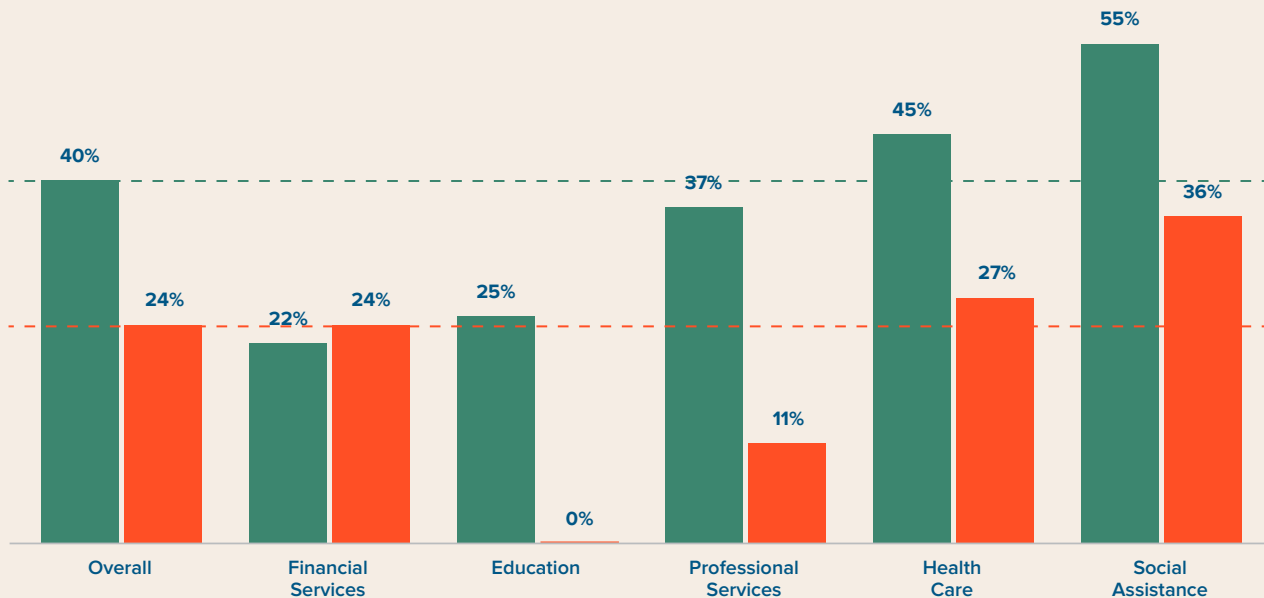
40%
of employers are concerned that some employees will not fully return to work

1/4
of employers are concerned that some employees will leave the workforce entirely

FIGURE 4

Percent of employers who agree with each statement

- I am concerned that some of our employees will not fully return to work (e.g. they will need or want to work less hours).
- I am concerned that some of our employees will leave the workforce.



Overall Awareness of Childcare Needs

Overall, 92% of employers believe they are aware of the childcare needs of their employees. Small businesses are most likely to believe they are aware of their employees' childcare needs (95%), but most large businesses also believe they are aware of their employee's childcare needs (87%).

The first priority for employers is to understand the childcare needs of their working parents. Then, the next step is for employers to move from understanding those needs to determining how to address them. Prior to the pandemic, we sought to educate employers that the best solution for their business depends on their context and the needs of their workforce. The solutions vary widely by industry, size of the business, and context where the business operates. Thus, given states' diverse responses to the pandemic and the varying needs of parents, there is not one best solution for every employer to solve the childcare problems their employees are facing.

FIGURE 5

Percent of employers who agree with the statement:
"I am aware of the childcare needs of my employees"

Completely Agree
Somewhat Agree

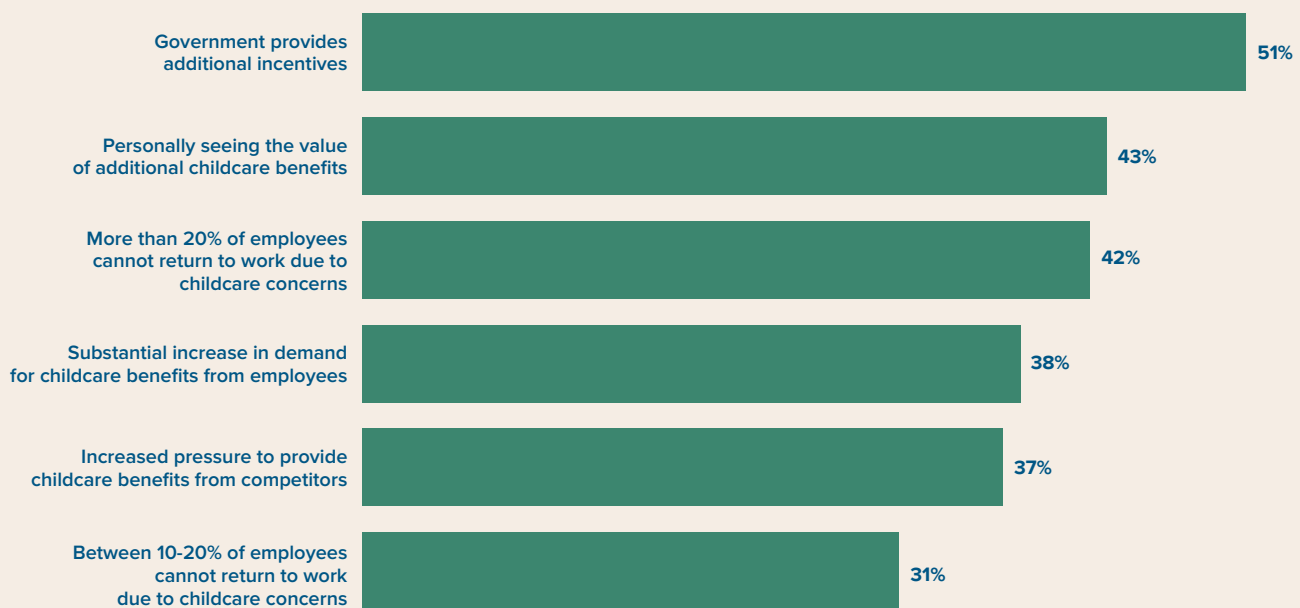


Government Incentives May Spur Action

Currently, one in four employers are willing to increase their organization's investment in employee childcare needs. However, this number could increase to more than half given certain scenarios. The most compelling scenario for employers is additional incentives from the government; 51% of employers agree that they would be likely to offer additional childcare assistance to employees if the government provides incentives such as tax benefits or subsidies. Return to work scenarios are also important; 42% of employers would be likely to offer additional childcare assistance if more than 20% of employees cannot return to work due to childcare concerns. Based on our [survey of working parents](#), this scenario is realistic; as of June 2020, 22% of working parents with children under the age of six were unsure whether or not they would return to their pre-COVID situation. Given this information, employers should communicate with their employees to better understand their current and future childcare needs and how those needs are impacting their ability to return to work.

FIGURE 6

Likelihood to offer additional childcare assistance



Implications and Additional Areas of Exploration

Although not a small undertaking, employers can help mitigate the challenges facing their working parents. As employers consider what types of supports working parents need as they return to work, they may want to consider whether they have the same definition of childcare assistance as their employees. Sixty-seven percent of employers indicated that they regularly provided childcare assistance prior to COVID-19 or have offered it in response, but only 33% of working parents said their employer is currently providing childcare assistance. There may be differing views on what qualifies as childcare assistance. The majority of employers who stated that they offer childcare assistance or accommodations cited flexible working hours or remote work. However, not all parents viewed these accommodations as childcare assistance. Communication with employees is key to understanding how they view childcare assistance and which specific supports they need to return to work.

The decision to return to work is complicated for most working parents. Daily COVID-19 cases continue to increase in many states, causing re-opening plans to stall. Many childcare providers remain closed or at limited capacity, either due to government mandates or their own health and safety concerns. This uncertainty affects the viability of parents returning to work. Currently, more than one in five parents are unsure whether they will fully return to work. Fifty percent of parents view financial assistance for childcare or onsite childcare as important to their decision to return to work, while only 5% of employers are likely to provide either. These discrepancies indicate that surveying employees can help ensure that return to work plans accommodate the needs of their workforce.

As the pandemic continues to evolve over the next several months and key decisions around re-opening the economy are made, it will be critical to gather additional data to understand how employers are re-evaluating their ability to return to work. Thirteen million Americans in their prime working years have young children, which means that employers of every size and industry need their working parents to remain in the workforce. Employers have a leadership opportunity to demonstrate that childcare supports, through a combination of public and private investments, are good for our businesses, our communities, and our families. ■

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APPENDIX A: SURVEY METHODOLOGY AND RESPONDENT DEMOGRAPHICS

The U.S. Chamber of Commerce Foundation conducted an online survey of for-profit businesses, nonprofit organizations, schools or universities, and government agencies. The total sample includes 170 employers across more than 25 different industries and 18 states. The survey was fielded from June 5 to July 6, 2020.

TYPE OF ORGANIZATION	For-profit	Nonprofit	School or University	Government
N=170	58%	35%	4%	4%

NUMBER OF EMPLOYEES	2-9	10-49	50-99	100-499	More than 500
N=170	25%	26%	9%	22%	18%

ANNUAL REVENUE	Under \$100,000	\$100,000 - \$999,999	\$1M - \$9M	\$10M - \$49M	\$50M - \$500M	More than \$500M	Prefer not to say
N=170	3%	19%	26%	17%	10%	9%	16%

STATES IN WHICH EMPLOYERS PRIMARILY OPERATE	California	Idaho	Louisiana	Georgia	Texas	Washington	Other
N=170	28%	19%	18%	8%	6%	5%	16%

ESSENTIAL SERVICES	Essential	Non-Essential	Unsure
N=170	62%	33%	5%

APPENDIX B: CHILDCARE AND PAID LEAVE BENEFITS

Although there is a lot of energy around paid leave policies across the country, with any solutions proposed, access to affordable, high quality childcare is still a problem for many families. Respondents to our survey conflated, and understandably so, childcare and paid leave benefits. We included all their responses while also recognizing that they are distinct topics and our report only examines childcare.

