



Employer-sponsored Childcare Benefits

What contributions do employers make to caring for children while their parents work? In the United States, childcare benefits provided by employers remain relatively uncommon. Private industry extended these benefits to 1 out of 25 employees in 1995-96. The incidence of employer-provided childcare benefits, which was barely measurable for full-time workers in medium and large private establishments in 1985, has increased only slightly since the Bureau of Labor Statistics first began collecting comprehensive data on them in 1990. Childcare benefits reported in 1995-96 include employer-managed facilities (on and off the work site) and direct payments to other care providers.

Worksite coverage

Some employees are more likely than others to have employer-provided childcare benefits. For example, workers in large establishments (100 or more employees) were more likely to receive benefits than were workers in smaller establishments (7 percent versus 2 percent). However, full-time employees were no more likely to receive benefits than part-time employees were. Yet, among full-time employees, 15 percent of professional and technical workers in larger establishments have these benefits, compared with less than 1 percent of blue-collar and service workers in small establishments. There are only small differences in the incidence of childcare benefits for full-time employees covered by collective bargaining agreements versus those not

covered, and for those in the service sector of the economy versus those in the goods-producing sector. The incidence of childcare benefits differs little among the geographic regions of the Nation, and (based on 1994 data) employees in State and local governments were not appreciably more likely to have childcare benefits than the private sector employees.

BLS collects data on the incidence of three types of childcare benefits. Nevertheless, owing to the infrequency that these benefits are offered, only limited data are available.

- *Employer funding of childcare.* Employer makes full or partial payment for the cost of childcare services, regardless of location.
- *On-site childcare.* Employer manages a childcare facility at the work site.
- *Off-site care.* Employers, or a group of employers, manage a childcare facility away from the work site.

Most benefits are in the form of direct payments to care providers or to an on-site facility managed by the employer. Each of these options is offered to 2

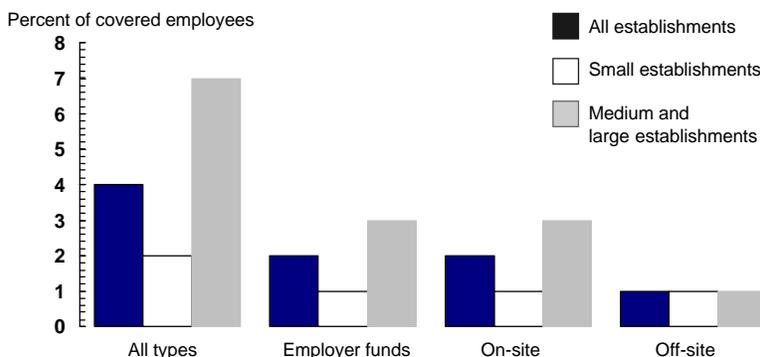
percent of the employees. The third option, employer-managed facilities away from the work site, is available to 1 percent of employees. In some establishments, employees are offered more than one option.

Reimbursement accounts

Employers can also assist parents in financing their childcare expenses by establishing reimbursement accounts. These are funds from which employees pay for expenses not covered by their regular benefits package. Reimbursement accounts usually are funded with employee pre-tax contributions. One employee out of 5 works for a company that has established a reimbursement account to cover expenses for dependent care.¹

¹ Reimbursement accounts can be part of flexible benefits plans or can be stand-alone plans. Both are governed by Section 125 of the Internal Revenue Code. Reimbursement accounts were available to 26 percent of employees in surveyed establishments. Three out of 4 of these employees had stand-alone plans. The estimate of employees with reimbursement accounts that cover dependent expenses is based on stand-alone plans.

Types of child-care benefits in private industry by establishment size, 1995-96



Absent any employer-provided childcare benefit or reimbursement account, taxpayers can offset some of the cost of childcare through income tax credits. Any married taxpayer filing a joint return or single taxpayer filing as head of household can take a credit of up to \$480 against their annual Federal income taxes for each of 1 or 2 children in care.

These data on the childcare benefits paid in private industry are from the BLS Employee Benefits Survey, an annual survey of the incidence and provisions of employer-provided benefits to private sector and State and local government employees. The survey collects information on the incidence of other benefits related to the family, such as paid and unpaid family leave, adoption assistance, long-term care, and flexible workplace plans. For more information, call (202) 606-6222, send e-mail to ocltinfo@bls.gov, or visit the Employee Benefits Survey home page (<http://stats.bls.gov/ebshome.htm>).

Information in this report is available to sensory-impaired individuals. Voice phone: (202) 606-7828, TDD phone (202) 606-5897, TDD message referral

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Incidence of childcare benefits in private industry, 1995-96

(in percent)

Employees with childcare benefits	All establishments	Small establishments	Medium and large establishments
All employees	4	2	7
Part-time employees	3	2	6
Full-time employees	4	2	8
Professional and technical	10	4	15
Clerical and sales	4	2	7
Blue-collar and service	2	(¹)	3
Union	2	-	3
Nonunion	5	2	9
Goods producing industries	2	(¹)	4
Service producing	5	2	10
Northeast	6	1	12
South	4	2	7
Midwest	3	2	5
West	4	2	8

¹Less than 0.5 percent.

Dash (-) indicates zero.