



Want to Accelerate Tennessee's Economic Recovery? Fix the Child Care Crisis

April 29, 2022

Lack of access to quality and affordable child care has been well documented¹ as a significant barrier that limits the productivity of Tennessee's current and future workforce and has an adverse effect on our state's economy.

A new survey commissioned by TQEE of more than 600 employers statewide shows how COVID-19 has exacerbated the problem and heightened business interest in solutions.

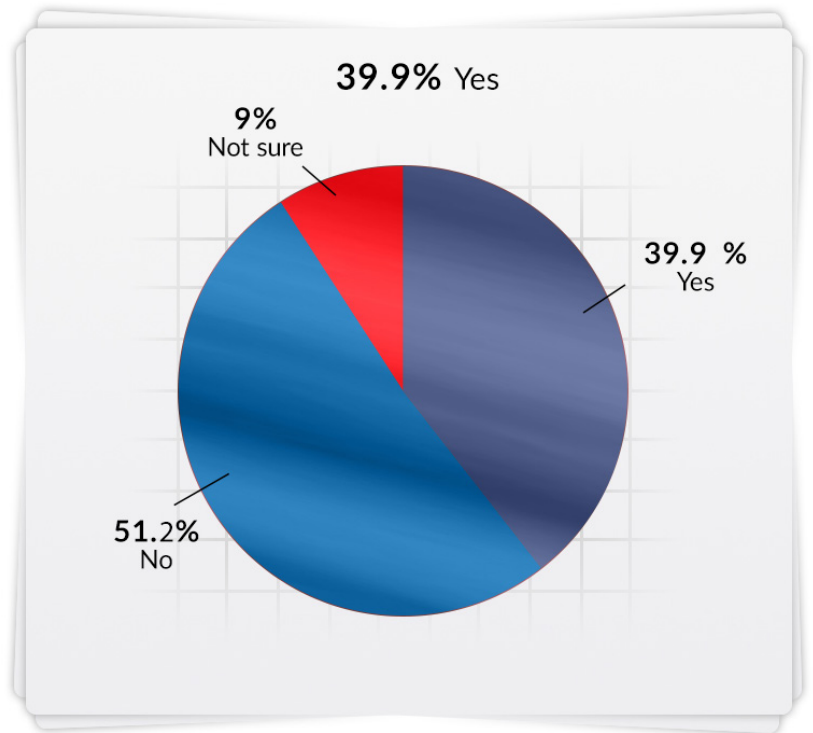
The Five Key Findings

Ask most any Tennessee parent of young children about child care and you'll get an earful on the challenges of affordability, quality and access. That was the case pre-pandemic, and it's the case today as COVID-19 has further laid bare the importance of child care to a functioning workforce and Tennessee economy. Our survey of Tennessee employers revealed appreciation for the need to address insufficient child care and points to the roles they can play, together with government, in solving Tennessee's child care crisis.

1. Employers Struggle When Employees Can't Access Child Care

Nearly forty percent of employers reported that employees quit or reduced their hours due to difficulty accessing child care; and nearly one-quarter (23.1%) of employers had not been able to hire or recall employees due to child care challenges.

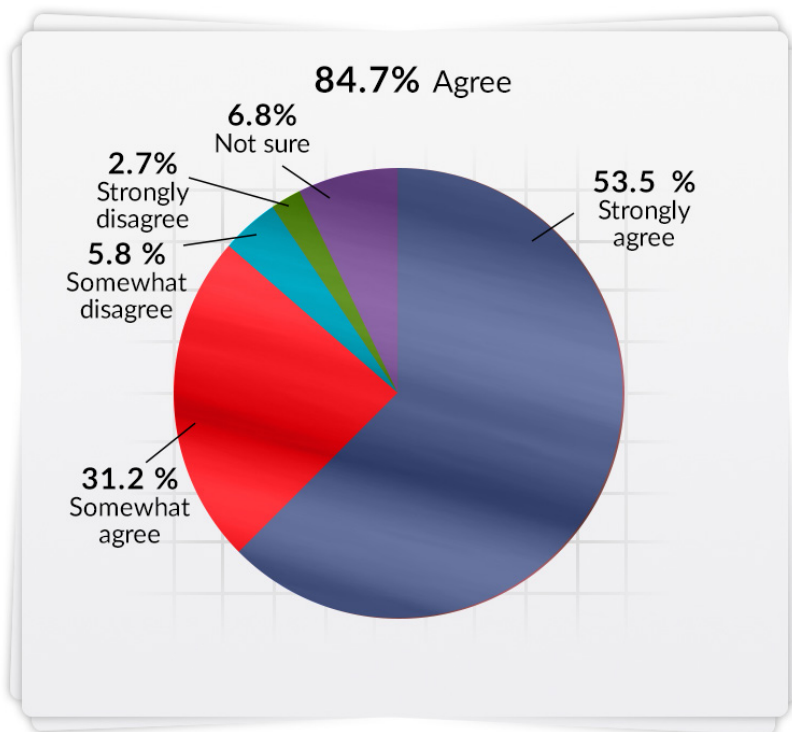
Q: "Since the onset of COVID-19, have any of your organization's employees quit or reduced their hours due to child care challenges (e.g., school closure, child care closure, other challenges with accessing child care)?"



2. Employers Recognize the Link Between Child Care and Employee Productivity

Nearly eighty-five percent of employers believe that the availability of affordable, quality child care is important to the productivity of the workforce.

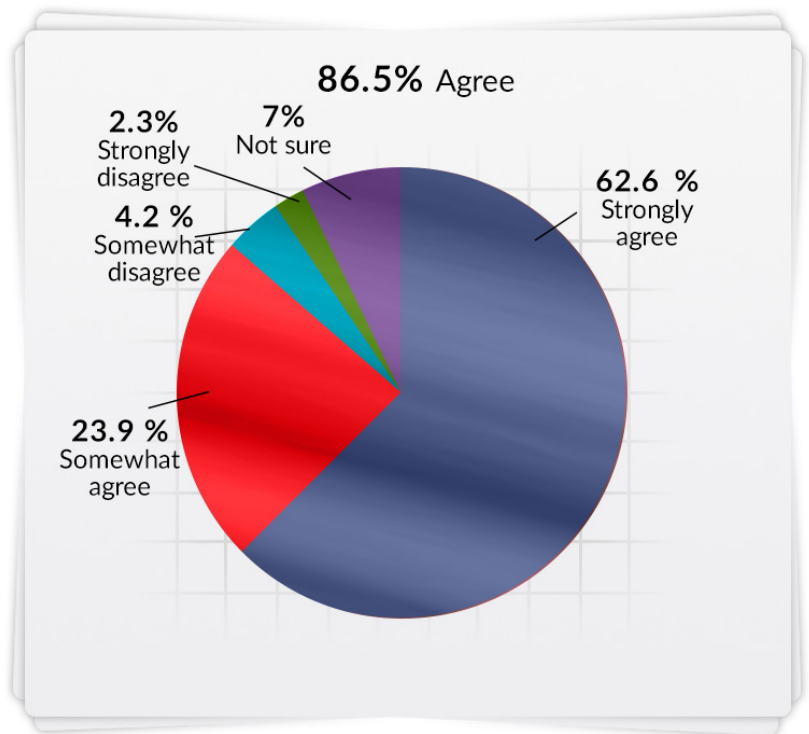
Q. Do you agree or disagree that the availability of affordable, quality child care is important to the productivity of your workforce?



3. Employers also Recognize Quality Child Care as a Pathway to Future Education Success

Nearly eighty-seven percent of employers believe that child care quality has a major impact on a child's kindergarten readiness.

Q: Next, as you may know, while child care is a support for working families, it's also an early learning setting for children. Do you agree or disagree that child care quality has a major impact on a child's kindergarten readiness?

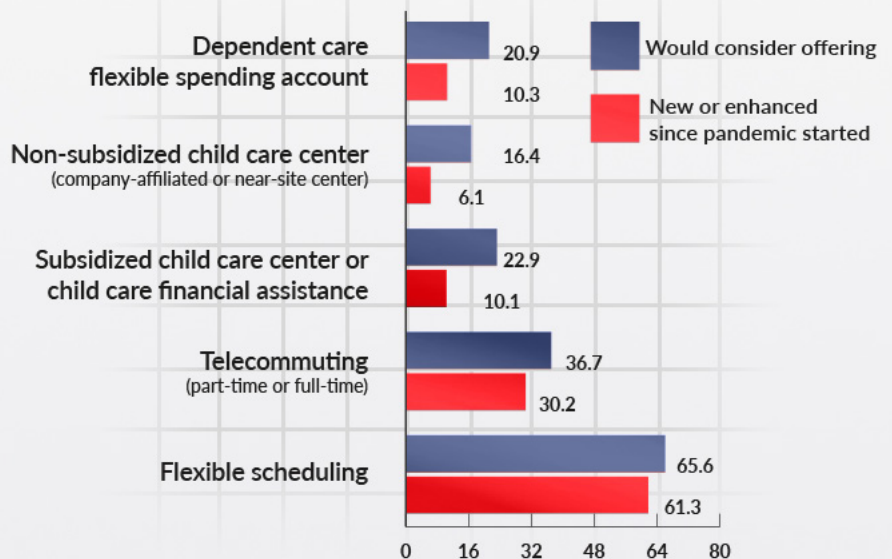


4. Employer Benefits that Help Employees Manage Child Care Needs

Since the onset of COVID-19, Tennessee employers have offered new or enhanced benefits to help employees manage their child care needs, and more would offer them if their employees expressed interest.

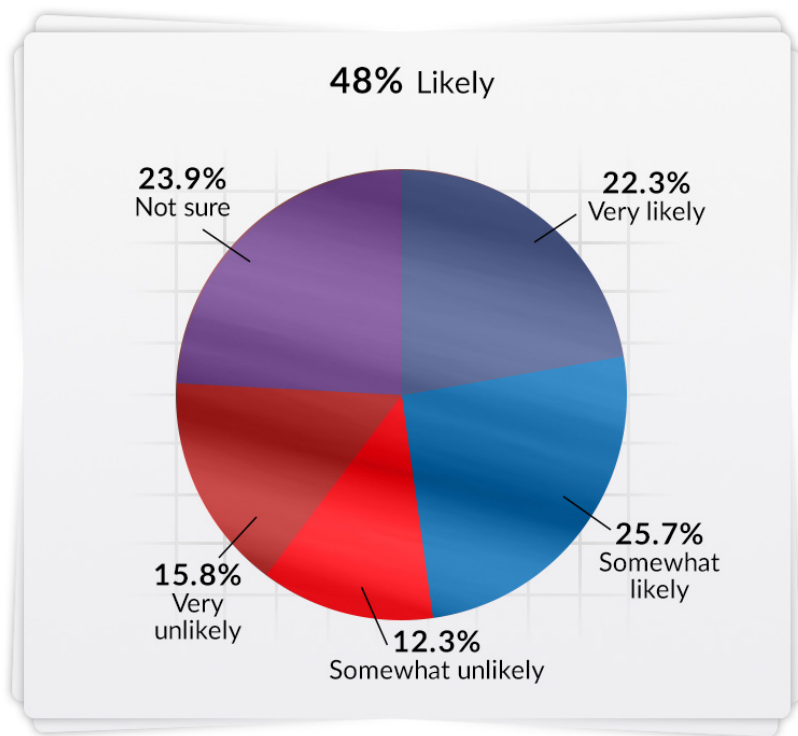
Q: Since the onset of COVID-19, has your organization offered any of the following enhanced or new types of benefits to employees for help managing their child care needs?

Employer Benefits that Support Child Care



Q: If your employees expressed interest in the following employee benefits to help manage their child care needs, would your organization consider offering them?

5. Public-Private Partnership Opportunity to Support Working Parents' Access to Child Care



Nearly half of employers said that they would offer new or enhanced child care assistance to employees if a tax credit to help do so were available. Another 24% of employers said they weren't sure or needed more information. Potentially, nearly three-quarters of employers would support a shared public-private partnership to help working parents access child care.

Q: How likely is it that your organization would offer new or enhanced child care assistance benefits if it could receive a tax credit for 50% of its investment?

Child Care Problems Drain Pocketbooks and Dampen Economic Growth

These survey findings echo those of a pre-COVID-19 TQEE study by TQEE which surveyed 2330 parents of children under age 5, 98% of whom said inadequate child care hurt their work productivity and/or career opportunities. The study also revealed adverse economic consequences to Tennessee parents, taxpayers and businesses of \$1.34 billion¹ annually, with parents losing \$850 million in earnings --and in turn, businesses losing \$220 million in revenues annually -- due to challenges of access to affordability, quality child care.

The major problems cited by parents -- Access (65%), Affordability (63%) and Quality (50%) -- drain pocketbooks, dampen business revenues and diminish economic growth and recovery.

The Role of Government and Business

Tennessee's state government receives roughly \$200 million in federal child care funds annually, and has forfeited more than \$250 million over recent years. Further, there are billions of additional COVID relief and recovery dollars now available to the state of Tennessee and local communities that can be used to strengthen child care. Now is the time for state government to proactively engage the business and child care sectors to develop innovative and strategic public-private solutions for deploying those resources.

There's also a growing recognition among Tennessee businesses that they can improve workforce productivity, and ultimately their bottom lines, through their company policies and employee benefits. Some of those policies such as flexible spending accounts, financial support for child care, and flexible work arrangements are gaining some traction as the pandemic prompted new strategies for retaining employees. Reinstating Tennessee's child care tax credit for businesses might be a timely strategy for accelerating business investment in solutions.

To accelerate economic recovery for businesses and working Tennesseans, it's time we invest in child care solutions that support our workforce of today and workforce of tomorrow.

About the Employer Survey

Zogby Analytics was commissioned by TQEE to conduct an online survey of 602 employers. The survey took place between November 2020 and the first week of January 2021 and included randomly selected small, medium and large employers (both nonprofit and tax-paying) in a wide range of industries throughout Tennessee. Based on a confidence interval of 95%, the margin of error for 602 is +/- 4.0 percentage points.

1 Want to Grow Tennessee's Economy? Fix the Child Care Crisis. Workers and employers feel pain in pocketbooks and productivity, Tennesseans for Quality Early Education, 2019