



GEEARS

GEORGIA EARLY EDUCATION
ALLIANCE FOR READY STUDENTS

BUSINESS TOOLKIT:

Support Working Parents. Build a Stable Labor
Force. Boost Your Competitive Edge.



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SUPPORT WORKING PARENTS

A Two-Generation Approach

We can build a **strong workforce pipeline** for Georgia, but we **must start early**. The foundation of skills needed in school and the workforce is built during a child's first five years. Young children's brains develop 700 new neural connections every second. These connections build the foundation from which all future learning, behavior, and health depend.

Investments in high-quality early education programs yield short-and long-term returns for Georgia. The early care and education industry **generates \$4.7 billion** of economic activity in the state each year. The availability of child care in Georgia supports annual parent earnings of at least \$24 billion and creates over 84,000 jobs, strengthening the workforce and contributing to the [overall state economy](#).

Georgia businesses need employees who are job-ready and well prepared, but the current system is not proving enough of them. On the [2015 National Assessment of Educational Progress \(NAEP\) reading test](#), just 34 percent of 4th graders scored at or above proficient. Seventy-five percent of students who are not reading at grade level by 3rd grade will never catch up to their peers, putting them at risk of never graduating high school. Access to quality early education can help put these children on a path to success, which will have positive ramifications, not just for the children and their families, but for all Georgians.

Meeting Economic Needs, Today and Tomorrow:

Early learning improves employee productivity today and builds the foundation of skills for tomorrow's workforce.

Access to high-quality affordable childcare allows parents to go to work every day and contribute to Georgia's economy.

- Employees with safe, reliable, quality child care are **less likely to miss days of work** due to child care related challenges.
- Employees with safe, reliable, quality child care are more likely to **be able to focus on their work** without the anxiety of worrying about their children while they are at work.

Simultaneously, their children are gaining skills that prepare them for school and children who start school ready to learn are more likely to perform at grade level, less likely to drop out of school, and **more likely to become part of a strong workforce in the future**. Their access to quality early learning will lead to eventual higher incomes, creating a stronger consumer base.

BUILD A STABLE LABOR FORCE

Create a Family-Friendly Environment

Your employees are juggling a lot, leading multifaceted lives. Working parents can face a tremendous amount of stress seeking childcare. **In order to allow your employees the freedom to focus on their work while they're at work, they need to know their children are in safe and quality care.**

Georgia's Department of Early Care and Learning (DECAL) is striving to be a partner in helping families make an informed child care decision through instituting the Quality Rated System. This new program operates similar to rating systems for hotels and restaurants and assigns a one, two or three star rating to child care providers that meet or exceed minimum state requirements. Knowing they are choosing a Quality Rated provider, parents can have confidence that the program is following best practices and that their child is receiving excellent care. [The search tool on their website](#) is an easy resource for parents to find Quality Rated programs.

Research proves that employers that offer flexible work environments are able to **attract, motivate and retain employees, improve employee satisfaction and strengthen productivity.**

Implement Policies to Motivate and Retain Employees:

The Society of Human Resource Management (SHRM) released a study in 2012 that found more businesses today are providing employees with flexible options in the workplace. The study surveyed 1,126 employers - 53 percent were small organizations with 50-99 employees, 9 percent were large organizations with 1,000 or more employees. The 2012 National Study of Employers (NSE) found the following:

- **Flex-time:** offered by 77 percent of workplaces, up from 66 percent in 2005.
- **Flex place/telecommuting:** offered by 63 percent of workplaces, up from 34 percent in 2005.
- **Choices in managing time:** offered by 93 percent of workplaces, up from 78 percent in 2005.
- **Daily time off when important needs arise:** offered by 87 percent of workplaces, up from 77 percent in 2005.
- **Employee Assistance Plans (EAPs)** that help employees deal with problems and pressures are on the rise – offered by 74 percent of workplaces, up from 46 percent in 2005.

- **Employee wellness programs** are also on the rise – offered by 63 percent of workplaces, up from 47 percent in 2005.
- An increasing number of employers are providing women with **private spaces for breastfeeding** – offered by 79 percent of workplaces, up from 71 percent in 2005.

Workplace flexibility is about rethinking how, when & where people do their best work to promote work & family balance and happy, healthy, families. See SHRM's [10 Strategy Checklist](#) to help you implement flex policies.

Be a Resource for Your Employees:

- **Refer** working parents to Quality Care for Children for assistance in looking for child care. Call 1-877-ALL-GA-KIDS or visit www.allgakids.org to conduct an online search.
- **Post signs or flyers** with links to Quality Care for Children's information where employees regularly gather, such as the copy machine or break room.
- **Connect employees** to www.QualityRated.org to find Quality Rated centers in your area.
- **Provide a flyer** about Quality Rated and Quality Care for Children in new hire packets.
- **Connect** relocating employees with Quality Care for Children.
- **Contract** with Quality Care for Children for enhanced referrals.
 - There is a federal tax credit for businesses that contract with Child Care Resource and Referral (CCR&R) agencies to assist their employees with finding child care. **Employers can receive a tax credit of up to 10 percent of expenses for CCR&R services.**
- For more information about the above tax incentives for child care, read our [employer tax incentive summary](#).

Get Recognized:

Organizations interested in showcasing their flexibility strategies, in benchmarking with other, or learning more about work flex should apply for the prestigious '[When Work Works](#)' award, sponsored by the Society for Human Resource Management (SHRM) and the Families and Work Institute (FWI).

BOOST YOUR COMPETITIVE EDGE

Affordable Childcare is Good Business

According to *Child Care Aware of America's* [2016 Georgia Fact Sheet](#) on the price of child care, the average annual cost of infant center-based care in Georgia was **\$7,597**. That's just about the average annual cost of college tuition in Georgia. It's easy to see how many parents don't feel as though any of these providers can offer them truly affordable options. **Without affordable childcare, many parents will not be able to enter or remain in the workforce.**

As an employer, it's important to recognize this vital need of families. You might be under the assumption that there's nothing you can do as a business owner that can reduce child care costs for your employees. **With the help of federal and tax state relief, you likely have more options at your disposal than you realize:**

Offering on-site child care

- Businesses can receive a **federal tax credit equal to 25 percent of expenses for employee child care**. The maximum credit allowed per year is capped at \$150,000. The credit is part of the general business credit and can be claimed any time within three years from the due date of the return. ([IRS Form 8882](#)).
- **To be eligible for the credit:**
 - The primary use of the program must be for child care and the program must meet all the applicable state and local laws.
 - The child care program must be open to enrollment to the employees of the business.
 - Enrollment cannot discriminate in favor of highly compensated employees.
 - At least 30 percent of the children enrolled in the program must be dependents of employees of the business.
- **Qualified child care expenses include costs paid to:**
 - Acquire, construct, rehabilitate, or expand property that is to be used for the child care program;
 - Operate the program, including the costs of training and compensation for employees of the child care programs as well as scholarship programs;
 - Under a contract with a qualified program to provide child care to employees of the program.

- From Georgia, businesses can **receive a 100% total state tax credit**, 10 percent credit per year for 10 years for land acquisition, improvements, buildings, building improvements, furniture and equipment used for the construction, expansion, improvement or operation of an employer provided child care program.
 - Any unused credit may be carried forward for three years and the credit is limited to 50 percent of the employer’s Georgia income tax liability for the tax year.
 - **Qualified child care property include:** Land acquisition, improvements, buildings, building improvements, furniture, fixtures and equipment purchased or acquired or placed in service after July 1, 1999 for use exclusively in the construction, expansion, improvement, or operation of an employer provided child care facility.
 - The facility must be licensed or commissioned by the Georgia Department of Early Care and Learning or approved by any successor agency having regulatory authority over child care services.
 - 95 percent of the children who use the facility must be children of the employees of the business and other employers if the child care property is owned jointly by more than one employer.
 - Recapture provisions apply if the property is transferred or committed to a use other than child care within 14 years after the property is placed in service. This credit should be claimed on [GA Form IT-CCC100](#). For more information, refer to [O.C.G.A. §48-7-40.6](#).

Contracting for child care

- Businesses can contract with a child care program to provide child care for their employees. Like on-site child care, a **federal credit is available for up to 25 percent** of expenses and capped at \$150,000.
- Businesses that provide or sponsor child care for employees are eligible for a Georgia **state tax credit of up to 75 percent of the employer’s direct costs**. In sponsoring child care for employees, businesses contract for child care slots with local child care programs.
 - Employers who provide or sponsor child care for employees are eligible for a tax credit of up to 75 percent of the employers’ direct costs. The credit may not exceed 50 percent of the taxpayer’s total state income tax liability for the taxable year.
 - “Employer provided” child care refers to child care offered on the premises of the employer.
 - “Employer sponsored” child care refers to a contractual arrangement with a child care program that is paid for by the employer.

- Any credit claimed but not used in any taxable year may be carried forward for five years from the close of the taxable year in which the cost of the operation was incurred. This credit should be claimed on [Form IT-CCC75](#). For more information, refer to [O.C.G.A. §48-7-40.6](#).

Helping families find child care

- Business can receive a **10 percent federal tax credit** for contracting with Child Care Resource and Referral Agencies, like Quality Care for Children, to help families find child care within their budget.
 - **Child Care Resource and Referral expenditures:**
 - Qualified child care resource and referral expenses are amounts paid or incurred under a contract to provide child care resource and referral services to the employees of the business.
 - Activities must be provided in a way that does not discriminate in favor of highly compensated individuals.

Offering employees tax-free payments for child care

- Employers can set up Dependent Care Assistance Plans, which are flexible spending accounts, and enable employees to **set aside up to \$5,000 in pre-tax salary** for child care expenses ([Section 129 of the Internal Revenue Code](#)).
 - Using pre-tax dollars means a tax savings to employees (potentially 20-40 percent of child care expenses depending upon the family's tax bracket and expenses incurred for child care) as well as a tax savings for employers (funds set aside through a flexible spending account reduce an employers' payroll – for example, these funds aren't subject to FICA or FUTA taxes).
 - For many employees with young children, they may already be paying for child care, so the option for a flexible spending account reimburses them at a tax savings for money that would be spent anyway.
 - Tax savings by utilizing DCAP benefits. It's always a good idea to consult with a tax professional, but conceptually, there are savings to be realized through the tax code for employers who wish to assist their employees with child care affordability.
 - You can read more about flexible spending accounts through Georgia's Employee Benefit Plan Council [summary](#).

[Inform Your Employees about Financial Assistance Available to Them](#)

- When you send your employees their W-2 at tax time, remind them that if they have children for whom they pay for child care services, they can claim the Dependent Care Tax Credit.
 - The Dependent Care Tax Credit (DCTC) is an opportunity for families to take a tax credit for child care expenses related to dependent children under age 13 or expenses relating to caring for those individuals who are mentally or physically disabled (and who are claimed as a dependent).
 - The amount of eligible expenses are capped and only a percentage of the allowable expenses are used to calculate the credit. For example, the credit rate declines as income rises.
 - To read more information about the DCTC, check out [IRS Form 2441](#) and related [IRS resources](#) that describe how to calculate the credit.

- Tell your employees about the Georgia Child Care Tax Credit. This credit offers families an additional 30 percent of the federal Dependent Care Tax Credit, when families file state taxes.
 - **The Georgia tax credit form is very simple to fill out!**

- Provide information about the Child care and Parent Services (CAPS) program operated through Bright from the Start: Georgia’s Department of Early Care and Learning. Eligible families can earn up to about 150 percent of the federal poverty level and still potentially qualify for child care subsidies.

TAKE ACTION TODAY

- **For New Hire Packets and Employee Handbooks:** Download [this one page resource](#) to include in orientation sessions, new hire packets, and/or employee handbooks, which includes information about Quality Care for Children and helpful tips in searching for child care. Download [this version](#) to add your own logo to the resource.
- **Post Information About Quality Care for Children’s Services Near the Copy Machine, the Coffee Machine, or in the Lunch Room.** Download [this flyer](#) that includes both information about Quality Care for Children and links for information about available subsidies for low wage families.
- **Include information about Quality Care for Children and employee child care tips in your company’s newsletter.** Download [this information](#) for an easy cut & paste into your newsletter format.
- If your Human Resources Department has a resource area for employees (or an employee resource area on a company web site), **post links to these documents:**
 - Need help finding child care? [Employee Child Care Guide](#)
 - [Child Care Tax Incentives to Make Employee Child Care More Affordable](#)
 - [Boosting Your Child Care Vocabulary](#) (i.e., understanding the terms that are used, the types of care available, and other helpful resources in finding child care)
 - [Quality Care for Children’s Child Care Checklist](#)
 - [Key Questions to Ask Child Care Providers](#)
 - [Georgia’s Quality Rated Program](#)
- **Use these widgets on your company’s web site:**

Get the new
QCC Quality
Child Care
Search App



RESOURCES

- [Employer Tax Incentives for Child Care Summary](#)
- [Employee Tips, Resources & Definitions Summary](#) for Finding Quality Child Care
- [Information about Georgia's Quality Rated child care programs](#)
- [Quality Rated Brochure](#)
- [Information about Georgia's Childcare and Parent Services \(CAPS\) subsidy program](#)
- [Support shared services to promote child care program economics](#) (economies of scale for products & services used by small child care programs to better make ends meet).
- [Families and Work Institute's 2012 National Study of Employers \(NSE\)](#)
- [Workplace Flexibility Infographic](#)
- [More about "When Work Works"](#)
- [The Business Case For Early Education Investments](#)



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