

# Employer-Sponsored Child Care Assistance Program: A Case Study

Retaining Employees, Supporting Work-Life Balance, and Boosting Employee Morale

## South Dakota Child Care Workforce Study

Developing Practical Strategies to Strengthen the Workforce and Support Economic Growth

### Initiative Highlights

- \$5,000 annually in employer-sponsored child care assistance
- Flexibility in child care provider choice
- Direct payment to child care providers through the bank's accounts payable system

### Contact Information

#### Pioneer Bank & Trust

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#### Multiple Locations

- Belle Fourche
- Buffalo
- Rapid City South
- Rapid City West
- Spearfish
- Sturgis

## The Pioneer Bank & Trust Child Care Assistance Program

For nearly four years, Pioneer Bank & Trust has offered all employees – including full-time and part-time employees – in all eight offices with locations in six cities, \$5,000 per year to cover their center-based and family day care provider costs for children under 13 years of age. Goals and objectives of the bank's child care assistance program include:

- Employee retention;
- Work-life balance through offsetting financial burdens of increasing costs on employees; and
- Employee morale.

"Management could see the financial burden that the rising cost of child care was putting on the employees. If our employees don't have day care, then they aren't able to come to work. We can't run the bank without them!" said Lyndsay Schreiber, Human Resources Director. "We're continuously looking to enhance our benefits package. How can we make this better?"

When the Human Resources Director and bank management began brainstorming ideas, they considered opening child care facilities at one or more of their bank branches. They realized that variations in the ages of new hires and employees leaving the bank could mean large fluctuations in the number of children needing care at a branch location at any time. So they ultimately decided that approach wasn't feasible. When they chose to give employees financial support for child care costs, they then considered potential financial implications of the support. Since any amount over \$5,000 would have been considered taxable income for employees, they set the benefit amount at \$5,000 to avoid any possible negative tax outcomes. "Because the last thing we wanted to do was implement a benefit that was going to financially cause them any headaches."

Initially, the benefit only applied if employees utilized state-licensed providers. Over time and due to long wait lists for child care, the bank now will apply the benefit for some non-licensed providers as long as they're registered as a business with the state of South Dakota. "In our mind, it helps us help them with the screening if we set certain standards that they have to meet in order to qualify for the benefit."





## Benefits for the Community's Child Care Workforce

Bank employees with young children benefit from the financial assistance and from having one less bill per month to consider, but they aren't the only beneficiaries of the bank's child care assistance program. In developing the program, the Human Resources Director consulted previous child care providers in the community about their biggest obstacles as providers. The answer to that question was individuals who couldn't afford care and missed payments. So the bank's child care assistance program includes direct payment to child care providers through the bank's accounts payable system. "I think it helps give child care providers peace of mind that it's reliable money, no stress," said the Human Resources Director.

## Supporting Strategies and Resources

- **Buy-in from business leaders** – The bank's CEO and their entire senior management team were fully on board with their child care assistance program even though none of them had children in child care themselves to take advantage of the benefit. "They're just that supportive of helping their staff and their employees," said the Human Resources Director.
- **Funding** – The bank had the funding needed to start the program and has ongoing funding to continue supporting the program.
- **Long-term planning and research** – The bank's Human Resources Director noted spending a few hours per week researching employee benefits options for approximately one year before the bank decided on the employer-sponsored child care assistance program approach.





## Indicators of Program Success

- Approximately 23% of employees across all bank branches receive employer-sponsored child care assistance.
- Employees reported that the child care benefit offset their personal expenses in meaningful ways.
- Employees who don't receive the benefit also support it.

*"You have no idea how much this has helped us."*

*"She was so grateful that she didn't have to find a different job, that she could rely on us to take care of her and make sure that her and her family were taken care of and was just beyond grateful for it."*

*"Wow, that's amazing. I wish I would have had something like that when my kiddos were in day care."*

## Considerations for Replication

- **Collecting data to assess needs** – Pioneer Bank & Trust management conducted an employee survey to determine the number of employees that could benefit from child care assistance from the bank.
- **Conducting thoughtful research to determine the best approach**
  - The Human Resources Director considered other options (e.g., opening child care facilities at bank branches) but decided that their child care assistance program was the most feasible way to maximally benefit employees.
  - Management determined \$5,000 annually for the benefit to avoid the benefit qualifying as taxable income for employees.
- **Determining feasibility** – When asked if Pioneer Bank & Trust's initiative is replicable in other communities across South Dakota, the Human Resources Director replied, "Honestly, I think as long as the business can financially afford it, anybody could replicate our child care assistance program. You don't have to give \$5,000. You could offer \$50, \$100. Anything helps."
- **Considering the broader impact on the community** – The Human Resources Director noted that the bank considered, but decided against, partnering with specific child care providers, noting that such partnerships would limit employees' provider choice and limit potential benefits to greater numbers of child care providers in the community.

