April 2018

Workplace Connections

Gender Equity, Family-Friendly Policies, and Early Childhood Care and Education

BAY AREA COUNCIL ECONOMIC INSTITUTE

Acknowledgments

This report was prepared by Pamela Winter, Senior Advisor, and Camila Mena, Research Analyst at the Bay Area Council Economic Institute. The Economic Institute wishes to thank the sponsors of this project, whose support enabled its development; its advisors, who provided guidance and reviewed its working draft; and the many contributors who provided information and insight.

About the Institute

Since 1990, the Bay Area Council Economic Institute has been the leading think tank focused on the economic and policy issues facing the San Francisco/Silicon Valley Bay Area, one of the most dynamic regions in the United States and the world's leading center for technology and innovation. A valued forum for stakeholder engagement and a respected source of information and fact-based analysis, the Institute is a trusted partner and advisor to both business leaders and government officials. Through its economic and policy research and its many partnerships, the Institute addresses major factors impacting the competitiveness, economic development and quality of life of the region and the state, including infrastructure, globalization, science and technology, and health policy. It is guided by a Board of Advisors drawn from influential leaders in the corporate, academic, non-profit, and government sectors. The Institute is housed at and supported by the Bay Area Council, a public policy organization that includes hundreds of the region's largest employers and is committed to keeping the Bay Area the world's most competitive economy and best place to live. The Institute also supports and manages the Bay Area Science and Innovation Consortium (BASIC), a partnership of Northern California's leading scientific research laboratories and thinkers.

Contents

Workplace Connections

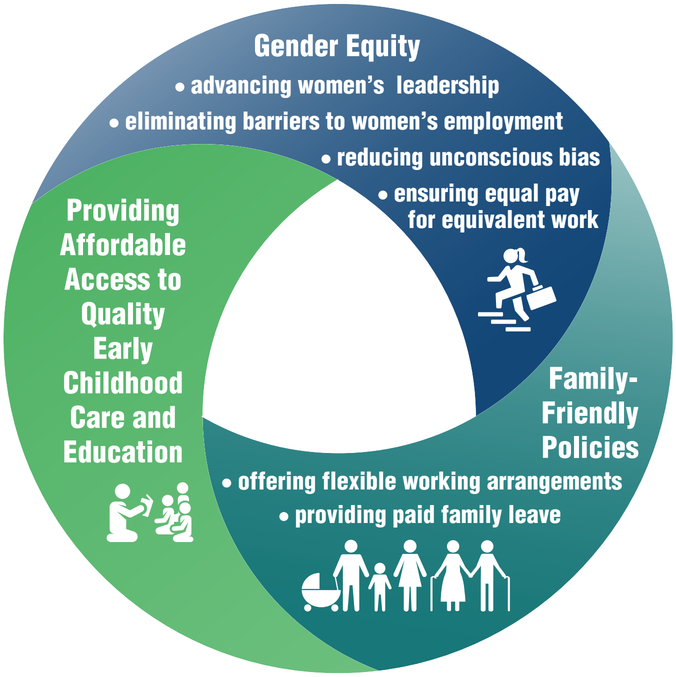
Gender Equity, Family-Friendly Policies, and Early Childhood Care and Education

Business executives and policymakers have been working hard to advance gender equity in the workplace, which is essential for maximizing the resilience, innovation, and profitability of the private sector. Other private and public sector leaders have emphasized the need for policies that are family-friendly so that employees can better manage their dual responsibilities of breadwinning and caregiving and hence be more productive and engaged with their jobs. And a growing coalition has fought for increased funding for and access to early childhood care and education, with the understanding that before the age of five is actually the most critical time for brain development. Children are at great advantage or disadvantage on their paths to success as productive and prosperous members of the workforce long before formal schooling begins.

Often, however, the campaigns to improve public or private sector policies in these areas occur in isolation or are inadequately connected to each other. This is unfortunate. The fragmentation of these efforts misses the crucial insight that gender equity, family-friendly policies, and early childhood care and education are intertwined. You cannot have the first one without the other two.

Employers who care about gender equity in the workplace need to understand the importance of high-quality childcare and early childhood education programs in the communities in which their businesses are based. Policymakers who care about providing universal early childhood care and education because of their impacts on child development and learning must also care about paid parental leave and other family-friendly workplace policies. The positive impacts of these policies are not limited to the retention of employees; they also promote better outcomes for children.

Gender equity, family-friendly policies, and early childhood care and education are intertwined.



These are the very same children who will eventually be the adults entering the workforce in 20 years. And having had access to quality early childhood education is essential to healthy brain development which sets them up to thrive in their lives and careers.

For employers to make progress on all of these critical issues, they must pay attention to these connections and should take the actions recommended in this report.

Making workplace gender equity a reality requires employers to drive change across a number of areas, including advancing women's leadership, eliminating barriers to women's employment, reducing unconscious bias, ensuring equal pay for equivalent work, and changing the culture of work so that they can unlock the potential of people and teams and support the well-being of all employees.

Advancing women in leadership and addressing the gender earnings gap require understanding how women's disproportionate responsibility for unpaid caregiving work is stalling their careers. Most of this unpaid caregiving is related to having children, but the need for eldercare is also increasing as a result of our country's aging population.

Fostering gender equity, therefore, requires family-friendly workplace policies and especially affordable access to quality early childhood care and education. Investment in making quality early childhood care and education affordably accessible to working parents pays off for two generations at a time, because it is also investment in improving children's life outcomes.

The gender equity issues of managing unpaid work and paid work responsibilities aren't just women's issues: they are challenges for men as well. Changing the culture of work involves encouraging men to value caregiving and utilize benefits such as paid paternal leave. Employers can take leadership in implementing family-friendly practices in their own workplaces, demonstrating their support for workplace flexibility that includes paid leave and utilizing it themselves, as well as advocating at the federal, state, and local levels for more effective policies on paid leave and early childhood care and education.

> "We believe that it's an employer's responsibility in these times to put forward family-friendly policies that provide flexibility, that encourage men as well as women to become caregivers, and to allow people to work remotely at times if that works for the organization. So that with those kinds of policies in place, we'll truly see women be able to do all the things that men have historically been able to do when it comes to making commitments to their companies and organizations."
>
> —Jim Wunderman, President & CEO, Bay Area Council

Gender Equity Is Essential for Business Success, but Gaps Persist

Not only is gender equity a fundamental part of a thriving society, it is also key to the nation's economic growth. Over the past decade, studies of various aspects of women's labor force participation have all concluded that the fuller use of women's talents can be a powerful driver of economic growth and that barriers to women's workforce participation act as brakes on the economy that stifle its ability to grow.

PwC's Strategy& consulting group has published an analysis that used data from the World Economic Forum and the Economist Intelligence Unit for 2012 to create a unique composite index focused on women's economic empowerment. It showed that raising female employment to the level of male employment in the United States could have a net impact on GDP of 5%.[1] More recently, S&P Global released a report on International Women's Day 2018 which estimated the effect of women's workforce participation in the US by comparing it to the situation in Norway. The women's labor force participation rates in the US and Norway roughly matched in 1970, but in the decades after that, Norway's rate significantly outpaced the US. If US women had entered and stayed in the workforce between 1970 and 2016 at the same rate as Norway, US real GDP growth would have averaged 3.1% (instead of 2.9%) and the US economy would be $1.6 trillion larger than it is today, according the estimates of the S&P Global authors. They concluded, "That's an extra $5,000 or so for every man, woman, and child in the country—a lack of economic growth that affects everyone indiscriminate of gender."[2]

Furthermore, research over the past 10 years, by Catalyst, McKinsey & Company, and the Peterson Institute for International Economics with support from EY, has found that the presence of women in corporate leadership has a significant correlation with increased company profitability. For its 2017 report on the business case for inclusion and diversity, McKinsey analyzed data from more that 1,000 companies across 12 countries and found that companies in the top quartile for gender diversity on their executive teams were 21% more likely to have above average profitability than companies in the fourth quartile.[3] Including the voices of women can also bring to business decision-making processes different kinds of experience that create longer-term perspectives which better balance profit with positive social and environmental impacts.[4]

All of these numbers establish a strong correlation between women's economic participation and growth at both the general economy level and the individual company level. Economic leaders such as former Federal Reserve Bank chair Janet Yellen[5] and World Bank managing director Caroline Anstey have delivered the message that "It's not only the right thing to do, it's also the smart thing to do, because gender equality is smart economics. Women's economic empowerment is critical for economic growth."[6] Business leaders across the Bay Area and the country are focusing on gender equity in the workplace and have embraced the goal of supporting women's employment. For McKinsey & Company's third annual Women in the Workplace study published in 2017, 90% of the surveyed companies reported a high commitment to doing what it takes to improve gender equity.[7]

However, despite widespread awareness of the importance of workplace gender equity, stubborn gender gaps persist. Although women made up 46.8% of the labor force in 2016,[8] the gender gap in median annual earnings, which was 39.3% in 1960, still remained at 19.5% in 2016,[9] and progress in closing it has been slow in recent years. The advancement of women's leadership has also been slow and may even be stalling. In revisiting 346 of the mostly US and UK companies first surveyed in 2014, McKinsey found in 2017 that overall gender diversity on executive teams had increased by only 2 percentage points—to 14%—which is limited progress considering that the size of the executive teams in the survey sample was typically 10 to 15 executives.[10]

These gaps are increasingly recognized as indicators of the challenges women still face in entering the workforce, staying in the workforce, thriving while working to the full extent of their capabilities, and rising up the corporate ladder. Employer initiatives to reduce unconscious bias, build transparency and trust in workplace culture, provide access to career development opportunities, and boost mentorship all help, but they are not enough without another kind of support: policies and benefits that enable working women—and men—to manage the challenges of reconciling their breadwinning and caregiving responsibilities.

Insight

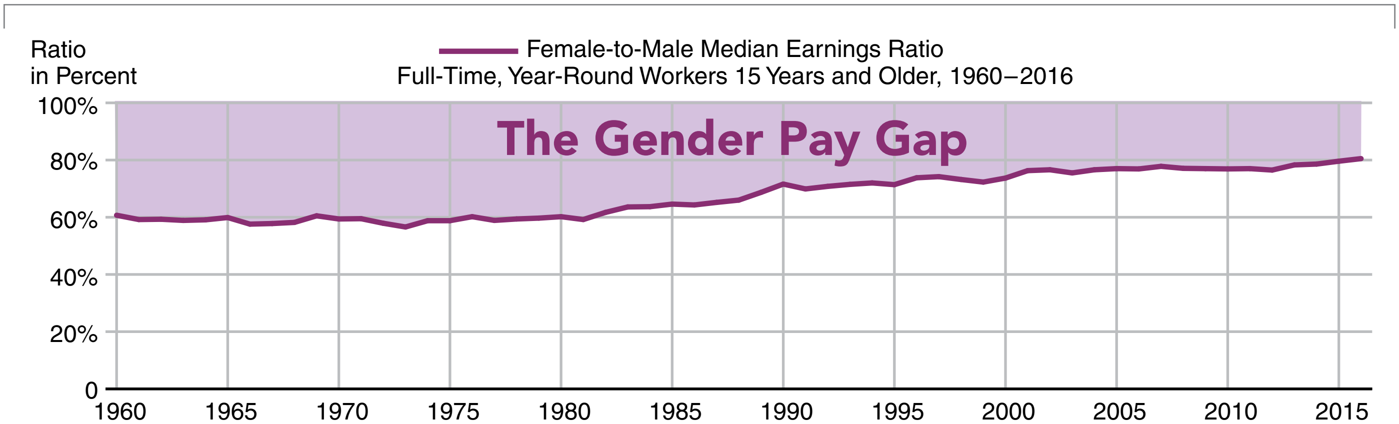
Women Speak Up About What Has to Change for Them at Work

On International Women's Day, PwC published the results of a 2018 survey which asked 3,627 professional women from around the world about the career challenges they face and what has to change for them in the workplace. The survey focused on women aged 28 to 40, because that's the stage when female representation gaps start to widen, and the challenges of combining personal and career priorities increase. While 82% of the survey respondents reported that they are confident in their ability to fulfill their career aspirations, only 60% said that their managers understand and support their career aspirations. Furthermore, almost half (48%) of new mothers returning to work felt overlooked for promotions and special projects.

Emerging from the results were clear indications of three essential elements that business leaders must focus on to improve gender equity and support women's career advancement: (1) transparency and trust, (2) strategic support, and (3) life, family care and work. Employers need to provide organizational solutions that work.

> "By the time they first become mothers, women will have established careers and employers will have invested significant time and resources to develop this talent pool. Supporting a family and other personal commitments are often dependent on earning power. Mothers do not want to opt out of their careers because their employers rely on outdated stereotypes and employment policies that penalise motherhood."
>
> —PwC, *Time to talk: What has to change for women at work*[11]

The Persisting Gender Pay Gap



Data Source: US Census Bureau
Analysis: Bay Area Council Economic Institute

Challenges Converge in the Work-Family Conundrum

Constantly juggling work life and home life isn't just a women's issue. Finding a satisfactory way to manage the competing demands of work and family is a challenge for men as well. In the 2015 Pew Research Center survey, 52% of working fathers said the work-family balance challenge was very or somewhat difficult—only a slightly smaller share than the 60% of working mothers who gave the same answer. The negative impacts of the work-family juggling act range from poorer outcomes for children to reduced overall happiness for mothers and fathers. In the Pew survey, 29% of working fathers and 37% of working mothers said they "always feel rushed."[12]

For most American working families, the negative impacts of all these issues converge in the key work-family conundrum: "How do we survive financially?" As employees' families grow, their economic needs increase, thus adding financial burden and responsibility to their lives. Parents may be faced with hard choices as soon as their babies are born. New mothers often go back to work in as little as two weeks after giving birth because their employers don't offer paid parental leave policies that allow them to take the time they need to heal and bond with their children without worrying about having a steady flow of income. Fathers, who may already feel pressure from cultural norms that discourage them from becoming caregivers, face career and income challenges as well. Many men who would like to spend more time with their newborns are unable to do so because their jobs don't offer paid paternity leave.

After the first two weeks of a baby's life, many families are faced with the choice of a primary caregiver foregoing work to remain home with a child or remaining on the job and finding childcare. In both cases, family economics can be severely impacted, either through reduced income or the addition of childcare expenses.

High costs and a lack of quality affordable options limit families' access to childcare and early childhood education, preventing many families from benefitting from the multiple positive outcomes of such care. When parents are unable to secure quality care for their children, their productivity at work is negatively impacted due to increased stress and potential absenteeism. Their children, when locked out of the opportunity to receive care focusing on their behavioral and cognitive development, are less likely to experience positive health and education life outcomes.

The Costs of Unpaid Work

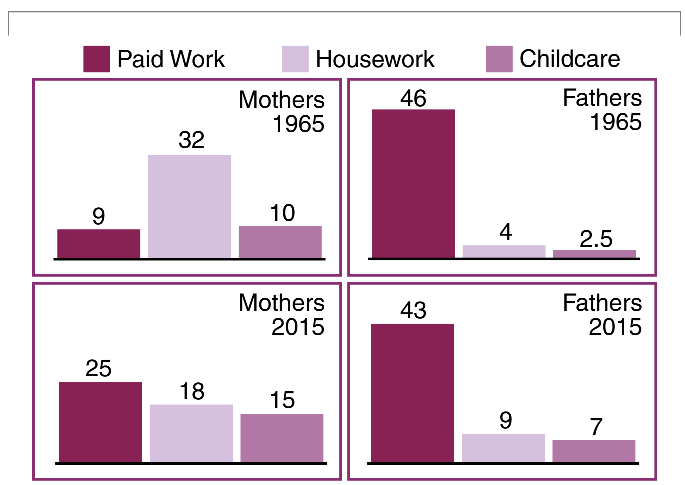
The percentage of the US adult female population that participates in the labor force began a dramatic rise in the 1960s which peaked at 60% in 1999 and then gradually declined to 56.8% in 2016.[13] But even as women have entered the workforce, they have also retained primary responsibility for unpaid work such as caregiving for children and elders and handling household chores. Even though fathers are performing much more of this unpaid work that they did fifty years ago, women still do twice as much of it as men do. According to Pew Research Center data analysis, between 1965 and 2015, while the average weekly time spent on childcare rose from 2.5 hours to 7 hours for fathers, for mothers it rose from 10 hours to 15 hours, still more than twice as much as the men's average. For household work, while average weekly time for mothers went down from 32 hours to 18 hours, for fathers it rose from 4 hours to 9 hours—still only half the amount of unpaid work time logged by women.[14]

As the American population ages, families are taking on more eldercare, and the majority of that responsibility is also being shouldered by women. According to American Time Use Survey data from the Bureau of Labor Statistics, during the 2015 to 2016 two-year period, of the 41.3 million people providing unpaid eldercare, 56% were women and 21% were parents of children living at home. Most of those parents (81%) were employed, and 64% of them were full-time employees.[15] These numbers are bound to increase in the future, as the number of Americans aged 65 and older is projected to more than double—from 46 million in 2016 to over 98 million on 2060.[16]

Evidence of the tradeoffs made at the household level between paid labor and unpaid caregiving work was revealed in an analysis of US census data from 1978 to 2011. Published as part of the ongoing Center for Economic Studies Discussion Paper Series, the analysis looked at the appearance and trajectory of the earnings gap between spouses that was related to the birth of their first child.[17] The results showed that the earnings of the female spouse tended to drop rather dramatically between one year before the birth of the first child and the year after that child was born. The gap that resulted from this initial "earnings shock" continued to grow for about five years, although at a much slower rate, and then it began to shrink gradually once the child reached school age. Interestingly, for parents whose first child was born in the 1990s, the gap had effectively closed by the time the child reached age 14, but for couples whose first child was born in the 2000s, the trajectory of the gap just leveled out a bit and didn't really close much at all as the child grew older.

The trajectory of the gap also looked different for mothers who were in different age groups when their first children were born. Mothers in the groups under age 25 and over age 35 ultimately experienced a recovery of their earnings, relative to their spouses, by the time their children where finishing high school. But the "earnings shock" for mothers in the 25 to 35 age group was greater, their earnings recovery was much slower, and they did not achieve the same level of earnings recovery as the other two groups. This suggests that women experience more damage to their ultimate earning power if caregiving forces them to disrupt their careers when they are in their late 20s and early 30s, compared to experiencing the disruption before their careers are really underway or in the later years when their careers are well established.

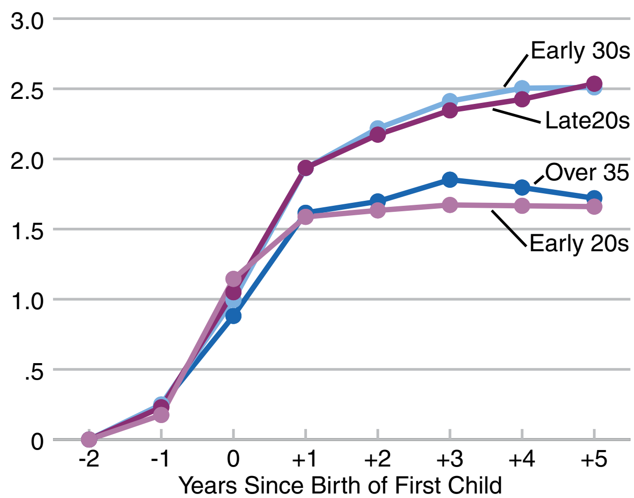
Parents' Average Number of Hours Per Week Spent on Paid and Unpaid Work



Note: Paid work includes commute time.
Source: Data compiled from multiple sources by Pew Research Center
Analysis: Bay Area Council Economic Institute

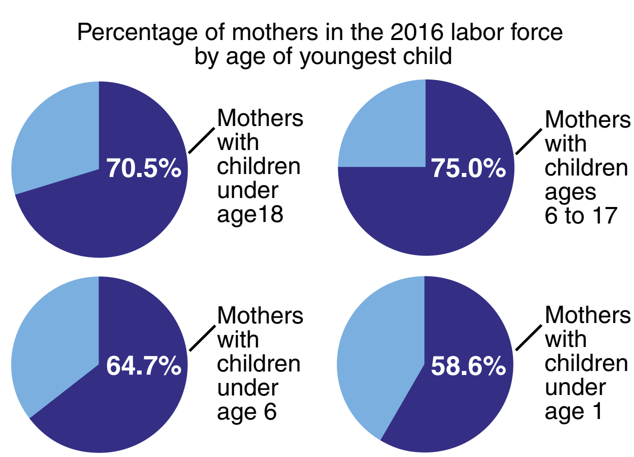
Earnings Gap Between Spouses by Mother's Age at Birth of First Child

For women aged 25 to 35 in their prime career-building years, the "earnings shock" from having their first child is worse than it is for younger women earlier in their careers and older women more established in their careers.



Note: Dependent variable is the difference between the male spouse's and the female spouse's log yearly earnings.
Data Source: YoonKyung Chung et al., CES 17-68, US Census Bureau
Analysis: Bay Area Council Economic Institute

A Majority of Mothers Are Breadwinners



Data Source: US Bureau of Labor Statistics
Analysis: Bay Area Council Economic Institute

The Disappearance of the Stay-at-Home Caregiver

Underlying the work-family conundrum of today's workers is an antiquated American workplace model that evolved for a type of workforce that no longer exists. In 1960, only 20% of mothers worked outside the home and only 18.5% were unmarried, so the most common American family included a male breadwinner and a stay-at-home mother. This setup allowed employers to shape jobs with the expectation that the breadwinner would be available to work as many hours and at any times that the employer deemed necessary. In essence, it amounted to an unspoken contract in which the stay-at-home caregiver gave businesses a bonus that made the American worker's time at work possible, because there was always someone at home to meet all of the unpaid support work needs of the family (including the breadwinner). In today's economy, this model no longer works, because the shape of the American family and the characteristics of the American worker now look vastly different.[18]

In 2016, the labor force participation rate for US mothers with children under age 18 was 70.5%. Within that cohort, mothers with school age children participated in the workforce at the highest rates, but even a majority (58.6%) of mothers with infants (under age 1) were in the labor force. More than 73% of the employed mothers with preschool or school age children worked full time, while 70.8% of the employed mothers with infants worked full time.[19]

While many working mothers are making important income contributions as part of two-parent families, when mothers provide the sole income for single-parent families, their role as economic providers is crucial. In the past 40 years, the single-parent share of US families nearly doubled, rising from 16.3% in 1975 to 31.6% in 2016, and of those single-parent families, the majority (77.5%) were mother-only families.[20]

The Economics of Time

In an economy in which most people with unpaid caregiving responsibilities are also part of the labor force, the difficulties of managing the competing time demands of work and family have negative consequences for workers and families at all income levels, as well as for businesses and the economy. Whether society's goal for the gender division of unpaid caregiving and household labor should be parity (i.e., a half-and-half equal division) or equity (i.e., a fair and reasonable division that may not necessarily be half-and-half equality) is a cultural issue. Nonetheless, the gender gap in time spent on unpaid work contributes to the gender earnings gap, creates gender inequity in the sorting of workers across occupations and hours of work and, in so doing, generates a misallocation of talent across occupations that puts a drag on the overall productivity of the economy.

In a study published by the National Bureau for Economic Research (NBER) in 2017, researchers used US Census data for the period from 1976 to 2010 to construct a comprehensive model of the interactions between time allocation and occupational choice and used it to shed light on some of the key forces associated with gender inequity in the workforce.[21] They found that the difference between women and men in the amount of time allocated to unpaid work in the home (e.g., childcare and home production activities) has a large effect on occupational choice, reducing the share of women in high-hours-worked occupations by 14 percentage points relative to men and creating a gender pay gap of roughly 11 percentage points. If women are spending more hours doing unpaid work to support their families, they have less time to spend doing paid work, causing them to miss out, when they are working in occupations that reward long hours, and discouraging them from entering such occupations in the first place. Furthermore, the researchers found that when they adjusted the model to simulate a situation in which unpaid work in the home would be allocated in a gender neutral way, output per hour (or productivity) in the overall economy would increase by 5.4 percent, as people made better use of their time, given their talents and skills.

Making better use of time available for paid work while at the same time fulfilling unpaid caregiving responsibilities is not, however, just a matter of having more time to spend on paid work. It's also—and perhaps more importantly—a matter of having enough workplace flexibility to make the competing demands of work and family manageable. In the outdated American business model designed around the old fashioned breadwinner-homemaker family structure, getting that flexibility isn't easy. Shifts over the last 40 years in the way that employers organize work have resulted in numerous occupations with highly demanding jobs characterized by little flexibility and long hours. Furthermore, disproportionate value is placed on working exceedingly long hours so, for example, an employee who works 70 hours per week earns far more than twice the amount earned by one who works 35 hours per week. These situations have resulted in workplaces in which the career and income penalties for job flexibility and part-time work are dramatically higher in the US than elsewhere.[22]

According to NBER modeling, if unpaid work in the home could be allocated in a gender neutral way, output per hour (or productivity) in the overall economy would increase by 5.4 percent, as people made better use of their time, given their talents and skills.

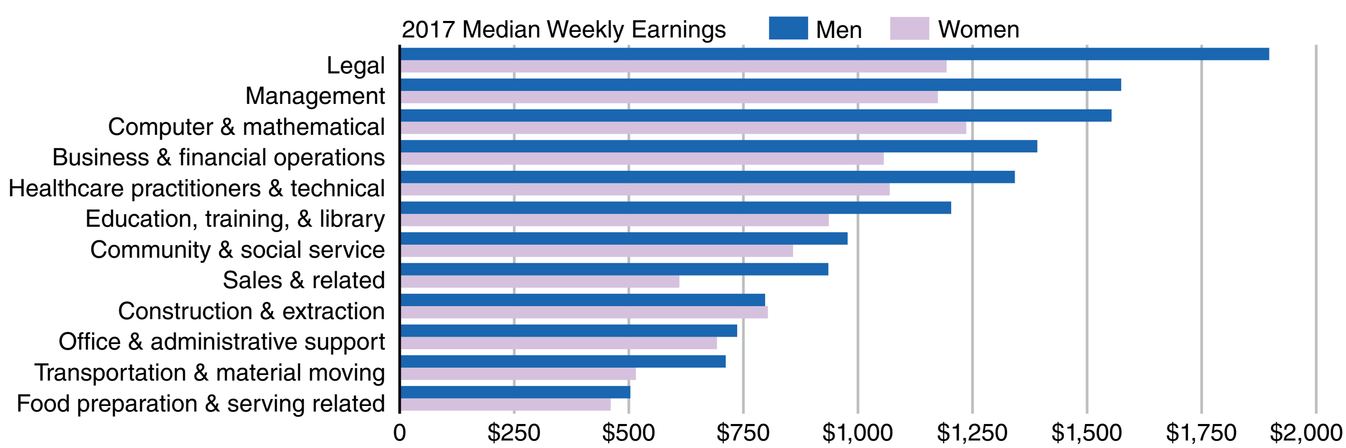
The Price of Flexibility

Taking a deeper look at the persistence of the gender pay gap is a good starting point for better understanding the price of flexibility in the current American workplace model. Like many average statistics that attempt to quantify large issues, the gender earnings gap number varies considerably depending on the data source used in the calculation, but it is still a useful shorthand for a complex economic reality. A number of economic studies have considered various explanations such as human capital differences between women and men in levels of education and work experience and gender differences in occupations and industries.

Among the most recent and thorough analyses is a discussion paper on gender pay gap trends between the early 1980s and 2010 or 2011, that was written by Cornell University economists Francine Blau and Lawrence Kahn. They found that human capital differences that once accounted for over a quarter of the gender earnings gap in 1980 explained very little of the persisting earnings gap—only 8%—by 2010. By then, the education gap had been reversed—with women having higher average schooling levels than men and being more likely than men to have advanced degrees—and the labor market experience gap had been greatly reduced—with the average experience advantage of men dropping from 7 years in 1981 to only 1.4 years in 2011. Furthermore, Blau's and Kahn's additional analyses and reviews of the literature found indications that occupational differences between men and women together with industry differences could explain over half of the persisting gender wage gap, with the largest of the two factors being the occupational differences.[23]

In an extensive statistical analysis published in 2014, Harvard labor economist Claudia Goldin sought clues to the persistence of the gender earnings gap by examining it in two ways: by occupation and by age for five birth cohorts (people born in 1958, 1963, 1968, 1973, and 1978). Goldin found in the occupational analysis that even if women and men were distributed among occupations in exactly the same proportions, the gender pay gap would not be reduced much, because the majority (85%) of the current earnings gap comes from *within* occupations, not from the distribution of occupations by sex. Her age cohort analysis produced another significant finding: the earnings gaps within cohorts greatly increased over time. The wage gap for women in their 20s entering the workforce was within the 10% range, but after about 5 years, the gap began to widen, largely because women started to work less hours or take time out from their careers due to having children.[24]

Earnings Gaps Within Occupations



Data Source: US Bureau of Labor Statistics
Analysis: Bay Area Council Economic Institute

The key factor involved in the dynamics behind these effects turned out to be the inequity in the way employers value time. Goldin demonstrated that the occupations with the greatest gender pay gaps are the ones where different work hours—both in terms of number of hours worked and when the hours are worked—are associated with different levels of pay, as measured in dollars per hour. These types of jobs disproportionately reward employees who can work the longest, least flexible hours, and structuring work in this way carries heavy penalties for workers who have caregiving responsibilities outside the workplace. Goldin used occupation data from the US Census at the "three-digit" level of specificity to categorize professions by the degree to which all hours worked were not equally valued, and she found that the highest disproportions were occurring in the fields of business, finance, and law, while the occupations with the most equal valuing of hours worked were in the science and technology sectors.[25]

In looking at the work of lawyers and pharmacists as examples of the two ends of that continuum, it becomes apparent that what makes the difference is job flexibility and continuity (in terms of number of hours, precise times, predictability, and ability to schedule one's own hours) along with what Goldin calls the ability of workers to substitute seamlessly for one another. Traditionally, law firms have not made that type of flexibility workable for attorneys. As Golding puts it, "a law firm won't be willing to pay as much to lawyers unwilling to put in Y hours a week than it is to lawyers who are willing. The reason is that their clients do not view two lawyers working 0.5 [times] Y hours each as good substitutes in the most productive positions for one lawyer working Y hours." Pharmacy, on the other hand, is a high-income profession in which job flexibility is highly workable because of how the profession has changed over the past 40 years, from an occupation dominated by independent and self-owned businesses, to one in which most pharmacists are employees of large retail firms or hospitals. That change, along with new information systems and the standardization of drugs, has allowed pharmacists to seamlessly hand off clients and has transformed pharmacists into employees who can be good substitutes for one another. It doesn't matter to patients which pharmacist they see; they just want to get the right medication. As a result, pharmacy is an occupation in which hours are fairly equally remunerated, no matter whether a pharmacist works long weeks or short weeks, regular hours or irregular hours, day shifts or night shifts.[26]

Long Hours and Little Flexibility Are Bad for Businesses and Bad for Employees

When many occupations end up imposing heavy earnings penalties on employees who want to work part-time or have more flexible working hours, or who need even small amounts of time out of the labor force, what results is a mismatch between the workplace and the workforce, which is bad for businesses, bad for employees, and bad for the competitiveness of the overall economy.

Heather Boushey, the chief economist at the Washington Center for Equitable Growth whose research focuses on economic inequality and public policy, points out that the clearest cost of this mismatch is that a key engine of economic growth is lost, because highly trained workers are pushed out of the workforce. In a business model in which a "full-time" career typically involves working 50 or more hours per week, talented and highly-trained professional women who need hours more like a traditional 40-hours-per-week job are forced out into undervalued, underpaid part-time work. Boushey calls this a "systematic de-skilling of women who work part-time"—which her analysis found that one fifth of professional and middle-income mothers do—and the resulting loss of women's human capital inhibits economic growth.[27] The cost to the mothers themselves is significant as well, since women working flexibly part-time are often subjected to various forms of stigmatizing treatment[28] that end up sending their career trajectories into plateaus from which their overall earnings levels never recover.

Boushey also points out that as a greater number of workers within some professions put in longer hours, a culture of overwork becomes entrenched in the workplace. But working employees for longer and longer hours doesn't make a business more competitive. Instead, a workplace culture of long hours and little flexibility leads to decreased productivity, and high and expensive levels of absenteeism and attrition, all of which decrease profitability.[29] Replacing employees is expensive, and Boushey cites research suggesting that the turnover rate for employees who lack the flexibility they need is twice that of those who have it. In addition, she points out that overwork is associated with lower rates of output per hour and that reduction in working hours within some industries has increased productivity.[30]

The negative effects of all these dynamics are bad for employees and their families as well. Some women with children find the inflexibility of the workplace insurmountable and suspend their careers completely for some period of time.[31] This reduces family incomes as well as reducing the talent pool available to the economy.[32] Taking steps to increase workplace flexibility is a fundamental way to improve gender equity and make it easier for those with caregiving responsibilities to navigate the competing demands of work and family.

A workplace culture of long hours and little flexibility leads to decreased productivity, and high and expensive levels of absenteeism and attrition, all of which decrease profitability.

INSIGHT

Employees, Especially Millennials, Highly Value an Inclusive Workplace Culture

People vary in their descriptions of how inclusivity feels to them, but at its root, an inclusive workplace culture must be based on respect for and appreciation of differences in multiple demographic characteristics, including gender. A 2017 Deloitte survey of 1,300 full-time employees across the US found that an inclusive culture can play a major role in a professional's decision to choose an employer, so it is key to both hiring and retaining talent. Overall, 72% of the survey respondents said that they would leave or may consider leaving an organization for one that has more of the inclusive aspects that they desire. Inclusion seems to be a particularly high priority for Millennials, with 30% of the respondents in that generation saying that they have already left a job for one at another organization that is more inclusive.

"In today's competitive market, individuals are often challenging employers to think more holistically about what inclusion really means to them, and think more strategically about how to create and maintain an inclusive culture. With inclusion's growing impact on attracting and retaining employees, organizations should consider broadening their lens on inclusion, pushing leaders to be active role models, and going beyond programs to impact people's day-to-day experiences."

—Deloitte, Inclusion Pulse Survey, 2017[33]

Changing the Culture of Work

Just as companies need to let go of old business models in order to build agility and flexibility into the ways they serve customers and compete in the marketplace of today's global, technological world, they also need to let go of old ways of defining the workplace and become more innovative and flexible in their thinking about how work gets done so that they can unlock the potential of people and teams and support the well-being of employees.

Old command and control work management models that were developed in the first half of the last century demanded standardized hours, insisted that work can only happen with all workers assembled in the same space at the same time, valued office "face time" as the ultimate measure of an ideal employee, and assumed that all families had a single breadwinner and a stay-at-home caregiver. In certain occupations over time, these structures have tended to generate highly demanding jobs with extremely long hours and little flexibility. The needs for organizing work in these ways are now long past for most occupations, and their antiquated assumptions need to give way to results-oriented and respect-based work cultures that optimize workers' effectiveness and leave room for individuals to better manage the challenges of their work and family responsibilities.

Two major areas in which employers can provide work-family support are (1) family-friendly policies that increase workplace flexibility and provide paid parental leave, and (2) providing affordable access to quality early childhood care and education. Paid family leave is a key component of the policies area, but it is only one end of the continuum of workplace flexibility issues. Leave allows employees to remove themselves from the workplace for specific periods, but in order to provide true support, leave needs to be accompanied by good "offramps" for taking it, good "onramps" for returning from it, and—at the other end of the workplace flexibility continuum—appropriate flexible work arrangements that can support working families in dealing with the ongoing pressures of managing the dual responsibilities of wage earning and caring for children and elders.

In the marketplace of today's global, technological world, companies need to let go of old ways of defining the workplace and become more innovative and flexible in their thinking about how work gets done so that they can unlock the potential of people and teams and support the well-being of employees.

Embedding Flexibility in the Workplace

Flexible work isn't a one-size-fits-all proposition for employers or employees. As companies choose options to include in their family-friendly policies offerings, it is important to make sure that the chosen arrangements suit the nature of their businesses and that both managers and employees can feel comfortable with the parameters and processes created and understand and implement them as practices that actually make people and teams more productive. Embedding flexibility in the workplace is not just about scheduling. It's about the bigger picture of involving men and women at all levels of the company in aligning time, tasks, and talent for a core allocation of resources that ensures that the company and its employees are tackling the right work at the right time.

Catalyst directors Amelia Costigan and Emily Troiano say that their research has shown "that when leaders empower their employees to determine where and when work gets done, they help create an inclusive workplace where employees feel valued and report increased team citizenship and innovation.…A culture that is inclusive of different working styles allows each employee to bring his or her best and most productive self to the job. It also acknowledges that every employee has a personal life and they do not all look the same."[34]

Classic Flexible Work Arrangements

Among the classic flexible work arrangements are flex-time (putting in a full work week, but being able to vary start and finish times at the workplace), working from home or telecommuting, and compressed work weeks in which the same number of weekly hours are compressed into a shorter period (such as working 10 hours a day for 4 days, instead of 8 hours a day for 5 days). All of these arrangements help employees restore control over their lives in the face of work-life challenges, and they are especially valuable to working parents who may need to be free at specific times for responsibilities such as dropping off and picking up their children from school or childcare.

Flexible work arrangements benefit employers as well. One of the most well known benefits is increased attraction and retention of top talent, especially female talent. In 2017, PwC commissioned a multi-national survey of 4,792 employed people (82% female and 18% male) at different professional experience levels: 32% were about to start their first jobs, 52% were experienced professionals who were in the process of changing jobs, 8% were experienced professionals currently job hunting, and 8% were career returners coming back to work following a break. The survey group also covered all four generations now active in the workforce, with 4% members of Generation Z, 72% Millennials, 19% members of Generation X, and 5% Baby Boomers. When this majority female group was asked to rate 13 factors in order of importance in making an organization an attractive employer, "flexible work arrangements and a culture of work-life balance" was the top selection of all the respondents except for the people just starting their careers, who rated it second after "opportunities for career progression."[35] These results indicate that flexible work arrangements and a culture of work that supports employees in managing their breadwinning and caregiving responsibilities are top magnets for the modern talent pool, and employers will increasingly need to offer them in order to compete for the best and the brightest talent and advance gender diversity within their companies.

Telecommuting and working from home seem to have specific benefits for employers in terms of reduced absenteeism and increased productivity as well. In a Society of Human Resource Management (SHRM) survey of HR professionals in 2015, 32% said that the work from home option had reduced absenteeism at their organizations, and 26% said that telecommuting had resulted in increased productivity.[36] Employees themselves are very enthusiastic about the productivity benefits of telecommuting and say that it increases their happiness at work as well. In a survey of 509 US remote workers that was conducted by employee engagement firm TINYpulse in 2015, 91% said that they got more work done when working remotely, and they scored their happiness at work at 8.10 on a 1 to 10 scale, compared to 7.42 for employees across all work arrangements.[37] In addition, telecommuting offers environmental benefits in terms of less fuel consumed and less CO_2 emitted due to fewer miles of driving to work.

Working Part-Time and Job Sharing

Part-time work and job sharing are other types of workplace flexibility, but they come with their own set of advantages and pitfalls. When used on a long-term basis, both can be valuable options for employees who are trying to manage caregiving along with work, and working part-time for a transitional period can provide a good "onramp" solution for new mothers returning to the workplace after taking parental leave. However, especially for women, it is extremely important for part-time work arrangements to be *equitable* alternatives that provide equal pay for equivalent work and do not negatively impact career advancement opportunities. Equitable part-time arrangements also mean that employers refrain from burdensome scheduling practices that produce unpredictable, constantly shifting work times and numbers of hours per week. Especially for hourly female workers, lack of time and work predictability can make it next impossible to manage work and caregiving commitments, and their earnings can fluctuate in ways that contribute to household financial insecurity. These types of unpredictability can cause women to drop out of the labor force altogether—exactly the opposite of the inclusion and diversity effect that flexible working arrangements are intended to achieve.

Flexible work arrangements that support employees in managing their work and family responsibilities are top magnets for the modern talent pool, and employers will increasingly need to offer them in order to compete for the best and the brightest talent and advance gender diversity within their companies.

COMPANY SPOTLIGHT

Hanson Bridgett LLP

Headquartered in the heart of San Francisco's Financial District, Hanson Bridgett, LLP is a law firm with more than 320 employees, including over 150 attorneys who practice law in a variety of sectors, such as corporate law, intellectual property law, and employee benefits. Established in 1958, Hanson Bridgett has repeatedly been recognized for its efforts to offer a gender equitable workplace for its partners, associates, and staff. The latest of these recognitions came in 2017, when Law360's 100 Best U.S. Law Firms for Women list ranked the firm #4—based on its total number of female attorneys and its female representation at the partner level—and when the firm was for the eighth year in a row again named on Working Mother Media's list of the 50 Best Law Firms for Women.

Part of the firm's success in creating and maintaining a gender equitable workplace comes from the its devotion to ensuring that partners and non-partners alike have access to comprehensive workplace policies designed to provide increased flexibility that boosts their ability to manage work and family responsibilities. Law careers are highly demanding, and flexible working arrangements that allow lawyers to work reduced hours are especially helpful for women combining law careers with motherhood, as long as they can take advantage of this type of flexibility without being perceived as not being serious about their work. Hanson Bridgett has been especially successful in avoiding that problem and creating family-friendly policies and career development initiatives that are helping to retain female attorneys and advance them in the leadership pipeline.

For more than two years, women have made up 37% of the firm's equity partners, the second highest percentage of all 50 Best Law Firms for Women listed by Working Mother in 2017, topped only by New York's Frankfurt Kurnit Klein and Selz law firm at 38%, and having risen from a 28% share in 2014. Women currently make up 26% of non-equity partners.[38] Hanson Bridgett has one of the highest reduced hours usage rates overall and is one of just 5 firms on the Working Mother 50 Best Law Firms list where at least 20% of attorneys work less than full time: 29% of Hanson Bridgett's non-equity partners use reduced hours, and it's notable that 23% of male non-equity partners are included in that figure.[39]

The firm's commitment to a culture of work that values flexibility allows its attorneys, 72% of whom are parents, to utilize remote working arrangements as they see necessary.[40] In order to increase retention of associates and partners, Hanson Bridgett's benefits package offers 12 weeks of paid maternity leave and 2 weeks of paid paternity leave.[41] To make sure that talented partners and associates are able to continue working at Hanson Bridgett after having children, the firm arranges timelines convenient for them to return to work.

HR professionals and employees both cite benefits from working remotely.

26%
of HR professionals said telecommuting resulted in increased productivity

32%
of HR professionals said the work from home option reduced absenteeism

91%
of employees said they got more work done when working remotely

Best Practices for Implementing Workplace Flexibility

Successful policies to enable flexible working arrangements are implemented with metrics and clear expectations of employees. Especially for telecommuting and working from home, it is important to have structured plans and processes to effectively equip remote workers. The goal of these structures is to make sure that work gets done in the most effective way, and the best approach is to focus on the quality of the employee's work, rather than just the number of hours worked. Some key practices for implementing flexible working arrangements include the following:

- **Demonstrate strong, clear, and consistent leadership.** All levels of leadership, but especially managers, need to understand that embedding flexibility in the workplace and creating a culture of work that supports employees in reconciling their work and family responsibilities are business environment changes, not just scheduling changes, and leadership needs to demonstrate its support.
- **Involve employees in planning** for the creation of new workplace flexibility and build the foundation for it with programs to strengthen deep collaboration and conflict resolution skills, especially communication skills involving how to listen and how to air and resolve conflicts in a productive manner. With good collaboration skills, both employees and managers can be involved in ongoing collaborative scheduling initiatives that allow them to negotiate and renegotiate schedules to maximize employee engagement and contribution.
- **Build a strong and cohesive team culture** that can support flexible working, especially in connecting on-site and remote employees. Office culture can be effectively created both in a virtual community enabled by technology and by the strategic scheduling of face-to-face meetings that serve more than purely functional needs by allowing coworkers to occasionally experience the connective power of exchanging stories, sharing a meal, and just being in the same space.
- **Pay attention to information flow** to ensure that all team members are in the loop. Previously informal communication processes may need to become a little more formal; for example, decisions and feedback communicated in a passing conversation in the office hallway may need to be recorded in an email that goes to team members working off-site.
- **Ensure that the work of all employees is measured by their contributions and results**, not by intangible impressions of time put in or "face time" in the office. Creating and maintaining a trust-based culture of mutual respect and establishing effective performance feedback processes are essential. Properly using technology can be a big help in knowing if employees are being productive and if the work is getting done, but embedding flexibility in the workplace won't produce an equitable culture of work if employers are not clear about the definition of what an effective employee actually is.

Embedding flexibility in the workplace and creating a culture of work that supports employees in reconciling their work and family responsibilities are business environment changes, not just scheduling changes, and leadership needs to demonstrate its support.

Supporting Parents and Children Through Paid Family Leave

The United States is the only country among 37 developed nations which doesn't have a comprehensive national paid leave policy that mandates paid maternity leave. Under the federal Family and Medical Leave Act of 1993, some US employees are eligible for 12 weeks of unpaid leave upon the birth or adoption of a new child, or due to serious illness, or to care for a family member. However, because of the law's eligibility requirements, only about 60% of workers and 20% of new mothers actually qualify for the unpaid leave, and those that aren't eligible are disproportionately lower-income workers.[42] To make matters worse, many employees who do qualify for unpaid leave can't afford to take it, because the loss of income would be too big a financial blow. As a result of this situation, many employers have stepped up to implement policies to provide paid parental leave in their own workplaces. However, the presence of these policies varies across employers, and the majority of US workers still lack access to paid parental leave.

It is important to remember that family leave is not just about parental leave: employees may also need access to paid leave to address their own illness or the serious illness of a family member. Nonetheless, the benefits that families receive from being able to take paid parental leave are highly significant. During the period of leave, new mothers are able to heal their bodies, and both parents are able to bond with their newborns—an important benefit for children that is lost if parents are forced to go back to work prematurely in order to provide financial support for their families. Furthermore, women's ability to take paid maternity leave, with a guarantee that their jobs will be there for them when they return, advances gender equity because it allows women to avoid the earnings and advancement penalties resulting from the loss of career continuity due to leaving the labor force entirely for periods of time in order to care for a young child.

Established in 2002, California's Paid Family Leave (PFL) program—the first state program of its kind in the nation—is funded entirely by employees through their State Disability Insurance payroll deductions and is administered by the California Employment Development Department. Employees can qualify to take up to 6 weeks of leave within a 12-month period, during which they receive a partial replacement of their wages.[43] In 2017, the program paid a 55% wage replacement weekly benefit, but a new law that went into effect on January 1, 2018 mandates two higher wage replacement rates, depending upon whether the qualifying employee has earned less or more than one third of the California average quarterly wage during the prior 4 quarters. The wage replacement rate is 70% for workers who earned less than that benchmark and 60% for workers who earned more than the benchmark, up to a maximum of $1,216 per week for 2018. In the Bay Area, qualifying employees who work in San Francisco also benefit from a local Paid Parental Leave Ordinance (PPLO) which requires covered employers to provide supplemental compensation during the 6-week leave period, in an amount such that the PFL and PPLO wage replacements together equal 100% of the employee's gross weekly wage up to a cap of $2,027 in 2018.[44]

Companies can support their employees and their new families by extending paid parental leave benefits above and beyond what is required by state (or local) legislation. Offering full pay during this time makes a significant difference in the lives of parents and their new babies. Additionally, changing the culture of work in order to encourage men to take time off to spend with their new families is an impactful way to support them.

The experiences of companies that have chosen to offer comprehensive parental leave also suggest that generous paid leave policies are good for business because they help retain talent. For example, when Google extended its paid maternity leave from 12 weeks to 18 weeks in 2007, the rate at which new mothers quit dropped by 50%.[45] Similarly, when Accenture doubled its paid maternity leave to 16 weeks in 2015, it saw a nearly 40% drop in the number of mothers leaving their jobs after the birth or adoption of a child. Replacing people is expensive, so if a company has invested in hiring and training someone, avoiding the cost of losing a talented woman outweighs the cost of providing the benefit.[46] The Society of Human Resource Management (SHRM) reported in 2016 that replacing an employee costs on average 6 to 9 months of that person's salary.[47]

Offering paid parental leave can also lend a boost to recruiting, especially as companies increasingly compete to hire the best talent from the Millennial generation that will make up 75% of the global workforce by 2025. A study of work-life challenges across generations conducted for EY in 2015 found that Millennials placed a high value on paid parental leave along with increased flexibility: 83% said that they would be more likely to join a company that offers these benefits.[48]

> “When we think about now people are perceived for taking advantage of the policies that we have, it really is a question of how normal is it. Do you become the outlier when you decide to take the full eight weeks parental leave as a male employee who didn't give birth to the child? Or are you seen as somebody who's leading the charge to role model the types of behaviors that leadership said they wanted to have at the firm? And I think that starts with leadership not just endorsing the policies, but taking advantage of it themselves, but also recognizing that when employees do that, it actually is a commitment to the type of employee that the firm wants. It's not an outlier that shows lack of commitment.”
>
> —Keith Bevans, Partner, Chicago
> Global Head of Consultant Recruiting
> Bain & Company

Best Practices for Implementing Paid Parental Leave

In implementing a paid parental leave policy, the following financial and structural aspects must be considered:

- **Determine how much to compensate employees on leave.** The 2018 California PFL 70% and 60% wage replacement rates are certainly helpful, but many employees—particularly those with low incomes—may still find partial earnings replacement to be insufficient to cover their families' expenses during their time of leave. Employers can contribute an additional percentage of employees' weekly wages with a maximum salary level cap on this benefit. Using a model similar San Francisco's PPLO, an employer could provide a supplemental compensation amount that, when combined with the California PFL wage replacement, would add up to 100% of an employee's gross weekly wage, up to a specified cap. Other options include bringing the employee's pay up to 100% for a specified number of weeks after the birth or adoption of a child, and then reducing the percentage of replacement compensation after that.
- **Determine the amount of leave.** Studies of European countries with long paid leave histories suggest that a 40-week leave is the most beneficial for children, because that period shows the greatest reduction in child mortality rates as well as increased developmental and behavioral benefits for children.[49] However, a 40-week fully paid leave can put a strain on businesses' operations and finances, and a majority of members of the AEI-Brookings Working Group on Paid Family Leave have favored the more attainable policy of a minimum of 12 weeks of paid parental leave for birth mothers and fathers as well as for adoptive or foster parents.[50]

COMPANY SPOTLIGHT

Amazon

Amazon employees enjoy one of the most progressive parental leave benefits packages offered by big companies in the United States. Mothers are able to take up to 4 weeks of paid pre-partum medical leave, allowing them to prepare to give birth. This period is then followed by 10 weeks of paid maternity leave. In addition, all new parents—birth or adoptive—who have been employed by Amazon for more than a year are eligible to receive 6 weeks of paid leave, which means that birth mothers can take a total of 20 weeks of paid maternity leave. The company's 6-week parental leave benefits are offered to all full-time hourly and salaried employees, both men and women, at all levels of the company, from senior corporate employees to Amazon's fulfillment center and customer service employees.

Amazon values flexibility, so it allows employees to return to work at a pace they find convenient for their families. Amazon's innovative Ramp Back Program gives new mothers and primary caregivers the opportunity to go back to work in various part-time capacities for eight weeks after taking paid leave. For example, a mother can choose to go back to work for 50% of the time for five weeks, followed by 75% of the time for three weeks. This gives mothers and caregivers the opportunity to re-enter the workforce while continuing to take care of new responsibilities at home.

One of the most remarkable aspects of Amazon's parental leave benefits package is its "Leave Share" program, which allows Amazon employees to share their paid leave with their partners when the partner's place of employment does not offer paid leave. For instance, if a mother employed at Amazon decides to return to work after 6 of her 10 weeks of paid maternity leave, she can choose to give the extra 4 weeks to her partner who is employed at a different company. In addition to paying the mother's full salary for her six weeks of leave, Amazon also pays the partner's base salary for four weeks of leave.[51]

- **Allow room for flexibility and ease the transition back to work after leave.** The best paid parental leave policies are those that allow employees to use the time based on their needs, so that parents better adjust to the changes that come with a new child. For example, if parents feel like they can return to work on a part-time basis but still want to take advantage of the leave time available to them, it can be useful to have policies allowing employees to use up the time available to them in a non-consecutive manner during a year-long period after a child's birth. Employers should consider implementing "on-ramp" supports for employees returning from leave, such as connecting returning new mothers with mentors who have been through the process before, or offering part-time or flexible work arrangements for a period of time after the return, so that people can ease their way back into working full time.

- **Extend job protection to employees on leave.** Under the US Family and Medical Leave Act, employees who have worked for their employers for at least 12 months and who have worked at least 1,250 hours over the previous 12 months are protected from losing their jobs when taking up to 12 weeks of unpaid leave. The law applies only to employers with 50 or more employees. California's Senate Bill 63 was signed into law in order to offer more protection to employees by extending 12 weeks of job protection to nearly 2.8 million employees working in small businesses with at least 20 employees.[52] As employers extend or implement paid parental leave, ensuring that employees are able to feel confident in their ability to return to work makes choosing to take leave easier for employees. Employers offering extended paid parental leave benefits must also extend employees' job security after they have returned to work. Employees should not be penalized for having used the leave time made available to them. For employees who must go through routine performance evaluations that include time periods spent on leave, employers should set up systems that allow those employees to be evaluated based on their work prior to (or after) taking leave.

- **Be gender neutral and inclusive in determining eligibility for benefits**. Every family is different, so be sure that policies don't single out a certain gender or family dynamic. Birth parents as well as adoptive and foster care guardians should be allowed to take leave within the first year of their children's lives. Paternity leave should be available to fathers, and they should be encouraged to use it. Leadership should send the message that all employees are encouraged to take advantage of their company's leave policy, no matter what their roles. Companies with the appropriate resources may even want to consider offering a "leave share" program like Amazon's, which allows employees to "share" a portion of their paid leave with parenting partners who don't receive paid leave from their own employers.

> "We actually give moms and dads both 12 weeks of paid parental leave. We do believe that the father has a huge role to play in the child's life, and we don't want them to feel different than the mom. So we give them both that baby bonding time, and we're seeing more and more dads take advantage of it. We also want moms to ease back into the workforce, and so we give them an additional 4 weeks of part-time so that they can get used to the new childcare arrangement that they have and feel comfortable leaving their baby."
>
> —Nina McQueen, Vice President
> Employee Experience & Global Benefits
> LinkedIn

Providing Affordable Access to Quality Early Childhood Care and Education

While paid parental leave is a critical first piece for ensuring the healthy development of a newborn, this leave cannot last indefinitely and many parents must return to work in order to support their families. Nonetheless, a child's development does not stop at the end of a paid leave period. The years from birth through the age of five are the most formative period of children's lives. It is during these key years that children develop many of the cognitive and non-cognitive skills that will help them in the future, and placing children in quality care and education programs where they can experience brain-stimulating situations during this period is essential.

The development children experience during these first years of life influences their future health, learning, and behavior.[53] Studies tracking the lives of children who have received quality support for their early brain and language development have found that these children are less likely to be placed in remedial classes once they enter K–12 education, reducing system-wide costs by more than $11,000 per student throughout their education. They are also less likely to have encounters with the criminal justice system as adults.[54]

The Burden of High Childcare Costs

California's cost of living is among the highest in the US. A cost-of-living analysis for each state in the nation, developed by U.S. News using McKinsey & Company data, ranks California as the second least affordable state in the country.[55] The weighting for the ranking includes the costs of daily life and housing and counts the affordability of housing, with median housing prices compared to the median household incomes. Despite living in one of the nation's leading economies, many Californians experience financial challenges as their wages are consumed by the high cost of meeting their basic needs.

Childcare is among the heaviest expenses for California families, and it's not necessarily easy to find. The state's net supply of licensed childcare centers and licensed family childcare homes is only enough to meet the needs of 23% of working parents. Family care homes are a crucial part of this supply, because they tend to be less expensive than larger childcare centers and because they are able to provide more flexible hours to meet the needs of parents who don't work 9-to-5 weekday schedules. But the California Child Care Resource & Referral Network reports that between 2014 and 2017, there was a 10% decline in family home childcare businesses, leaving the number of family care homes at 27,529, a new low in the decline of the supply from its peak at 39,300 in 2008. In an already underserved market, this shrinking supply is of great concern because family care homes are California's primary source of infant and toddler care. Regarding the reasons for the decline, R&R Network research director Rowena Kamo has said that the factors the Network has heard about from the field include the following: people have lost their homes; the landlord will no longer allow them to run a family home childcare business in a rental home; there is an aging workforce with a lot of people retiring and there isn't a new workforce coming in to replace them; plus the cost of housing is huge and the housing crisis makes it difficult to get housing.[56]

In the context of the most recent data published in the California Child Care Resource & Referral Network's *2017 California Child Care Portfolio*, the average annual cost of 30-hours-per-week care by a licensed family care home is $10,609 for an infant and $9,984 for a preschooler. Measured against a California median annual family income of $71,533, that means that infant care for one child would take up roughly 15% of a family's income.[57] That's more than twice as much as the standard published in late 2016 by the US Department of Health and Human Services, which deemed that the cost of affordable childcare should not exceed 7% of family income.[58]

In 2017, the California Budget & Policy Center produced a monthly budget for California families with two children. Two-working-parent families and single-parent families were both estimated to spend over 20% of their monthly income on childcare. In comparison, two-parent families in which only one parent works were estimated to spend only 7.2% of their income on childcare because the nonworking parent is able to stay home to take care of the children, reducing the amount of money spent on childcare.[59]

Data collected by the Pew Research Center suggests that women disproportionately take up that responsibility.[60] Therefore, ensuring that families are able to afford childcare is an impactful strategy for retaining women in the workforce. A study produced by the President's Council of Economic Advisers in 2014 concluded that reducing childcare costs can increase maternal employment by up to 4%.[61]

INSIGHT

Empowering Parents and Caregivers to Boost Children's Early Brain and Vocabulary Development

Substantial scientific research on early childhood brain development has shown that the brains of infants are hard-wired to absorb information about the world around them and particularly to build language skills during the first three years of life. Acquiring vocabulary during this crucial early period is vital to success in school and in life. But without quality interactions with parents and caregivers that promote vocabulary development, children cannot develop to their fullest potential.

This kind of support is so important that First 5 California and Too Small to Fail, a Clinton Foundation partnership with The Opportunity Institute, have both launched initiatives in recent years to provide parents and caregivers with the motivation and tools to talk, read, and sing to infants and toddlers in order to build vocabulary and improve babies' learning. Bay Area supporters of the Too Small to Fail "Talking Is Teaching: Talk, Read, Sing" public awareness and action campaign include the Bay Area Council, UCSF Benioff Children's Hospital Oakland, and Kaiser Permanente, among others.

Company Spotlight

Patagonia

Patagonia is recognized as one of the most progressive companies for parents, not only because of its generous paid family leave offerings, but also and especially because of its on-site childcare program which embodies the company founders' deep commitment to supporting employees with families and enabling them to be the kind of parents they want to be.

Patagonia has been offering on-site childcare for over 33 years at its "Great Pacific Child Development Center" in Ventura, which costs about $1 million a year to operate, not counting tuition and costs that parents pay. CEO Rose Marcario estimates that Patagonia recoups 91% of these costs (50% through tax breaks, 30% through the value of employee retention, and 11% in employee engagement) and says that as a percentage of all selling, general, and administrative costs, the childcare costs amount to .005%, which does not feel prohibitive. Marcario also considers as a return on that investment the facts that women make up 50% of the company's workforce and close to half of its management, and that 100% of the women at Patagonia who have had children over the past five years have returned to work. Delightfully, the company's investment in early childhood education over the years has literally been an investment in its future workforce: Patagonia now has a handful of employees who came through its childcare program, including one grandchild.

The Ventura childcare center and a newer smaller center at the company's distribution plant in Reno are staffed by teachers trained in child development who focus on indoor and outdoor learning. Because of the on-site locations, parents are able to join their children for lunch as well as spend some time with them throughout the day. Parents with older children are offered a bussing service that brings children to the Ventura headquarters after school so that they can receive care and spend some time with their parents.

The company's paid family leave offerings include 16 weeks of fully paid maternity leave for birth mothers, and fathers and adoptive parents regardless of gender are able to take 12 weeks of fully paid leave. Employees can also get 12 weeks fully paid leave in the event of their own serious medical condition or to care for a family member (including a domestic partner) with a serious medical condition. [62]

Childcare Access Impacts Women's Labor Force Participation

The lack of affordable access to quality childcare and early childhood education may be pushing women out of the labor force. A Pew Research Center study of stay-at-home mothers found that the number of women choosing to stay at home with their children has been increasing in recent years after many decades of decrease. In 1999, 23% of all mothers stayed at home to care for their families, but this percentage increased to 29% in 2012. Eighty-five percent of married stay-at-home mothers indicated that the primary reason to stay out of work was providing care for their families.[63]

A report on the National Household Education Surveys Program 2016 data for US families with infant-to-pre-K-aged children found that 31% of parents who reported difficulty finding childcare said that high costs were the primary reason. In a 2017 EdSource survey of 640 California parents, 27% reported that one of the biggest barriers to placing their children in care and education programs is slot availability, while 22% reported that it was hard for them to find quality care for their children.[64] If families had more access to quality childcare, more women would be able to return to the labor force after giving birth. Without affordable access to quality care and education programs, women may find staying at home to take care of their families more suitable for their needs. As a result, workforce gender equity suffers as women's participation in the labor force goes down and businesses lose skilled female talent.

Company Spotlight

Salesforce

Salesforce offers its employees on-site and subsidized quality childcare services in various locations including its Little Ohana on-site childcare center opened at its San Francisco headquarters in 2015. The center is a two-floor facility focused on providing space for children to learn and play, including nine classrooms, a library nook, and two outdoor yards, as well as a flexible room for activities such as dance and imaginary play. The center can accommodate 116 children, from infants to pre-K age.[65]

The center takes its name from the Hawaiian word Ohana, which was chosen to recognize the Salesforce corporate commitment to keeping employees and their families happy and healthy, so that employees can focus on their work with peace of mind. Ohana means family in an extended sense that includes blood-related, adopted, or intentional connections, and which signifies that family members are bound together and responsible for one another. Little Ohana was developed in partnership with Bright Horizons, a solutions provider for employer-sponsored work-life programs including onsite early childhood care and education and back-up childcare.[66]

In addition to Little Ohana, Salesforce offers its employees priority access to Bright Horizons centers at other locations, as well as a Bright Horizons back-up care program which helps employees find temporary care for their children from selected pre-screened high-quality centers and in-home care agencies. Employees have access to 10 days of back-up care per year. The program is intended to help parents find emergency care at affordable prices.[67]

Quality Early Childhood Care and Education Improves Children's Life Outcomes

Quality early childhood care and education programs offer curriculums aimed to develop children's cognitive and non-cognitive skills, have highly trained caregivers and teachers working with small numbers of children per classroom, and are safe, nurturing environments in which children can learn and play.

Early Childhood Programs Improve Children's Adult Health Outcomes

When children are placed in quality early childhood care and education programs, they tend to be healthier as adults. The long-running Carolina Abecedarian Project concluded that when given access to quality care with nutritional and healthcare aspects, children from disadvantaged families are less likely to develop risk factors leading to cardiovascular and metabolic diseases as adults. The study collected individual biometric data from a group of 111 children who were randomly assigned to an intervention program or a control group. In stage one of the early childhood intervention program, servicing students from birth to age five, children received full eight-hour-a-day caregiving and education focused on early childhood development, and the program also had a health and nutrition component. After the first stage, the children were randomly assigned to stage two intervention or control groups servicing ages six to eight. The second stage intervention program focused on early math and reading skills.[68] All the students were then monitored until their mid-thirties and had their health outcomes assessed at various ages. The study found that men and women who had participated in the stage one intervention program were less likely to suffer from abdominal obesity and chronic diseases such as hypertension, heart disease, and diabetes.[69] Participation in the second stage (school-age) intervention program did not correlate with any effect on adult health.[70]

Early Childhood Care and Education Improves Social and Emotional Development

Children's social and emotional capacities are developed through the interactions they experience early in life. According to new estimates from Harvard's Center on the Developing Child, children's brains form more that 1 million neural connections per second during the first few years of life.[71] For that reason, parents and caregivers with whom children interact influence a large portion of children's social-emotional development.

From birth, children learn to imitate and gather social cues from their interactions with the adults in their lives. Ensuring that children are exposed to nurturing environments where they can feel safe and loved is essential to their social-emotional development. These early experiences impact how children manage emotions, express themselves, and develop relationships with those around them. Adverse experiences, especially in the earliest years of life, negatively affect children's mental health and behavioral development.[72]

Children's social-emotional development at young ages can impact their success in later life. Published in 2015, a 20-year retrospective study by Duke University and Pennsylvania State University researchers found that kindergartners' social competence skills ratings were a significant indicator of both positive and negative life outcomes by age 25 in education, employment, criminal justice, substance abuse, and mental health. In the first part of the study, 753 kindergartners from four Fast Track Research Project locations were rated by their teachers on various measures of social competency including ability to share with others, listening to others, and cooperation. The researchers then monitored the students and recorded both the positive and negative milestones in their lives over the next two decades. With the use of statistical models that controlled for background characteristics, they found that for every one-point difference in a kindergartner's score on a five-point social competence scale from "not at all" to "very well" there was a pronounced difference in life outcomes. For example, for every one-point increase in kindergarten social competence, a student was twice as likely to earn a college degree and 46% more likely to have a full-time job by age 25, while for every one-point decrease, a student had a 67% higher chance of having been arrested by early adulthood.[73]

Early Childhood Education Benefits the Future Labor Force

Employers who invest in making quality early childhood care and education affordably accessible to their current employees may also be investing in their future employees, because educational benefits derived in early childhood, when combined with well-functioning K–12 and higher educations systems, ultimately result in the more educated workforce that is needed in an increasingly competitive global marketplace. An economic modeling project described in a 2006 Brookings policy brief has estimated that children who participate in a high-quality early childhood care and education program achieve on average an educational attainment level at age 27 that is 0.9 years greater than non-participants. More educated workers are more adaptable, acquire new skills more easily, and are more creative in thinking about how to improve the management of work—all attributes that are competitive advantages for companies needing to be agile in the ever-changing landscape of technological advancement and customer demand.[74]

Best Practices for Implementing On-Site Childcare

Offering employees affordable access to early childhood care and education in the form of an on-site childcare center is a highly significant support for parents dealing with the work-family conundrum. Numerous human resources professionals attest to its value in reducing employee stress and absenteeism and increasing employees' happiness and ability to function well at work. Society for Human Resource Management (SHRM) program specialist Cassidy Solis says, "It's one of these models that helps employers help their employees. But then, in return, it produces these highly engaged, highly loyal, very productive employees, and it's really a win-win for everyone."[75]

Building an on-site childcare center requires a lot of research, resources, and money, but with a well-executed plan, it can provide a good return on investment. Employers can offset some operating costs by charging employees childcare tuition and fees at a lower rate than external childcare facilities. Moreover, federal and state regulations generate an incentive for employers by offering tax credits. Patagonia CEO Rose Marcario says that her company is able to recoup half the annual after-tuition costs of its headquarters on-site childcare center though tax credits alone (see Company Spotlight on Patagonia).

Businesses seeking to provide on-site childcare services for their employees should consider the following factors:

- **Determine employee demand for care.** By conducting employee surveys, employers can find out the number of workers who would take advantage of the benefit on a regular basis. Additional useful information businesses can obtain from employees includes preferred type of care (regular, intermittent, unusual hours) and curriculum preferences for pre-school-aged children.
- **Examine local regulations for on-site early childhood care and education facilities.** Local legislation may mandate differing requirements and regulations for childcare facilities. Regulations determine space requirements, teacher-to-child ratios, quality of educational programs offered, and licensing requirements. Thorough consultation with local regulating institutions is needed at the start of the planning process.
- **Assess the potential liabilities of offering on-site care.** Businesses become liable for the quality of care and safety of children when they are placed under the care of staff in an on-site facility. Liability insurance is an additional cost that businesses must keep in mind when making the decision to offer on-site childcare. To prevent additional risks, businesses need to make sure that care providers are licensed professionals meeting industry standards.
- **Consider partnering with licensed organizations to outsource the operating of an on-site childcare center.** Organizations like Bright Horizons Family Solutions specialize in providing a variety of early childhood care and education solutions, including helping employers build on-site quality childcare centers. Employers can access consulting services for on-site childcare issues ranging from need assessments, to program budgets, to accreditation and licensing, to all the day-to-day operations needed to make an on-site childcare center successful.

Other Ways to Offer Employees Affordable Access to Quality Early Childhood Care and Education

Ensuring that workers have affordable access to quality early childhood care and education is a highly significant support that pays off for both employers and employees: it strengthens the workforce of today while at the same time laying the groundwork for the workforce of the future. Affordable childcare advances gender equity by allowing more women to contribute as productive members of the workforce and is an investment in the development of children who will be able to be more productive employees when they grow up. American Enterprise Institute scholar Katharine B. Stevens writes that "high-quality childcare builds our nation's human capital two generations at a time."[76]

While offering an on-site childcare center can't be an option for every business, employers can consider a variety of other options to help employees affordably access quality early childhood care near their workplaces:

- **Subsidize employee childcare expenses.** Employers can offer childcare subsidies as part of their benefits packages, contributing up to $5,000 per child annually without the subsidy being added to the employee's taxable income.[77]
- **Provide referral resources.** Employers can develop their own databases of licensed, quality childcare centers in order to provide concierge-like help that

can reduce some of the stress parents experience related to finding quality reliable care. They can also provide memberships to available resource and referral services, some of them online, that can help employees locate care in their areas.

- **Negotiate with local childcare and early childhood education centers.** Employers can negotiate lower childcare rates from local service providers by paying for a pre-determined number of spaces.

- **Establish a dependent care assistance plan or flexible spending accounts.** Employers can offer a childcare benefit that is tax free to employees by meeting the guidelines of Internal Revenue Code Sections 125 and 129. Flexible spending accounts (FSAs) are another option that can be funded through pre-tax dollars which employees can elect to set aside from their salaries. FSAs also reduce employees' tax burdens, since they are effectively paying taxes on lower incomes.[78]

- **Partner with neighboring businesses to build a community childcare facility.** Small businesses unable to afford their own on-site childcare facilities can partner with businesses nearby to share costs in building a community childcare facility for their employees.

Making an Impact on Public Policy

Businesses can make a pivotal difference in the workforce and the future of the economy by advocating for public policies that advance high-quality, developmentally and educationally sound early childhood care and make it affordable and accessible to all parents. Strong leadership can advocate at the local, state, and federal levels for more effective public policy in the following areas:

- **Increase tax credits for employer-sponsored childcare facilities and their expenses to help businesses afford their construction and prolonged operation.** Tax-credits can incentivize employers to develop on-site care centers.

- **Increase funding for early childhood education and childcare programs in order to help parents gain access to affordable, licensed facilities.**

  Allocate increased funding to ensuring facilities meet state regulations and increased childcare standards.

  Increase funding available to families in the form of subsidies to help families afford quality care.

- **Increase academic requirements for early childhood education teachers and caregivers.** To ensure that children receive quality care in healthy environments, their caregivers and teachers must obtain the training and experience necessary to properly provide care. In order to ensure that children receive quality care, early childhood education professionals should be required to meet high educational requirements set by the state of California.

- **Increase minimum compensation for early childhood education professionals to incentivize and support workers entering the childcare field.**

Employees and their families—regardless of their incomes—should be able to access services and benefits that allow them to prosper. The positive outcomes of implementing family-friendly policies such as paid parental leave and support for affordable early childhood care and education are immense, and continued delay in enacting changes to provide these supports ultimately hurts both businesses and families. Businesses and policymakers need to make it a priority to implement both private-sector practices and public policies that support employees in managing the competing demands of work and family.

Progressive parental leave policies and facilitation of affordable access to quality early childhood care and education advance gender equity in the workplace and promote a skilled and productive labor force. Employers can take leadership in creating policies that help their employees while still having positive impacts on their bottom lines. Employers benefit from investing in their employees' well-being and socioeconomic security, which increases their productivity while simultaneously boosting the well-being of their families.

Notes

1 DeAnne Aguirre, Leila Hoteit, Christine Rupp, and Karim Sabbagh, *Empowering the Third Billion: Women and the World of Work in 2012* (NewYork: Strategy&, 2012), https://www.strategyand.pwc.com/media/file/Strategyand_Empowering-the-Third-Billion_Full-Report.pdf.

2 Beth Ann Bovino and Jason Gold, *The Key to Unlocking U.S. GDP Growth? Women*, S&P Global, 2017, https://media.spglobal.com/documents/Women_at_Work2.pdf.

3 Vivian Hunt, Sara Prince, Sundiatu Dixon-Fyle, and Lareina Yee, *Delivering Through Diversity*, McKinsey & Company, January 2018, https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Organization/Our%20Insights/Delivering%20through%20diversity/Delivering-through-diversity_full-report.ashx.

4 Business & Sustainable Development Commission, *Better Leadership, Better World: Women Leading for the Global Goals*, March 2018, http://s3.amazonaws.com/aws-bsdc/Women-Rising-2030-Better-Leadership-Better-World.pdf.

5 Janet L. Yellen, "So We All Can Succeed: 125 Years of Women's Participation in the Economy," Board of Governors of the Federal Reserve System, May 5, 2017, https://www.federalreserve.gov/newsevents/speech/files/yellen20170505a.pdf.

6 Caroline Anstey, "Remarks at the 2012 Annual Meetings Program of Seminars, Women in the Private Sector: Good for Development and Business," The World Bank, October 11, 2012, http://www.worldbank.org/en/news/speech/2012/10/11/womens-participation-private-sector-good-development-and-business.

7 McKinsey & Company and LeanIn.org, *Women in the Workplace 2017*, https://womenintheworkplace.com/.

8 United States Department of Labor, "Women of Working Age: Labor force by sex, race and Hispanic ethnicity, 2016 annual averages and 2024 projections," https://www.dol.gov/wb/stats/NEWSTATS/latest/demographics.htm#one.

9 US Census Bureau, "Table A-4. Number and Real Median Earnings of Total Workers and Full-Time, Year-round Workers by Sex and Female-to-Male Earnings Ratio: 1960 to 2016," https://www2.census.gov/programs-surveys/demo/tables/p60/259/tableA4.xlsx.

10 Vivian Hunt, Sara Prince, Sundiatu Dixon-Fyle, and Lareina Yee, *Delivering Through Diversity*, McKinsey & Company, January 2018, https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Organization/Our%20Insights/Delivering%20through%20diversity/Delivering-through-diversity_full-report.ashx.

11 *Time to talk: What has to change for women at work*, PwC, 2018, https://www.pwc.com/gx/en/about/diversity/iwd/international-womens-day-pwc-time-to-talk-report.pdf.

12 Kim Parker and Gretchen Livingston, "6 facts about American fathers," Fact Tank: News in the Numbers, Pew Research Center, June 15, 2017, http://www.pewresearch.org/fact-tank/2017/06/15/fathers-day-facts/.

13 US Bureau of Labor Statistics, *Women in the labor force: a databook*, Report 1071, November 2017, https://www.bls.gov/opub/reports/womens-databook/2017/home.htm.

14 Kim Parker and Gretchen Livingston, "6 facts about American fathers," Fact Tank: News in the Numbers, Pew Research Center, June 15, 2017, http://www.pewresearch.org/fact-tank/2017/06/15/fathers-day-facts/.

15 Bureau of Labor Statistics, Economic News Release, "Unpaid Eldercare in the United States—2015–16 Summary," September 20, 2017, USDL-17-1292, https://www.bls.gov/news.release/elcare.nr0.htm.

16 Mark Mather, "Fact sheet: Aging in the United States," January 2016, Population Reference Bureau, http://www.prb.org/Publications/Media-Guides/2016/aging-unitedstates-fact-sheet.aspx.

17 YoonKyung Chung, Barbara Downs, and Robert Sienkiewicz, "The Parental Gender Earnings Gap in the United States," US Census Bureau, Center for Economic Studies Discussion Paper, November 2017, CES 17-68, https://www2.census.gov/ces/wp/2017/CES-WP-17-68.pdf.

18 Joan C. Williams and Heather Boushey, "The Three Faces of Work-Family Conflict: The Poor, the Professionals, and the Missing Middle," Center for American Progress, January 25, 2010, https://www.americanprogress.org/issues/economy/reports/2010/01/25/7194/the-three-faces-of-work-family-conflict/.

19 Bureau of Labor Statistics, "Employment Characteristics of Families Summary," Economic News Release, April 20, 2017, USDL-17-0444, Tables 5 and 6, https://www.bls.gov/news.release/famee.nr0.htm.

20 US Census Bureau, "Historical Family Tables, Table FM-1, Families by Presence of Own Children Under 18, 1950 to Present," https://www.census.gov/data/tables/time-series/demo/families/families.html.

21 Andrés Erosa, Luisa Fuster, Gueorgui Kambourov, and Richard Rogerson, "Hours, Occupations, and Gender Differences in Labor Market Outcomes," NBER Working Paper No. 23636, National Bureau of Economic Research, July 2017, http://www.nber.org/papers/w23636.

22 Joan C. Williams and Heather Boushey, "The Three Faces of Work-Family Conflict: The Poor, the Professionals, and the Missing Middle," Center for American Progress, January 25, 2010, https://www.americanprogress.org/issues/economy/reports/2010/01/25/7194/the-three-faces-of-work-family-conflict/.

23 Francine D. Blau and Lawrence M. Kahn, "The Gender Wage Gap: Extent, Trends, and Explanations," Institute for the Study of Labor, Discussion Paper No. 9656, January 2016, http://ftp.iza.org/dp9656.pdf.

24 Claudia Goldin, "A Grand Gender Convergence: Its Last Chapter," *American Economic Review*, 104(4): 1091-1119, http://www.aeaweb.org/articles?id=10.1257/aer.104.4.1091.

25 Claudia Goldin, "How to Achieve Gender Equality," *Milken Institute Review*, 2015, July (Q3):24–33, https://scholar.harvard.edu/files/goldin/files/gender_equality.pdf.

26 Ibid.

27 Joan C. Williams and Heather Boushey, "The Three Faces of Work-Family Conflict: The Poor, the Professionals, and the Missing Middle," Center for American Progress, January 25, 2010, https://www.americanprogress.org/issues/economy/reports/2010/01/25/7194/the-three-faces-of-work-family-conflict/.

28 Pamela Stone and Lisa Ackerly Hernandez, "The All-or-Nothing Workplace: Flexibility Stigma and 'Opting Out' Among Professional-Managerial Women," *Journal of Social Issues*, June 12, 2013, https://spssi.onlinelibrary.wiley.com/doi/full/10.1111/josi.12013.

29 Heather Boushey and Bridget Ansel, *Overworked America: The economic causes and consequences of long work hour*s, Washington Center for Equitable Growth, May 16, 2016, http://equitablegrowth.org/report/overworked-america/.

30 Ibid. (in both Boushey sources cited).

31 Claudia Goldin, "A Grand Gender Convergence: Its Last Chapter," *American Economic Review, 104(4): 1091–1119, http://www.aeaweb.org/articles?id=10.1257/aer.104.4.1091.*

32 Bridget Ansel and Heather Boushey, *Modernizing U.S. Labor Standards for 21st-Century Families*, The Hamilton Project, Brookings, October 2017, http://www.hamiltonproject.org/assets/files/modernizing_us_labor_standards_21st_century_families.pdf.

33 "Seventy-Two Percent of Working Americans Surveyed Would or May Consider Leaving an Organization for One They Think is More Inclusive, Deloitte Poll Finds," Deloitte press release, June 7, 2017, https://www2.deloitte.com/us/en/pages/about-deloitte/articles/press-releases/inclusion-survey.html.

34 Amelia Costigan and Emily Troiano, "How to put America's 24/7 work culture to an end," *Fortune*, October 30, 2015, http://fortune.com/2015/10/30/work-life-balance-general-electric-virgin/.

35 PwC, *Winning the fight for female talent: How to gain the diversity edge through inclusive recruitment*, March 2017, https://www.pwc.com/gx/en/about/diversity/iwd/iwd-female-talent-report-web.pdf.

36 SHRM, "SHRM Research: Flexible Work Arrangements," 2015, https://www.shrm.org/hr-today/trends-and-forecasting/special-reports-and-expert-views/Documents/Flexible%20Work%20Arrangements.pdf.

37 TINYpulse, "What Leaders Need to Know About Remote Workers: Surprising Differences in Workplace Happiness & Relationships," 2016, https://cdn2.hubspot.net/hubfs/443262/TINYpulse_What_Leaders_Need_to_Know_About_Remote_Workers.pdf.

38 Working Mother, "The 2017 Working Mother 50 Best Law Firms for Women," July 25, 2017, https://www.workingmother.com/best-law-firms-for-women-2017 and "The 2014 Working Mother & Flex-time Lawyers 50 Best Law Firms for Women," July 15, 2014, https://www.workingmother.com/content/2014-working-mother-amp-flex-time-lawyers-50-best-law-firms-women.

39 Lela Nargi, "The State of Flexible Work at Law Firms," July 25, 2017, *Working Mother*, https://www.workingmother.com/best-law-firms-flex-equity#page-3.

40 Working Mother, "The 2017 Working Mother 50 Best Law Firms for Women," July 25, 2017, https://www.workingmother.com/best-law-firms-for-women-2017.

41 Working Mother, "Best Companies: Hanson Bridgett," September 11, 2009. https://www.workingmother.com/best-companies/hanson-bridgett.

42 Bridget Ansel and Heather Boushey, "Modernizing U.S. Labor Standards for 21st-Century Families," in *The 51%: Driving Growth through Women's Economic Participation*, The Hamilton Project of the Brookings Institution, October 2017, http://www.hamiltonproject.org/assets/files/modernizing_us_labor_standards_21st_century_families.pdf.

43 Heidi Rene, “California Paid Family Leave and Disability Insurance Benefits to Increase,” *Action News Now* online, updated January 5, 2018 4:10 PM, http://www.actionnewsnow.com/content/news/California-Paid-Family-Leave-and-Disability-Insurance-benefits-to-increase--468185763.html.

44 Joanna Castillo, “California State Disability Insurance and Paid Family Leave Benefits Increase in 2018,” Sequoia (blog), September 11, 2017, http://www.sequoia.com/2017/09/california-state-disability-paid-family-leave-program-benefits-increase-2018/.

45 Susan Wojcicki, “Paid Maternity Leave Is Good for Business,” *The Wall Street Journal*, December 16, 2014, https://www.wsj.com/articles/susan-wojcicki-paid-maternity-leave-is-good-for-business-1418773756.

46 Laura Vanderkam, “Why Offering Paid Maternity Leave Is Good For Business,” *Fast Company*, September 27, 2016, https://www.fastcompany.com/3064070/why-offering-paid-maternity-leave-is-good-for-business.

47 “Financial Wellness: Is it worth the work?” *the WELL* (Enrich blog), January 15, 2016, http://www.enrich.org/blog/The-true-cost-of-employee-turnover-financial-wellness-enrich.

48 EY, *Global generations: A global study on work-life challenges across generations, Detailed findings*, 2015, http://www.ey.com/Publication/vwLUAssets/EY-global-generations-a-global-study-on-work-life-challenges-across-generations/$FILE/EY-global-generations-a-global-study-on-work-life-challenges-across-generations.pdf.

49 Sharon Lerner, “Is 40 Weeks the Ideal Maternity Leave Length?” *Slate*, December 22, 2011, http://www.slate.com/articles/double_x/doublex/2011/12/maternity_leave_how_much_time_off_is_healthiest_for_babies_and_mothers_.html

50 AEI and Brookings, *Paid Family and Medical Leave: An Issue Whose Time Has Come*, May 2017, https://www.brookings.edu/wp-content/uploads/2017/06/es_20170606_paidfamilyleave.pdf.

51 “Amazon’s Parental Leave Policy: An egalitarian benefit for our workforce,” Amazon, accessed March 24, 2018, https://www.amazon.com/p/feature/7yaenuecdfox7u9.

52 Taryn Luna and Christopher Cadelago, “California Extends Family Leave to Millions of Small Business Workers,” *The Sacramento Bee*, October 12, 2017, http://www.sacbee.com/news/politics-government/capitol-alert/article178479586.html.

53 Bill Frist, “Child’s first 5 years hold key to success,” Too Small to Fail, November 14, 2013, http://toosmall.org/news/commentaries/childs-first-5-years-hold-key-to-success

54 Executive Office of the President of the United States, Council of Economic Advisors, *The Economics of Early Childhood Investments*, December 2014, https://obamawhitehouse.archives.gov/sites/default/files/docs/the_economics_of_early_childhood_investments.pdf.

55 “Affordability Rankings: Determining the most affordable states,” *U.S. News*, accessed March 24, 2018, https://www.usnews.com/news/best-states/rankings/opportunity/affordability.

56 “California’s Shrinking Child Care Market,” *2017 California Child Care Portfolio* summary, California Child Care Resource and Referral Network, February 7, 2018, accessed April 10, 2018, https://www.rrnetwork.org/2017_portfolio.

57 *2017 California Child Care Portfolio*, California Child Care Resource and Referral Network, February 7, 2018, accessed April 10, 2018, https://www.rrnetwork.org/2017_portfolio.

58 Grover J. “Russ” Whitehurst, “Why the federal government should subsidize childcare and how to pay for it,” Brookings, https://www.brookings.edu/research/why-the-federal-government-should-subsidize-childcare-and-how-to-pay-for-it/.

59 Sara Kimberlin and Amy Rose, “Making Ends Meet: How Much Does It Cost to Support a Family in California?” California Budget & Policy Center, December 2017, http://calbudgetcenter.org/resources/making-ends-meet-much-cost-support-family-california/

60 Kim Parker, “Women more than men adjust their careers for family life,” Fact Tank:News in the Numbers, Pew Research Center, October 1, 2015. http://www.pewresearch.org/fact-tank/2015/10/01/women-more-than-men-adjust-their-careers-for-family-life/.

61 Executive Office of the President of the United States, Council of Economic Advisors, *The Economics of Early Childhood Investments*, December 2014, https://obamawhitehouse.archives.gov/sites/default/files/docs/the_economics_of_early_childhood_investments.pdf.

62 Jenny Anderson, “This is what work-life balance looks like at a company with 100% retention of moms,” *Quartz* at Work, October 16, 2016, https://qz.com/806516/the-secret-to-patagonias-success-keeping-moms-and-onsite-child-care-and-paid-parental-leave/.

63 D’Vera Cohn,Gretchen Livingston and Wendy Wang, “After Decades of Decline, A Rise in Stay-at-Home Mothers,” Social & Demographic Trends, Pew Research Center, April 8, 2014, http://www.pewsocialtrends.org/2014/04/08/after-decades-of-decline-a-rise-in-stay-at-home-mothers/.

64 Ashley Hopkinson, “Parents say high cost is a major barrier to obtaining child care,” EdSource, September 26, 2017, https://edsource.org/2017/parents-say-high-cost-is-a-major-barrier-to-obtaining-child-care/587855.

65 Cindy Roggins, "Introducing Little Ohana!" Salesforce (blog), August 29, 2017, https://www.salesforce.com/blog/2017/08/introducing-little-ohana.html.

66 Lisa Oppenheimer, "Announcing a New Arrival at Salesforce!" Solutions@Work Blog, Bright Horizons, September 7, 2017, https://blogs.brighthorizons.com/saw/salesforce-child-care-center/

67 "Parent Programs," Salesforce, accessed March 25, 2018, https://www.getsalesforcebenefits.com/en/your-benefits/work-life/parent-programs#ChildCareBenefits

68 "Adult Health Improved by Early Childhood Programs," NIH Research Matters, National Institutes of Health, April 7, 2014, https://www.nih.gov/news-events/nih-research-matters/adult-health-improved-early-childhood-programs.

69 "Research Summary: Abecedarian & Health," Heckman: The economics of human potential, accessed March 25, 2018, https://heckmanequation.org/resource/research-summary-abecedarian-health/.

70 "Adult Health Improved by Early Childhood Programs," NIH Research Matters, National Institutes of Health, April 7, 2014, https://www.nih.gov/news-events/nih-research-matters/adult-health-improved-early-childhood-programs.

71 "Five Numbers to Remember About Early Childhood Development," Center on the Developing Child, Harvard University, accessed March 25, 2018, https://developingchild.harvard.edu/resources/five-numbers-to-remember-about-early-childhood-development/.

72 Janice L. Cooper, Rachel Masi, and Jessica Vick, *Social-emotional development in Early Childhood*, National Center for Children in Poverty, Columbia University, August 2009, www.nccp.org/publications/pdf/text_882.pdf.

73 *How Children's Social Competence Impacts Their Well-Being in Adulthood*, Robert Wood Johnson Foundation, July 16, 2015, https://www.rwjf.org/en/library/research/2015/07/how-children-s-social-competence-impacts-their-well-being-in-adu.html.

74 William T. Dickens, Isabel Sawhill, and Jeffrey Tebbs, "The Effects of Investing in Early Education on Economic Growth," Policy Brief #153, The Brookings Institution, April 2006, https://www.brookings.edu/research/the-effects-of-investing-in-early-education-on-economic-growth/.

75 Rachel Nania, "'Good for business': Investing in child care pays off in the end," *WTOP* radio online, February 17, 2017, https://wtop.com/parenting/2017/02/good-for-business-investing-in-child-care-pays-off-in-the-end/.

76 Katharine B. Stevens, *Workforce of Today, Workforce of Tomorrow: The Business Case for High-Quality Childcare*, U.S. Chamber of Commerce Foundation, June 2017, https://www.uschamberfoundation.org/sites/default/files/Workforce%20of%20Today%2CWorkforce%20of%20Tomorrow%20Report_0.pdf.

77 U.S. Chamber of Commerce Foundation, *Leading the Way: A Guide for Business Engagement in Early Education*, March 2018, https://www.uschamberfoundation.org/sites/default/files/Childcare%20Workforce%20Toolkit_March%202018.pdf.

78 CAPSLO Childcare Resource Connection, "An Overview of Child Care Options for Employers," http://www.capslo.org/images/pdf/ccrc/employer_sponsored_child_care.pdf.

Image Credit

Page 1 "Teaching" Early Childhood Care and Education icon made by Freepik from www.flaticon.com.

Project Sponsors

BAY AREA COUNCIL
Leading in a connected world

FIRST 5 CALIFORNIA

Thomas J. Long FOUNDATION

the David & Lucile Packard FOUNDATION

SILICON VALLEY community foundation®

CEL Center for Early Learning

CHOOSE CHILDREN 2018

Bay Area Council Economic Institute

353 Sacramento Street, Suite 1000, San Francisco, CA 94111

www.bayareaeconomy.org • bacei@bayareacouncil.org

BAY AREA COUNCIL
ECONOMIC
INSTITUTE