

Economic Impact of Child Care on Business

Children's Movement Florida: Built to Thrive Summit

Professor Joseph Fuller

September 10, 2024

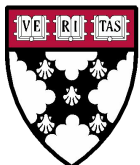
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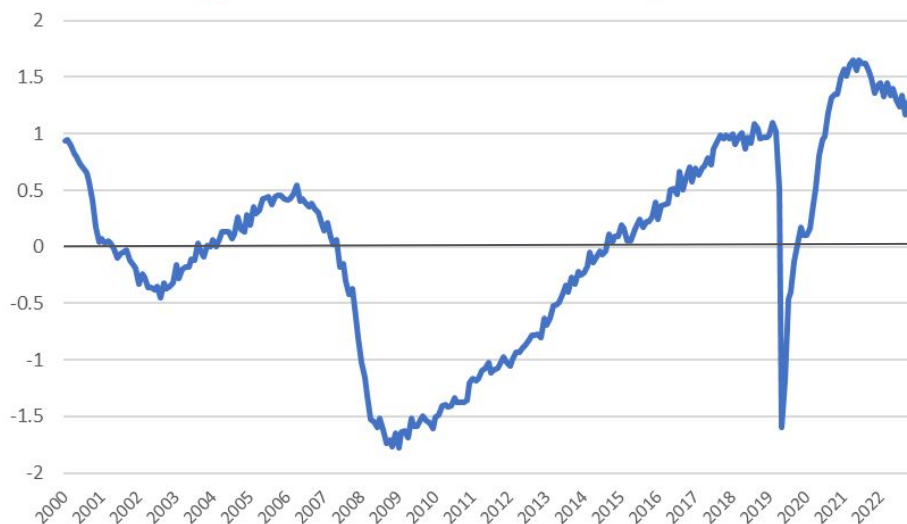


The Labor Market Is Historically Tight

Demographic trends indicate that tightness is here to stay

The working age population is shrinking. Further, workforce participation is historically low even as the pandemic has subsided

Burning Glass Institute Labor Market Tightness Index



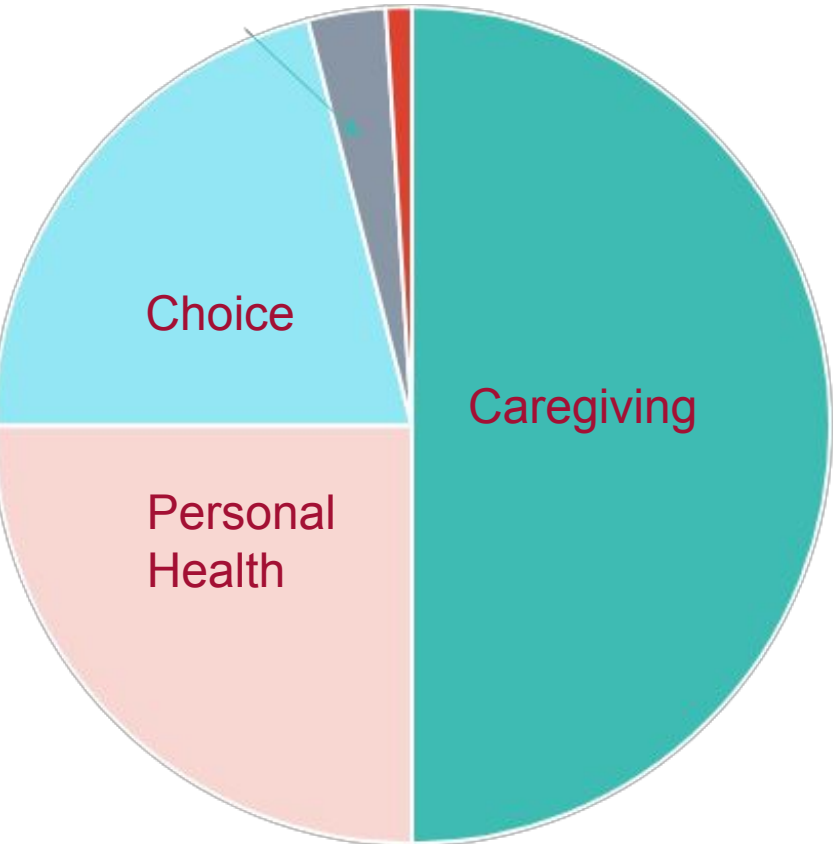
Though tightness is subsiding somewhat, the labor market remains historically tight

Monthly Working Age Population Growth Rate - 12-Month Moving Median

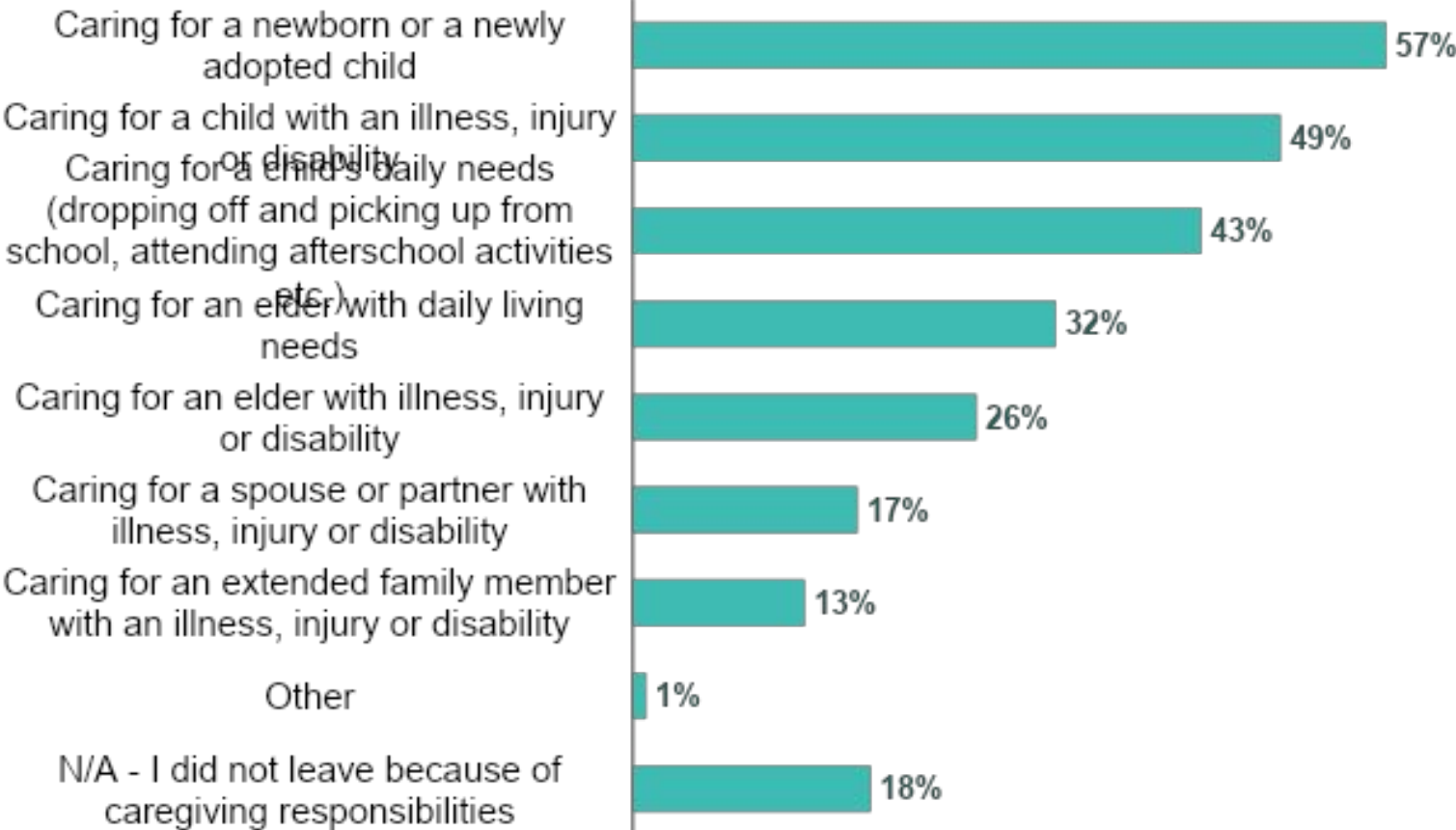


Caregiving: The Driver of Women's Workforce Participation

Reason for non-Participation

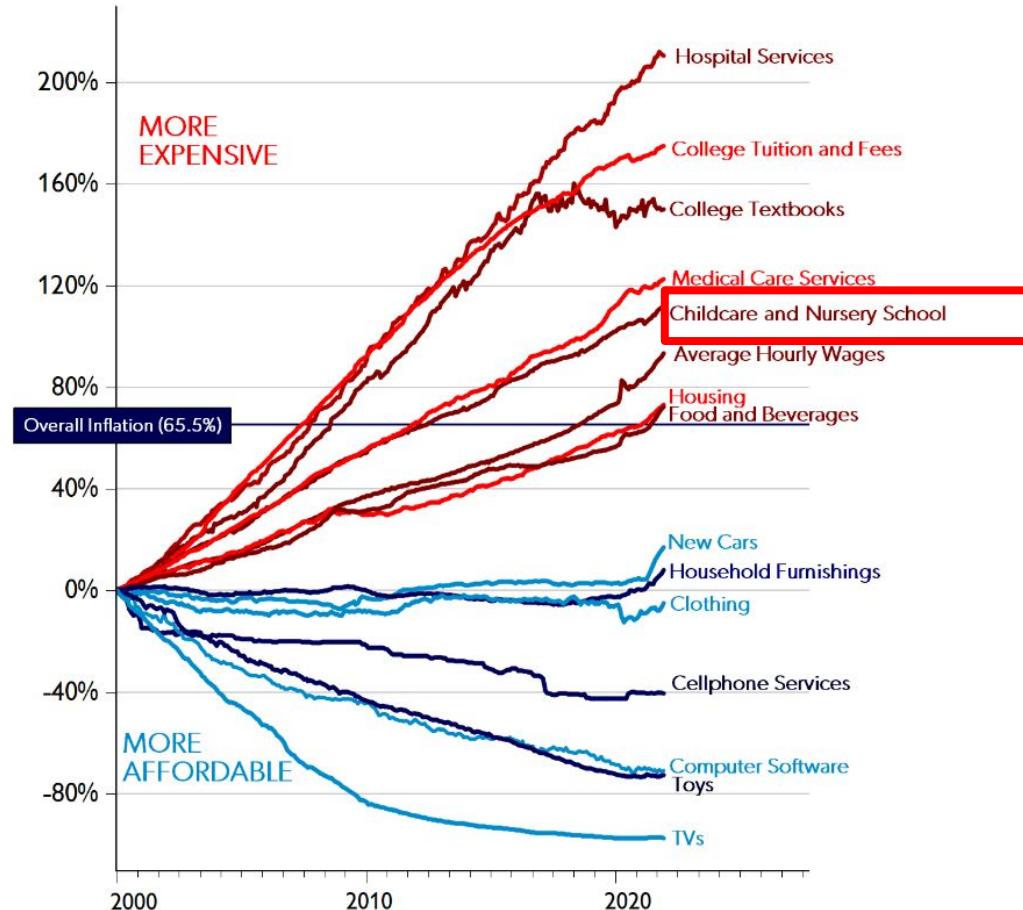


Nature of Caregiving Obligation



The costs of caregiving are skyrocketing for workers in the U.S.....

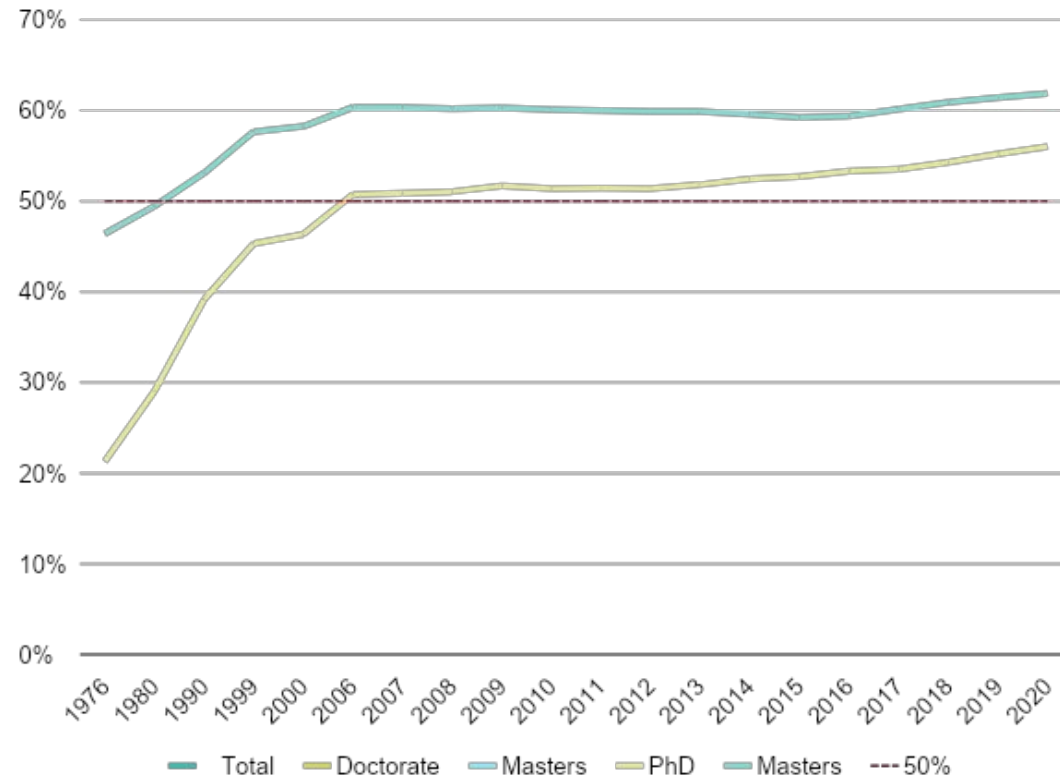
Price changes for selected goods, services, and wages
United States, 2000 - 2021



Source: Adapted from "Chart of the day... or century?," by Mark J. Perry, American Enterprise Institute (January, 2022) using data from the Bureau of Labor Statistics

As women make up a large share of the educated workforce, employers must support their caregiving needs

Women's share of advanced degrees
United States, 1976 – 2020

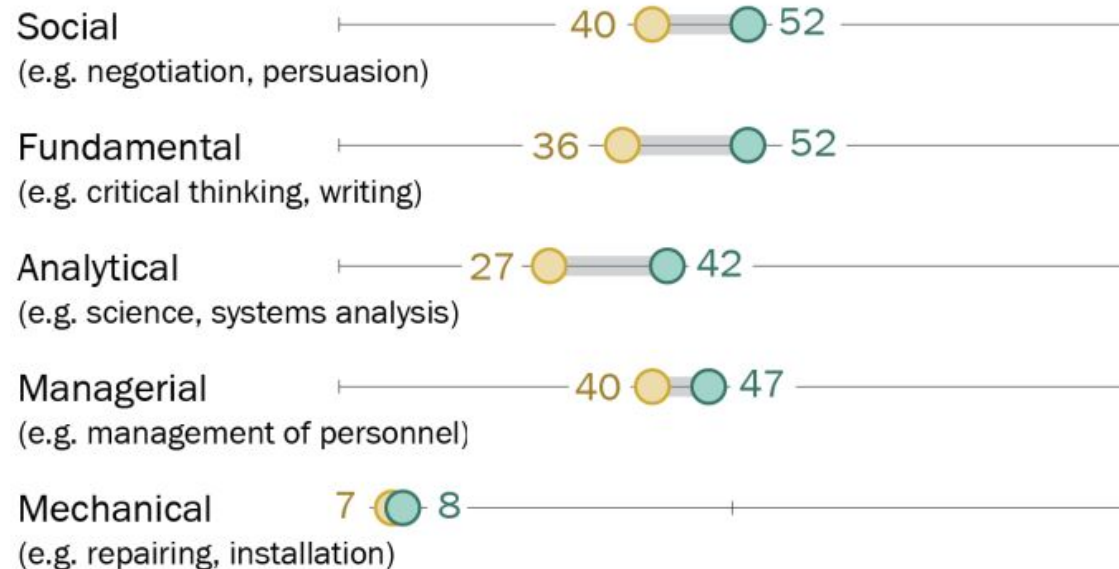


Amid a growing need for skilled workers, women lead in filling jobs in which social, fundamental and analytical skills are most important ...

Women's share in employment

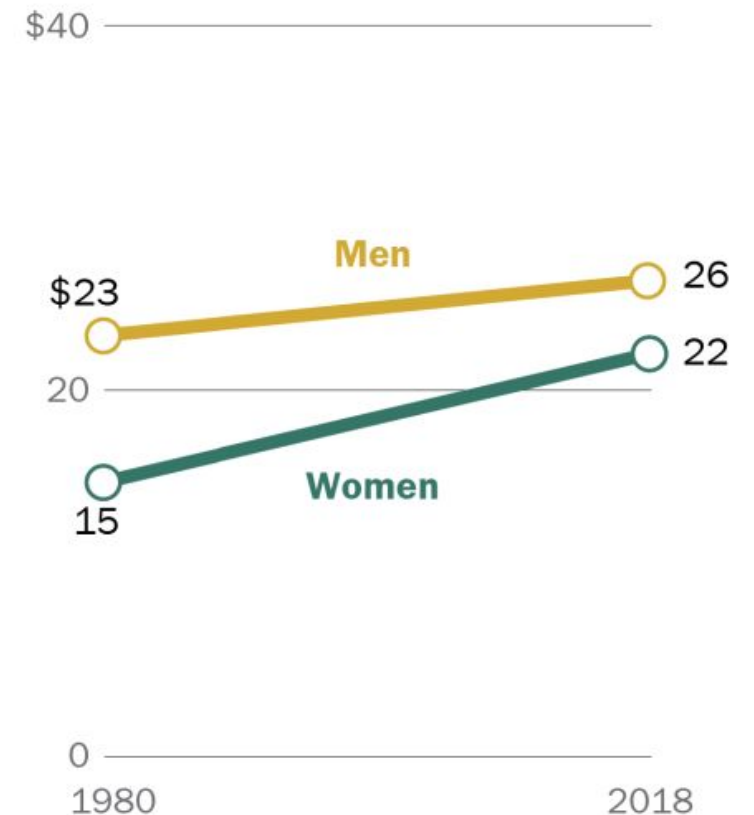


In jobs in which _____ skills are MOST important



... and it is one reason their earnings are growing faster than men's

Average hourly earnings, in 2018 dollars



The result: significant voluntary turnover

Have you ever left a job because of caregiving responsibilities?



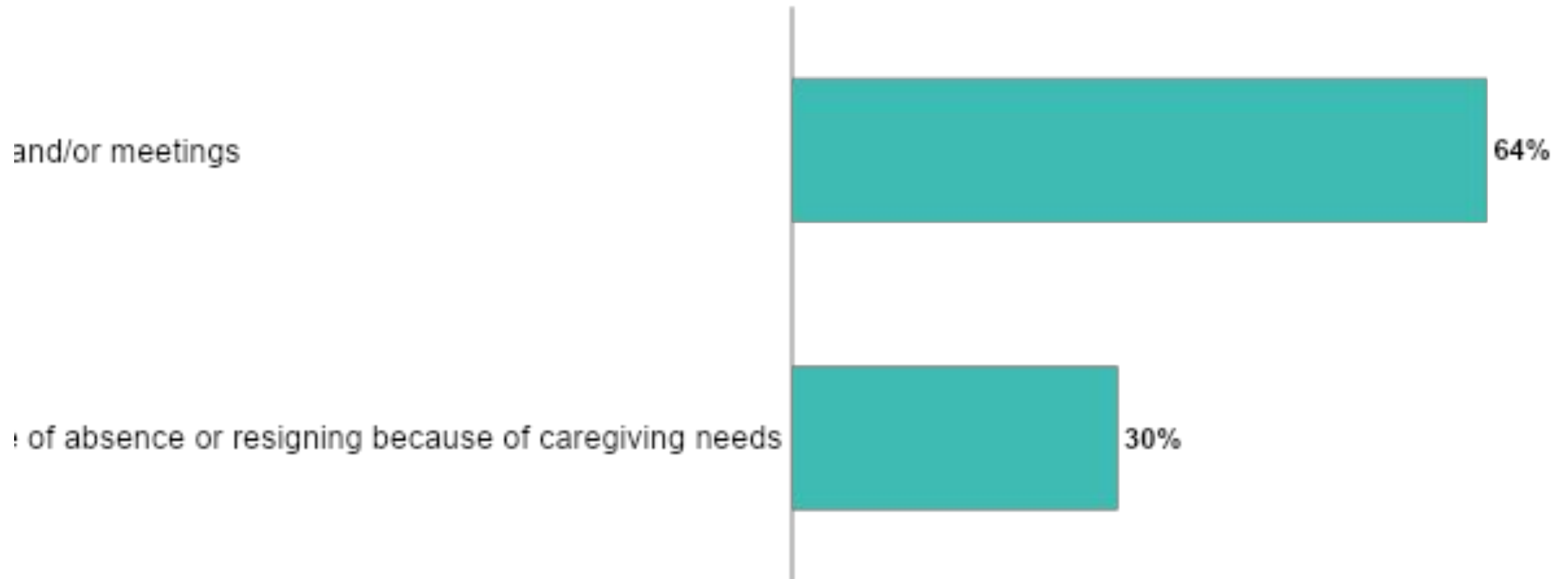
Difficulty Reconciling Demands of Work and Caregiving

Biggest Challenges – Ranked by 1 st Choice	National Caregivers	
	1 st Choice	Combined 1 st /2 nd Choices
<i>Emotional stress of handling both job and caregiving responsibilities</i>	39%	62%
<i>Too time-consuming handling both job and caregiving responsibilities</i>	14%	24%
<i>Lack of time for self-care</i>	13%	27%
<i>Difficulty with scheduling loved one's doctor's appointment/treatments around job</i>	9%	20%
<i>Dealing with interruptions or distractions related to my loved one's care while at work</i>	6%	16%
<i>Lack of a support system/assistance at home with caring for loved one</i>	5%	12%
<i>Difficulty affording care for loved one</i>	4%	10%
<i>Unable to get time off work or other accommodations from employer to care for your loved one</i>	3%	9%
<i>Employer, supervisor, or co-workers not understanding your situation</i>	3%	9%
<i>Unable to keep up with job demands or standards of performance at work</i>	3%	8%
<i>Other</i>	1%	2%

What would you say is/was the biggest challenge with being employed full-time and managing care for your loved one? / And what is/was the next biggest challenge with being employed full-time and managing caring for your loved one?

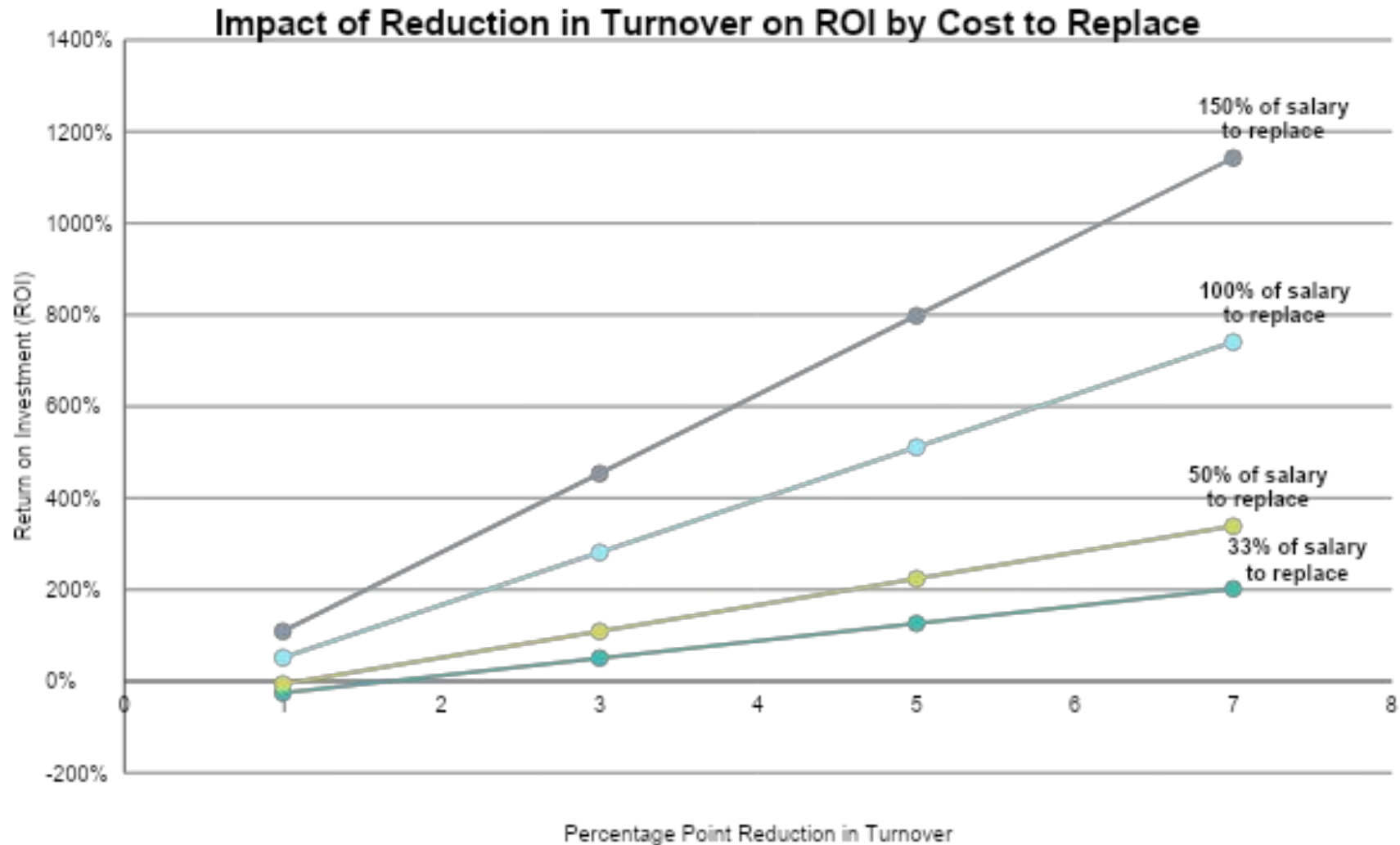
Caregiving benefits have real impact on employee retention and productivity...

Percentage of survey respondents reporting that caregiving benefits....



The average number of survey respondents per company is 56.

Significant ROI from reducing turnover

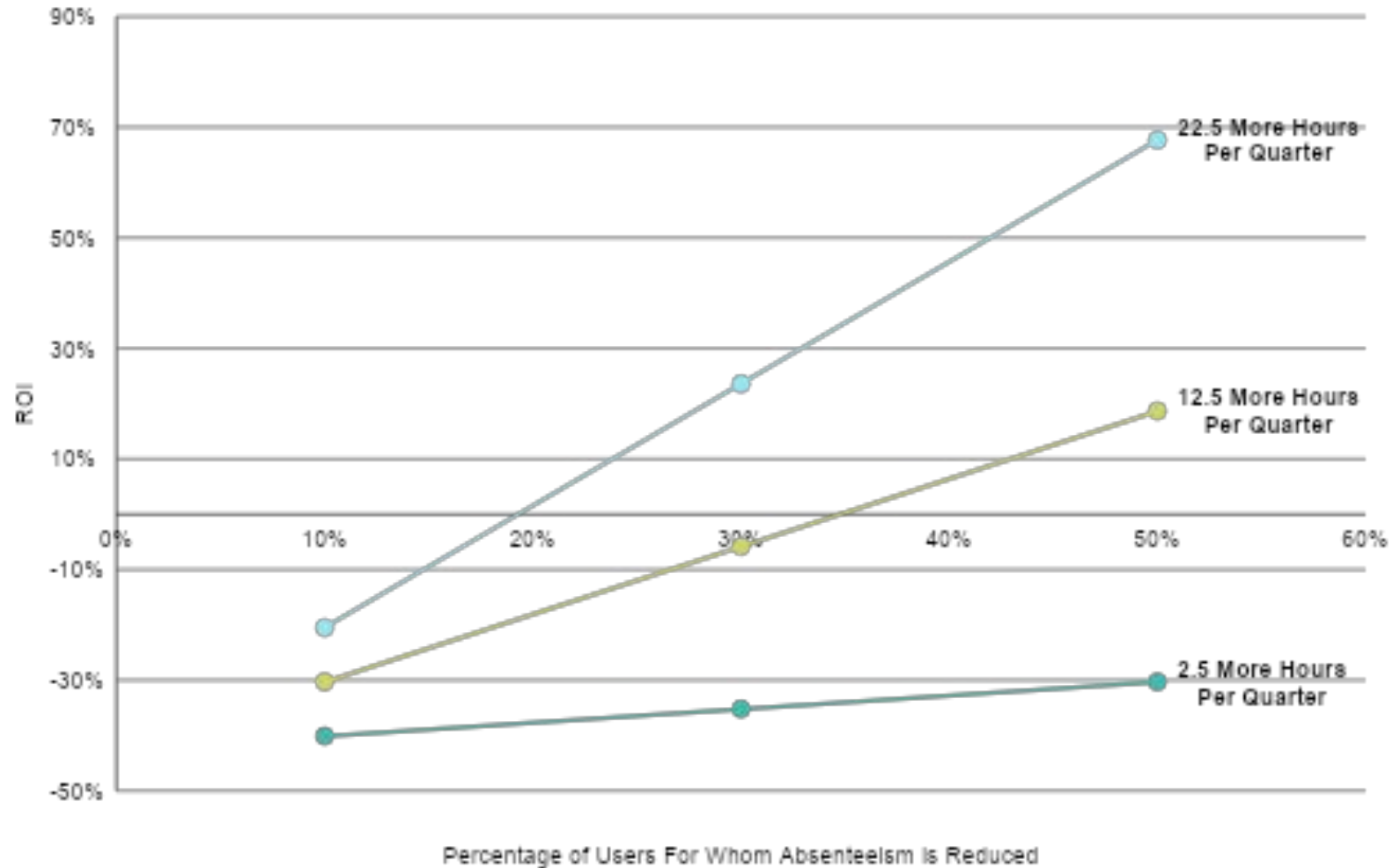


Average %
Of Workers
Reporting
Avoided
Quitting or
Leave: **29.7%**

Reduction in absenteeism held at 30 pps; Increase in time at work held at 12.5 hours per quarter.
Studies estimate the cost of replacing an employee to be anywhere from 33% to 200%.
See Verasai, A., "Cost of Employee Turnover vs Retention Proposition." The HR Digest, March 16, 2018.
<https://www.thehrdigest.com/cost-of-employee-turnover-vs-retention-proposition/>.

...and reducing absenteeism.

Impact of Reduction in Absenteeism on ROI by Increase in Time at Work



Average % of Workers Reporting Fewer Absences Or Missed Commitments: **68.9**

Reduction in turnover held at 1 pps; Cost to replace held at 50%.

In self-reported survey data from June 2022 through June 2023, care benefit users disclosed that the caregiving support saves them about 6 hours and 15 minutes per week, which equates to 81 hours per quarter. Even if only 1/4 of this time is invested in work, care benefit users work 20 more hours per quarter.

Actual and Projected Uptake Rate of Benefits

<i>National Caregivers - Ranked by %Offered Used/Would Have Used Data Shown Off Those Offered Benefit</i>	Offered	Used	Would Have Used
<i>Flexible scheduling</i>	51%	90%	76%
<i>Unpaid leave</i>	50%	55%	43%
<i>Paid family medical leave</i>	43%	57%	74%
<i>Mental/Behavior health coverage</i>	41%	46%	55%
<i>Remote work or telework</i>	38%	88%	66%
<i>Employee assistance program (EAP)</i>	36%	45%	50%
<i>Reducing from full-time to part-time</i>	36%	78%	52%
<i>Vacation/Leave donation sharing program</i>	32%	61%	55%
<i>Job sharing/Reduced worked load</i>	25%	72%	49%
<i>Specialized caregiver services</i>	14%	71%	61%

Implications and recommendations

- Understand the systems-wide effect of caregiving costs and benefits.
- Gather more information about the workforce's care demographics.
- Revisit job descriptions, career paths, and managerial incentives.
- Monitor why workers are leaving or planning to leave.
- Foster a culture where caregiving is openly discussed.
- Audit current caregiving services and get feedback from employees who use them.

Looking forward to hearing about your Future of Work successes and challenges

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HBS Managing the Future of Work Project

Project Website: www.hbs.edu/managing-the-future-of-work/

Podcasts: [Podcast - Managing the Future of Work - Harvard Business School \(hbs.edu\)](#)

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