



Opinion Poll

Small Businesses Face Barriers to Affordable Child Care, Support Expanded Access

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Executive Summary

Small business owners know how important it is to retain a productive and talented workforce. Lack of access to affordable child care, however, is hurting small businesses and their workforce by increasing absenteeism and decreasing productivity. It should come as no surprise then that new scientific opinion polling found small businesses support expanding federal programs to help low- and moderate-income families afford child care, and that many small business owners themselves struggled to access affordable child care.

A national scientific opinion poll conducted August 14-16, 2017 for Small Business Majority by Public Policy Polling found that among small business owners who are parents (nearly 9 in 10 respondents), more than 1 in 3 (36%) say a lack of access to affordable, high-quality child care was a barrier to starting their business. Conversely, nearly 3 in 10 small business owners with children (29%) stated that lack of access to child care was a major reason for starting their own business due to the need for increased flexibility in their work schedules. Both findings show that access to child care is a key consideration and challenge for our nation's entrepreneurs as they launch their businesses.

Additionally, small business owners support policies that would help more working parents afford child care, understanding this is essential to retaining a skilled workforce. A strong majority of small business owners (56%) support policies that would provide direct federal assistance on a sliding scale to help low- and middle-income families afford child care. Respondents support additional policies that would reduce barriers to affordable child care for working parents. Currently, the Child Care and Development Block Grant (CCDBG) provides help paying for child care to low- and lower-moderate income families. However, because of inadequate funding, CCDBG and related federal programs only reach 1 in 6 eligible children. In addition, families that do not owe federal income tax because their income is too low are ineligible for the Child and Dependent Care Tax Credit (CDCTC). The survey found 7 in 10 small business owners support expanding and improving federal income tax credits for child care expenses that would allow for working parents to receive a percentage of child care expenses back as a tax refund.

Small business owners' support for these programs is not surprising when you look at the effect lack of access to child care has on their business. Nearly one-third (32%) of small business owners report that employees' family and child care issues have affected their job performance or productivity, and the same number (32%) report their employees frequently or sometimes request changes to their work schedules due to child care issues. Four in 10 report they've had employees experience unplanned work absences in the past year due to child care issues. While these issues may be hurting their bottom lines, small business owners clearly want to assist their employees when possible, with more than 4 in 10 (41%) reporting that they accommodate such requests 76 to 100% of the time. Nearly one-third report having written or verbal policies that ease employees' child care burden, such as allowing employees to bring their child to work.

This poll surveyed small business owners with 2-99 employees, with the vast majority (90%) reporting they have 25 or fewer employees. These small employers understand the importance of retaining good employees, with nearly half (47%) saying that employee turnover impacts their bottom line. This underscores why small businesses support creating or expanding publicly administered plans to assist families with the burden of affordable child care. Providing direct federal assistance for child care on a sliding scale to low- and middle-income families would help more entrepreneurs and small business employees afford the child care they need to participate in the workforce. Additionally, it would level the playing field for small businesses that are unable to offer greater flexibility and policies to ease the burden of child care with their larger counterparts that may have the resources to do so.

It's important to note that small business owners don't see these issues through an ideological lens. Of the 502 small business owners polled by Public Policy Polling, 50% of respondents identified as Republican or Republican-leaning independents, 39% as Democrats or Democratic-leaning independents and 11% as pure independent.

Main Findings

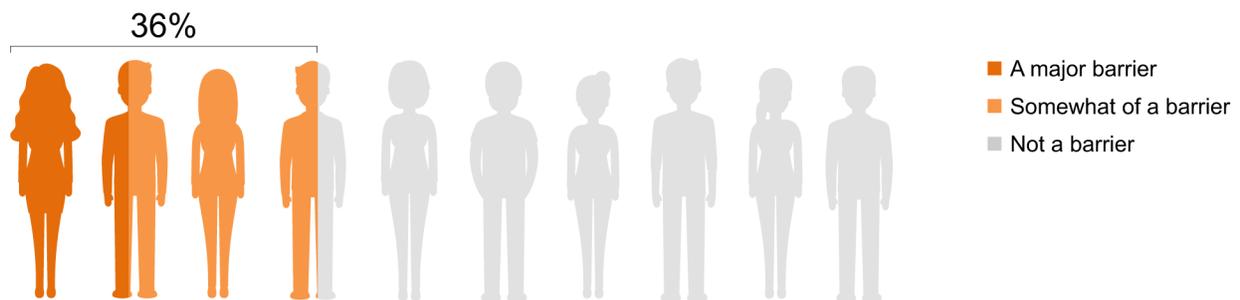
- **More than one-third of small business owners with children report that lack of access to affordable, high-quality child care was a barrier to starting their business:** Nearly 9 in 10 respondents (88%) are parents. Among those small business owners who have children, 36% reported that not having access to child care was initially a barrier to starting their business.
- **Lack of access to affordable, high-quality child care was a reason for nearly 3 in 10 business owners with children to start their own business** to take advantage of improved flexibility and control over their schedule. Thirty-four percent of women small business owners cited child care issues as a reason for starting their business, compared to 24% of male small business owners.
- **A strong majority of small businesses support direct federal assistance on a sliding scale to help low- and moderate-income families afford child care:** 56% of small business owners support policies that would provide direct assistance to help their employees access affordable, high-quality child care.
- **Small employers support additional policies that would expand access to affordable child care:** 7 in 10 small business owners support expanding and improving federal child care tax credits to allow working parents to get the credit back as a tax refund.
- **Employees' struggles with child care is impacting small businesses' productivity:** More than 3 in 10 employers report that employees' family and child care issues have affected their job performance or productivity. Additionally, 32% have had employees request changes to their work schedules, and 4 in 10 report they've had an employee experience unplanned work absences in the past year due to child care issues.
- **When employees ask for flexibility, employers try to accommodate their schedules:** More than 4 in 10 (41%) report that they accommodate requests to change work schedules due to child care issues between 76 and 100% of the time, and another 18% accommodate such requests 51 to 75% of the time.
- **About one-third of small business owners (32%) have written or verbal policies that attempt to ease employees' child care burden,** such as allowing employees to bring their child to work.
- **Small employers are politically diverse:** 50% of respondents identified as Republican or Republican-leaning independents, 39% as Democrats or Democratic-leaning independents and 11% as pure independent.

Small Business Owners Face Barriers to Affordable Child Care

Access to affordable, high-quality child care is an increasingly urgent issue for many American families, including many small business owners and their employees. Small business owners are directly affected by this issue since 88% of small business owners responding to the poll are parents. Lack of access to child care serves as both an obstacle for entrepreneurs and a driver to starting a business for those in need of greater flexibility. More than 1 in 3 business owners (36%) with children noted that lack of access to child care was a barrier to starting their own business.

Figure 1: More than 1 in 3 business owners with children report lack of access to child care a barrier to starting a business

(Among those who are a parent) How much of a barrier to starting your business was lack of access to affordable, high-quality child care for your own children? A major barrier to starting your own business, somewhat of a barrier to starting your own business, or not a barrier to starting your own business?

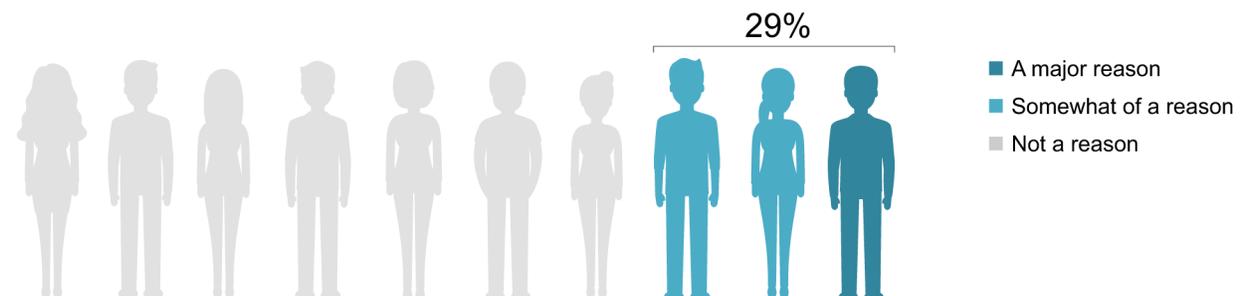


While lack of access to affordable, high-quality child care presents a challenge for some small business owners in starting their own business, others turn to entrepreneurship because of their need as a parent for greater flexibility. Nearly 3 in 10 small business owners (29%) with children rate that greater flexibility and control over their schedule was a reason they started their own business. More than 1 in 10 of these business owners state that this was indeed a major reason for starting their own business.

More female small business owners cite child care issues as a reason for starting a business. Thirty-four percent of women small business owners named child care issues as a reason for starting their business, compared to 24% of male small business owners.

Figure 2: Nearly 3 in 10 small business owners with children cite lack of access to child care a reason for starting business

(Among those who are a parent) Was a lack of access to affordable, high-quality child care for your own children a major reason, somewhat of a reason, or not a reason for starting your own business because it led to improved flexibility and control over your own schedule?



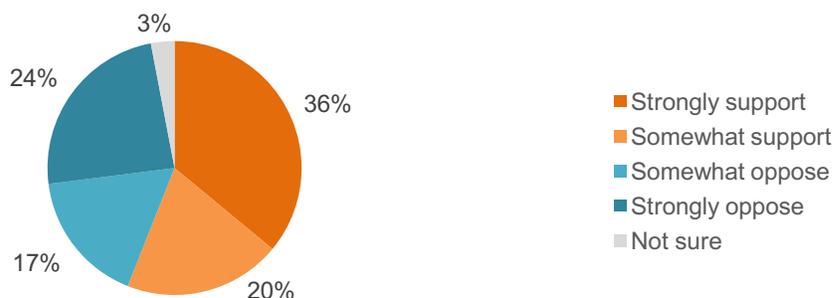
Small Employers Support Policies to Expand Access to Child Care

The high cost of child care is prohibitive for many working families, with the average annual cost of full-time center-based child care varying from just under \$5,000 to more than \$17,000, according to Child Care Aware of America. Federal programs exist to address this issue, but they often fail to meet the needs of low-income families. The Child Care and Development Block Grant provides help paying for child care to low- and lower-moderate income families but, because of inadequate funding, CCDBG and related federal programs are only able to reach one out of six eligible children. The Child and Dependent Care Tax Credit (CDCTC) provides a tax credit for families for 20 to 35% of child care expenses, but limits are not indexed for inflation and have not been updated since 2001. Further, these tax credits are not refundable, meaning many of the lowest income working parents who don't pay federal income tax are not eligible for the credit. Providing more support to these families will help both entrepreneurs and small business employees who need access to affordable child care to participate in the workforce.

The poll found small business owners understand the importance of child care to their employees' productivity, and want their employees to have access to assistance programs that make child care more affordable. A strong majority of small business owners (56%) support policies that would provide direct federal assistance on a sliding scale to help low- and moderate-income families afford child care.

Figure 3: Small business owners support direct federal assistance to help families afford child care

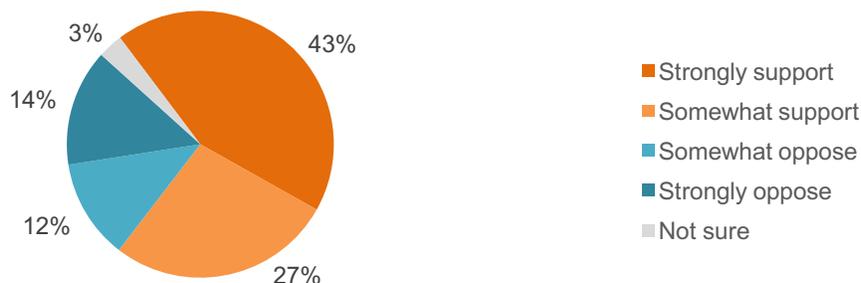
Do you strongly support, somewhat support, somewhat oppose, or strongly oppose policies that would provide direct federal assistance on a sliding scale to help low- and moderate-income families afford child care?



Small business owners also support policies that would expand access to affordable child care through tax credits. Seven in 10 small business owners would support expanding and improving federal income tax credits for child care expenses that would allow for working parents to receive a percentage of their child care expenses back as a tax refund.

Figure 4: Vast majority of small businesses support expanding tax credits for child care expenses

Do you strongly support, somewhat support, somewhat oppose, or strongly oppose expanding and improving federal income tax credits for child care expenses so that working parents could receive a percentage of their child care expenses back as a tax refund?



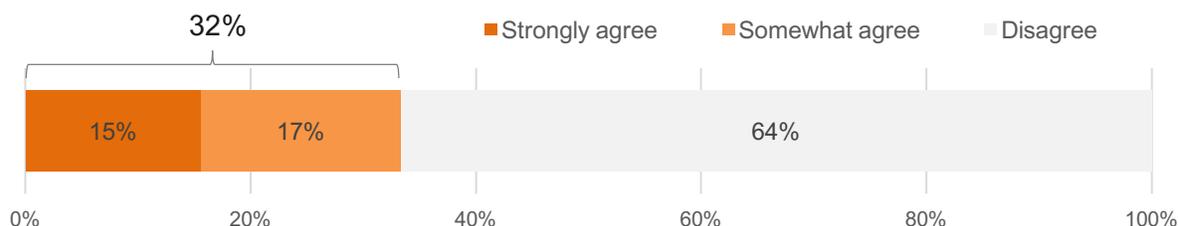
Employees' Struggles with Child Care Impact Small Businesses

Small businesses support expanded access to affordable, high-quality child care because many see the impact of employees' child care issues on their business. Nearly 1 in 3 small business owners (32%) report that employees frequently or sometimes request changes to their work schedules due to child care issues. Additionally, 4 in 10 small business owners say they've had an employee take an unplanned work absence in the previous year due to child care issues.

Overall, almost one-third of small business owners (32%) feel that their employees' family and child care issues have affected their job performance or productivity. Small business owners express an interest in providing more flexibility and adaptations for their employees with children. About one-third (32%) of small business owners already have written or verbal policies that ease their employees' child care burden, such as allowing employees to bring their child to work.

Figure 5: Child care issues can affect employees' job performance or productivity

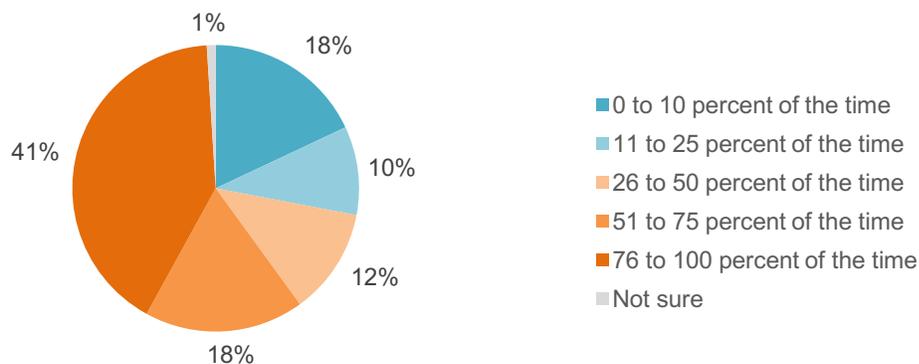
Based on your experiences, do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with the following statement: your employees' family and child care issues have affected their job performance or productivity.



Small business owners are also impacted when employees leave due to child care issues. More than 1 in 10 small business owners reported that they have had an employee leave their company in the previous year due to child care difficulties or expenses. Employee turnover is a serious issue for small business owners, with 47% stating that it has an impact on their business' bottom line.

Small business owners want to grant last-minute schedule change requests from employees when possible, with 41% reporting that they accommodate such requests 76 to 100% of the time, and another 18% saying that they accommodate requests 51 to 75% of the time.

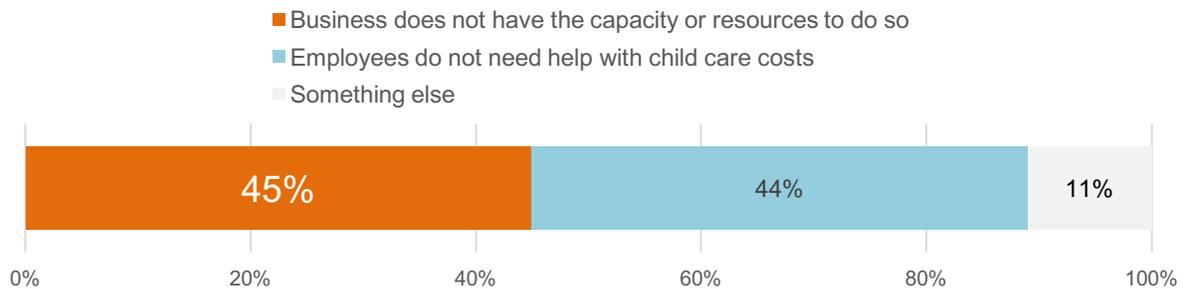
Figure 6: Majority of small businesses accommodate employee requests to change work schedule for child care issues



While small employers want to help accommodate their employees' needs when they can, very few small firms have the resources to offer financial assistance for child care—a mere 8% report they offer assistance to help their employees afford child care, like on-site child care or financial assistance. Of those 92% who do not offer any assistance, a plurality (45%) say it is because they lack the capacity or resources to do so.

Figure 7: Small businesses struggle to offer child care assistance

Which of the following reasons best explains why your business doesn't currently offer assistance to help your employees afford child care: your business does not have the capacity or resources to do so, your employees do not need help with child care costs, or something else?



Conclusion

As this survey shows, small business owners understand the burden of child care costs all too well, with lack of access to child care acting as both a barrier for entrepreneurs and an incentive for many to start a business to gain flexibility over their schedule. It should come as no surprise then that they support expanding access to affordable, high-quality child care for their employees as well. Improving the affordability of child care would increase employees' productivity and labor force participation, benefiting employers while also allowing for employees to better provide for their families.

While some small businesses already have formal or informal policies to ease employees' child care burden or offer flexibility, it's important to note that most small businesses lack the resources to offer any assistance, especially financial assistance, to help their employees with child care costs. With that in mind, it's easy to understand why small businesses support federal policies that will increase access to affordable high-quality child care, allowing employees to support their families while benefitting business owners' bottom lines.

Methodology

This poll reflects a telephone survey of 502 small business owners nationwide with 2-99 employees, with the vast majority of respondents (90%) having 25 or fewer employees. The poll was conducted by Public Policy Polling for Small Business Majority from August 14-16, 2017. The margin of error is +/-4.4%.

Poll Toplines

Telephone survey of 502 small business owners nationwide
 August 14-16, 2017

- Q1.** Are you the owner of a small business?
 - Yes100%
 - No 0%

- Q2.** How many employees do you have, not including yourself: one employee, 2 to 10 employees, 11 to 25 employees, 26 to 50 employees, 51 to 75 employees, 76 to 99 employees, or 100 or more employees?
 - One 0%
 - 2 to 1072%
 - 11 to 25..... 18%
 - 26 to 505%
 - 51 to 754%
 - 76 to 99..... 0%
 - 100 or more..... 0%

- Q3.** To your knowledge, what percentage of employees in your company do you estimate have children under 13: 0-10 percent, 11-25 percent, 26-50 percent, 51-75 percent, 76-100 percent, or are you not sure?
 - 0 to 10 percent46%
 - 11 to 25 percent23%
 - 26 to 50 percent 18%
 - 51 to 75 percent6%
 - 76 to 100 percent4%
 - Not sure.....2%

- Q4.** Are you a parent, or not?
 - Yes 88%
 - No 12%

- Q5.** (Among those who are a parent) How much of a barrier to starting your own business was lack of access to affordable, high-quality child care for your own children? A major barrier to starting your own business, somewhat of a barrier to starting your own business, or not a barrier to starting your own business?
 - A major barrier 13%
 - Somewhat of a barrier23%
 - Not a barrier.....64%
 - Not sure..... 1%

- Q6.** (Among those who are a parent) Was lack of access to affordable, high-quality child care for your own children a major reason, somewhat of a reason, or not a reason for starting your own business because it led to improved flexibility and control over your own schedule?
 - Major reason11%
 - Somewhat of a reason 18%
 - Not a reason 71%
 - Not sure..... 1%

- Q7.** In the past year, to your knowledge, has an employee experienced unplanned work absences due to child care issues?
- Yes 40%
- No 60%
- Q8.** How much notice for work schedules do you typically give your employees – 3 weeks of notice or more, at least 2 weeks of notice but less than 3 weeks, at least 1 week but less than 2, at least 3 days but less than 1 week, or do you typically give less than 3 days of notice?
- 3 weeks of notice or more 38%
- At least 2 weeks of notice but less than 3 weeks 25%
- At least 1 week but less than 2 21%
- At least 3 days but less than 1 week 8%
- Less than 3 days of notice 6%
- Not sure 2%
- Q9.** How often do your employees request changes to their work schedules due to child care issues: frequently, sometimes, rarely, or never?
- Frequently 9%
- Sometimes 23%
- Rarely 42%
- Never 26%
- Q10.** (Among those whose employees request changes to their work schedule frequently, sometimes, or rarely) How often are you able to accommodate employee requests to change their work schedules due to child care issues: 0-10 percent of the time, 11 to 25 percent of the time, 26 to 50 percent of the time, 51 to 75 percent of the time, or 76 to 100 percent of the time?
- 0 to 10 percent of the time 18%
- 11 to 25 percent of the time 10%
- 26 to 50 percent of the time 12%
- 51 to 75 percent of the time 18%
- 76 to 100 percent of the time 41%
- Not sure 1%
- Q11.** In the past year, to your knowledge, have you had an employee leave your company due to child care difficulties or expenses?
- Yes 12%
- No 88%
- Q12.** Based on your experiences, do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with the following statement: your employees' family and child care issues have affected their job performance or productivity.
- Strongly agree 15%
- Somewhat agree 17%
- Somewhat disagree 30%
- Strongly disagree 34%
- Not sure 4%

- Q13.** How much of an impact would you say employee turnover has on your business' bottom line: a big impact, somewhat of an impact, little impact, or no impact?
- | | |
|-----------------------------|-----|
| A big impact | 20% |
| Somewhat of an impact | 27% |
| Little impact | 30% |
| No impact..... | 23% |
- Q14.** Do you have any written or verbal policies to ease your employees' child care burden, such as allowing your employees to bring their child to work?
- | | |
|-----------|-----|
| Yes | 32% |
| No | 68% |
- Q15.** Does your business currently offer any assistance to help your employees afford child care, like on-site child care or financial assistance?
- | | |
|-----------|-----|
| Yes | 8% |
| No | 92% |
- Q16.** (Among those who do not offer assistance to help their employees afford child care) Which of the following reasons best explains why your business doesn't currently offer assistance to help your employees afford child care: your business does not have the capacity or resources to do so, your employees do not need help with child care costs, or something else?
- | | |
|---|-----|
| Business does not have the capacity or resources to do so | 45% |
| Employees do not need help with child care costs..... | 44% |
| Something else | 11% |
- Q17.** Do you strongly support, somewhat support, somewhat oppose, or strongly oppose policies that would provide direct federal assistance on a sliding scale to help low- and moderate income families afford child care?
- | | |
|------------------------|-----|
| Strongly support | 36% |
| Somewhat support | 20% |
| Somewhat oppose | 17% |
| Strongly oppose | 24% |
| Not sure..... | 3% |
- Q18.** Do you strongly support, somewhat support, somewhat oppose, or strongly oppose expanding and improving federal income tax credits for child care expenses so that working parents could receive a percentage of their child care expenses back as a tax refund?
- | | |
|------------------------|-----|
| Strongly support | 43% |
| Somewhat support | 27% |
| Somewhat oppose | 12% |
| Strongly oppose | 14% |
| Not sure..... | 3% |
- Q19.** If you are a woman, press 1. If a man, press 2.
- | | |
|------------|-----|
| Woman..... | 42% |
| Man | 58% |

- Q20.** If you are a Democrat, press 1. If a Republican, press 2. If an Independent, press 3.
- | | |
|------------------|-----|
| Democrat..... | 31% |
| Republican | 38% |
| Independent..... | 31% |
- Q21.** (Among Independents) Do you think of yourself as closer to the Democratic or the Republican Party?
- | | |
|------------------------|-----|
| Democratic Party | 23% |
| Republican Party..... | 42% |
| Neither..... | 35% |
- Q22.** If you are Hispanic, press 1. If white, press 2. If African-American, press 3. If other, press 4.
- | | |
|------------------------|-----|
| Hispanic | 11% |
| White | 73% |
| African-American | 10% |
| Other | 7% |
- Q23.** If you are 18-45 years old, press 1. If 46-65, press 2. If older than 65, press 3.
- | | |
|---------------------|-----|
| 18 to 45 | 26% |
| 46 to 65 | 57% |
| Older than 65 | 18% |
- Q24.** What type of business do you operate: construction and real estate; wholesale or distribution of goods; restaurant; retail; healthcare or education; leisure and hospitality; manufacturing; professional services including taxes, accounting, IT, legal, finance and media; or other non-retail services?
- | | |
|--|-----|
| Construction and real estate..... | 25% |
| Wholesale or distribution of goods | 7% |
| Restaurant..... | 6% |
| Retail | 7% |
| Healthcare or education | 9% |
| Leisure and hospitality | 5% |
| Manufacturing | 4% |
| Professional services including taxes, accounting, IT, legal, finance, and media | 19% |
| Other non-retail services | 14% |
| Something else..... | 4% |
- Q25.** Do you have children of your own under the age of 13?
- | | |
|-----------|-----|
| Yes | 17% |
| No | 83% |