



How do I choose and begin offering employee benefits?

Learn how to decide what benefits are right for your business and staff.

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**Office of Early
Childhood and Out-
of-School Learning**

Many child care businesses do not provide benefits. Often, cost and affordability are primary factors. While compensation is likely the number one factor in an employee's choice to enter and stay in a job, benefits are also a critical piece of their decision. Certainly, the cost of employee benefits adds another expense to your balance sheet; however, you must not minimize the invisible cost savings of the value which benefits brings to your business.

There are many ways to implement benefits for your staff. When exploring the possibilities for adding benefits to your compensation packages, enter with an open mind and assurance, that you can find the right combination within your budget to meet your needs.

Why should I offer benefits?

As a child care provider, there are many reasons why you should offer benefits, and here are a few of them:

- **Staff feel more satisfied and more valued.** The pandemic has brought on different needs and considerations for employees, and they need a place of work that can meet those needs. Offering benefits lets your employees know they are valued and that you support them. Happy and healthy employees are more engaged employees!
- **You retain staff more easily.** Without benefits, it may be harder to retain or attract staff. When these positions are vacant, you may be forced to turn away families seeking care due to lack of ability to serve more children. Further, when there are fewer well-trained employees on staff, the stress of managing more responsibilities can take a toll upon existing staff, causing additional strain.
- **You become more competitive in a tight labor market.** When recruiting new staff, benefits can serve as the deciding factor between two job offers with similar wages.

Now more than ever, you may be thinking more about the culture of your workplace and ways to reward and invest in staff and attract qualified staff to your program. Benefits can be a vessel to do that in a tight job market. While benefits come with a cost, failing to offer them could also have financial consequences for your business via the loss of loyal staff, inability to attract staff and boost your enrollment, the impacts of unsatisfied staff, etc.

The bottom line is that benefits are important and child care providers should aim to incorporate them whenever possible. You should be an informed consumer as you research your options and understand what's available and what questions you should be asking.

Providing benefits does not have to be an all or nothing concept. There are different benefits that can be offered, with varying price points (some may be little to no cost, some may be more significant) and even small increases in offerings can make a difference in a tight labor market. You may be wondering where to start and what your options are. Most importantly, you want to be sure that regardless of what is being offered, your employees can:

- 1 See the value in them
- 2 Easily understand them
- 3 Easily access them.

Thinking through the benefits that you offer, or could offer, may prompt you to think differently about your business structure and the networks that you participate in to boost your ability to carry certain benefits. In this guide, we will talk through those options.

What are some common benefits?

Depending on your company size and whether individual employees meet certain requirements, there may be some benefits that are legally required of you (workers compensation, Family and Medical Leave Act [FMLA], and even medical insurance). There are other benefits that are not required but are common amongst employers and are a critical decision-making factor when choosing a place of work. While this is not a complete list, here are some of the common benefits that a company can offer employees:

Paid Time Off

Paid time off (PTO) is one of the most common benefits and widely appreciated amongst staff. This can include holidays, vacation, and sick days. Offering PTO can help businesses remain competitive and attract qualified staff, even when they are unable to offer top wages for the position. Having the opportunity to access PTO can improve staff's overall well-being which can help reduce stress and burnout, especially in a job as demanding as child care. There's no hard and fast rule on how many PTO days should be offered, and the amount of time offered can gradually increase with more time on the job.

Health Insurance

Health insurance is usually one of the first things that comes to mind when someone thinks of the term "benefits" and is highly sought after by employees and job candidates. As such, if there is any one benefit worth offering to your employees, health insurance is definitely one to consider. In addition to medical, this benefit can include dental, vision, and prescription coverage. Options within this offering ranges from full insurance to telehealth only to discount programs. Typically, you would find a benefits provider and offer your employees certain benefits from that provider. You could cover a portion of the cost and the employee would pay a set amount per pay period toward the cost of their plan. Alternatively, another option is to simply coordinate the

health plan coverage for your staff, offering coverage without financially contributing to the employee's elected coverage.

Retirement

Retirement plans allow employees to build financial savings to help them meet their personal long-term financial goals. While employees who opt in will need to contribute their desired amount of salary per pay period, the benefits that are provided by these plans are 1) individual tax savings and 2) the ability to receive a set amount, or a match to their contribution, by their employer. This will allow their contributions to grow faster, setting them up for higher earnings during their retirement.

Supplemental Insurance

Supplemental insurance programs include coverage such as short or long-term disability, accidental and other plans to cover unexpected critical health events. Employee Assistance Programs are another example of supplemental insurance which could give them access to programs to address mental health and other well-being supports. These are typically more affordable than offering medical insurance, however, do not replace it.

Tuition Assistance & Staff Development

Staff professional development is an integral part of the child care business model. Not only are there requirements around staff trainings, but the more knowledge your staff have in child development, the better the experience will be for the children in care. Many staff may be seeking to deepen their knowledge, earn a credential or a degree. Investing in staff in this way can support both the growth of your business and your staff, which are the core of any strong child care program.

Child Care

Offering discounted child care to your staff's own children is a great benefit that most child cares may find easy to implement. Oftentimes, child care teachers and

staff have their own children whom they need to find care for. Not only will this benefit give staff peace of mind, but it can also help them to afford the expense of child care which is usually a drain on their personal budget.

Bonuses

The ability to receive bonuses is a benefit that many employees value, especially during these times as staff have had to work harder, longer hours, and under challenging circumstances. There is an opportunity to reward hard-working employees for this additional effort through temporary pay increases and bonuses.

How do I offer these benefits?

First, you should understand what benefits you would like to offer based on your organization and employee's needs, goals, and budget, then think through the types of benefit providers that will help for you to make it a reality. Here are some benefit providers that you may come across:

Private Insurance

(These are the traditional insurance providers like a Blue Cross Blue Shield or Aetna.) The most common type is a group plan purchased by the employer that covers employees, and possibly their family members. These plans may cost less than an individual seeking their own plan however could still have a price tag that may be too costly for the average child care provider's budget. You can set how much of the costs you would cover vs. the employee. You can buy these plans directly from an insurance provider, a broker or your state's health insurance exchange.

Outside of offering company sponsored health insurance, you can still support your employees on an individual basis in accessing low-cost or free health insurance through the Affordable Care Act marketplace. You can help ensure that employees are aware of what

they may qualify for and facilitate a connection for them to work with a free Health Care Navigator who can walk them through their options.

To learn more about affordable health care options, [click here](#).

Existing Payroll Companies & Online Services

(These include Gusto, Paychex, Zenefits, and others.) Employers may be able to purchase group insurance and supplemental plans through their payroll provider. They can act as a broker, streamlining the process and help you to find plans that fit your needs.

Professional Employer Organizations (PEOs)

PEOs offer a way to outsource HR functions of your business and they cover things like payroll, employee handbooks, benefits, etc. PEOs serve as professional employers of their client's employees. PEOs allow for small businesses to offer benefits that are usually associated with larger companies as they're able to leverage their large network of employees to offer more affordable rates for insurance and benefits.

Shared Services Network or Other Platforms for Collaboration

(For example, a Chamber of Commerce.) By participating in these networks, you can receive discounts on certain benefits through companies that partner with the network (such as medical, telehealth, dental and vision). You could also have access to money and time-saving services like insurance brokers and enrollment specialists to guide you through the process of setting up a benefits plan. Typically, membership fees to join these networks are low or no-cost.

Determine what you can afford

Some benefits can be offered at little cost! Remember, there may be invisible costs that offering benefits can help mitigate. Costs associated with employee turnover, such as recruiting, interviewing, training, and onboarding, and vacancies in classrooms can be potentially offset by offering benefits. Talk with an Indiana child care business coach to understand just how much employee turnover is costing you and to explore planning your budget and cashflow to begin offering benefits.

A STARTER BENEFIT PACKAGE

Lisa wants to show her staff how much she appreciates them, but she is just stabilizing her small center and is not yet comfortable investing in a benefits package. Entering a contract with an outside business creates some financial risk that Lisa is not yet ready to take. However, Lisa is willing to invest to strengthen her business. Lisa decides to offer 10 days of paid time off per year to each employee, which can be cashed out for wages at the end of each year if unused. If Lisa pays her team of 7 full-time staff an average hourly rate of \$12, this benefit poses an annual expense of \$6,720.

Health insurance

Health insurance offerings are incredibly varied. Costs are based on:

- Number of employees covered
- Location
- Ages of employees and their dependents
- What percentage of the health insurance premium you would like to cover? You can choose:

NO OR LOW COST: To arrange a group insurance plan for your staff without paying any premiums. This places 100% of the plan cost upon the employee.

HIGHER COST: To cover a portion of the insurance premium for your employees. Typically, this portion begins at 50%. This places the remaining portion of the plan cost upon the employee. Employees can add family members to the plan at their own expense.

HIGHEST COST: To cover a portion of the insurance premium for the employee plus dependent(s) (typically a spouse or child).

Below is an example of starting costs for health care insurance plans.

Remember:

- These figures do not include dependents. If you choose to cover dependents' premiums as well, these costs will rise.
- Costs can be much greater than those outlined in the table below based on your circumstances and selections.

Starting Costs for Health Care Insurance Plans

LOCATION	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYER CONTRIBUTIONS TO PLAN	MONTHLY COST TO EMPLOYER FOR GROUP PREMIUM (TOTAL)	AVERAGE MONTHLY COST TO EMPLOYER FOR GROUP PREMIUM PER EMPLOYEE	MONTHLY COST TO EMPLOYEE FOR SINGLE COVERAGE
Carmel	8	50%	\$2,300+	\$290+	\$190+
Carmel	8	80%	\$3,700+	\$460+	\$75+
South Bend	30	50%	\$10,350+	\$240+	\$240+
South Bend	30	80%	\$11,550+	\$385+	\$95+

What should I look for when selecting a benefits provider?

Once you've thought through the criteria that an employee must meet to be eligible for benefits, you may next think about the cost, how they will be administered, monitored, and tracked within your system.

Here are some questions that you should be sure to have answered as you decide on benefits to offer:

- 1 Is this benefit affordable for the long-term? What will be the return on my investment?
- 2 Does it fit the unique needs of my employees? Will they find value in it? If I want to increase staff retention, for example, will this benefit help?
- 3 What are the total costs including fees and time to administer the benefit?
- 4 What are the pros and cons of offering this benefit/ selecting this benefit provider?

Final thoughts

Many child care providers view offering staff benefits to improve their operations by boosting morale, decreasing staff turnover, and investing in the longevity of their most important asset – their staff. However, providing benefits can also offer financial benefits through tax deductions and time savings. Once you decide to offer benefits, be sure to document your policies, and update them as things change. While you are not required to offer certain benefits, you are required to follow benefit policies that you have set forth. We recommend updating your policies and reviewing benefit offerings at least annually. This will help you stay on top of your needs and your employees' needs as they change.