

# PRIMECARE, INC.

FROM: Philippe Van Lieu  
TO: Jan Debiss  
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SUBJECT: Child Care Service Options

Absenteeism among the day-shift employees has become an unfortunate and growing problem here at PrimeCare, one that affects all levels of business. Too often have we been short-staffed because of it, and it really punishes employees who do show up for work on time. But as it turns out, the largest contributing factor to this issue has been our employees who are young women with children; they choose to not show up for work because they are unable to properly care for their children without having to resort to skipping work.

Now PrimeCare feels that it is in its best interest to address this issue and to give these young women employees a hand up in dealing with their children; doing so will undoubtedly cut absenteeism down to the point where it is no longer a problem. After doing some careful research, I have worked out three different options to addressing this problem; we can either provide an in-house child care service in each of our facilities, provide a stipend in each mother's paycheck to let them pay for their own child care, or we can simply provide rewards and incentives to employees who do show up for work. But it is my personal belief that the best option is to provide an in-house child care service for mothers to bring their children to.

## **METHOD:**

I acquired data on each of the three alternatives mostly through data provided by PrimeCare itself (ie number of employee absentees, number of employees with children, etc), as well as polling PrimeCare employees themselves to gauge their opinions on the matter. I also did some research online to see what other employers have done in similar situations.

## **FINDINGS:**

As I mentioned, I felt that there were three different options to addressing the problem of absenteeism with PrimeCare employees, each with their own pros, cons and other concerns. They are:

- **IN-HOUSE:** provide an in-house child care service in each of our facilities,
- **STIPEND:** provide a stipend in each mother's paycheck to let them pay for their own child care, or,
- **REWARD:** provide rewards and incentives to employees who do show up for work

*PROS:* Each of the three options have some very strong reasons why they should be chosen.

**IN-HOUSE:** Providing an in-house child care service will almost essentially guarantee a drop in absenteeism, as the employees I polled said that they would use it. Part of the incentive of choosing the in-house child care service is that the mother would not have to leave the child outside of work; this would prevent her from having to drive to secondary location and thus making her waste gas and time to get there. Furthermore the potential for there to be no cost to the mother was a popular idea—provided that PrimeCare's budget along with the State's match will cover all of the costs, and so was the idea that her child would be relatively close by so that she could check in with her child at any time (like lunch time, for example).

STIPEND: This may probably be the cheapest plan to implement based on potential effectiveness; no action on the part of PrimeCare would be necessary and yet it could just as easily address the absenteeism problem as would creating an in-house child care service. Better yet it will allow the mother to choose their own child care services, as nothing guarantees that they will like—let alone approve of—the kind of care an in-house child service would provide. Best of all, the mother would be able to get child care through no costs from out of their own pocket.

REWARD: In terms of absolute cost this is definitely the cheapest plan. It also stops “unfairly” rewarding mothers who never showed up by giving them child care or a stipend and shifts it to the employees who actually do show up for work and do their job. If mothers see that hard work is rewarded with extra bonuses, it might be enough to convince them to want to show up for work and earn their bonuses, which in turn can be used to pay for child care or at least ease the pressures of raising a child.

CONS: However, there are some major downsides to each of these three plans.

IN-HOUSE: This is the only plan that requires any major action on our part; given how short we are on manpower because of this absenteeism issue, it may take a considerable amount of time before it's fully implemented. It is also the most expensive plan to undertake, and potentially the only plan that would include out-of-pocket costs for the mothers as well. Of these employees I've polled, their greatest concern with an in-house child care service would be who would be hired to take care of the children. Would it be all volunteers whose care for the children is proportional to the level of pay they're receiving, or will it be a professional (and expensive) caregiver? From this concern further stemmed the worry that the caregiver could actually end up being abusive to the children; this issue could be mitigated by throwing money on it, either by hiring a non-volunteer caregiver or adding hidden cameras to keep track of the caregiver. And then there's also the issue of there being twelve PrimeCare facilities and thus twelve caregivers would need to be hired, increasing the potential for one of them to be a possible issue later on down the road.

STIPEND: Even though with giving the mother a stipend, PrimeCare doesn't have to lift another finger to fix the absenteeism, things could easily go the other way for this option. The largest issue with this option is the potential for abuse; mothers might not use the stipend to pay for child care and we'll still have an absentee problem, or other employees who really don't have kids will try to (and possibly even successfully) sign up for this program and unjustly receive stipend. The stipend may not even cover the cost for child care, and it may force mothers to spend more out of their own pocket to give their children the child care that they want. This could blossom into an even larger issue if mothers—after spending more of their own money to get child care—find out that we could have created an in-house child care service that *could* have been available for free.

REWARD: Giving employees rewards for doing what they should be doing doesn't physically address the actual problem like the other two options do. So there's no guarantee that it'll actually fix anything. Furthermore, will this rewards program end eventually? If it does then we might find out way back to where we started from. If it doesn't, then employees will eventually consider bonuses as being part of their normal paycheck and not as “bonuses” any more... which might lead us back to where we started from again.

COSTS: No option is free, so knowing the costs for each option may make or break the plan.

**IN-HOUSE:**

<b>Caregiver Options:</b>	Volunteers = \$0	Professional Caregivers = minimum wage (\$8) to \$18/hr, forty hours a week * Total cost = \$320 - \$720 a week, per in-house service * Absolute total potential cost = \$15,360 - \$34,560 per month across all twelve PrimeCare locations
<b>Cost per child, per day:</b>	All of the child's needs prepared by their own parent = \$0	Kleenex = \$1 Lunch = \$3 Snacks = \$1 * Total cost = \$5 * Absolute total potential cost (average approx. 30 children at any given time across all twelve PrimeCare locations) = \$4562.50 per month
<b>Other Costs:</b>	Child's entertainment needs (Game Boys, coloring books, etc) prepared by their own parent = \$0	* Televisions [\$250 x twelve (one time cost)] = \$3000 * DVD players [\$50 x twelve (one time cost)] = \$600 * Children DVD collection [\$150 x twelve (one time cost)] = \$1800 * Electricity = negligible * Art supplies [\$50 x twelve (every six months)] = \$600
<b>Ways to alleviate costs:</b>	Monthly fee for mother: \$20-\$50 * Adds approx \$400 to \$1,250 to budget * Total potential budget: \$4400 - \$5250	Donations can be made by to PrimeCare by each mother to reduce potential monthly fee, based on what is donated per month. * Donations may relieve \$100 - \$1200 a month
<b>Total Costs:</b>	Everything for the child provided by the mother, all caregivers are volunteers: \$0	* One time startup costs = approx \$5400 * Monthly costs (minus fees and donations) = approx \$4700 - \$40,000 * Monthly costs (with fees and donations in mind) = \$3000 - \$30,000

**STIPEND:**

- \* Average child care cost per month = \$750
- \* 22 employees with child care needs
- \* Total cost ~ \$16,500/month
- \* The stipend would approximately need to be an extra \$4.70/hr per person
- \* If the \$4000 budget limit were used to give mothers a stipend, it would end up giving them an extra \$180 a month, which may not be enough to cover their child care costs.

**REWARD:**

- \* If an employee shows up every day in their work schedule, maybe an extra \$100 bonus is due to them per week
- \* Ninety-six employees at PrimeCare
- \* Maximum cost = \$9,600/week, \$38,400/month

## **CONCLUSIONS**

The in-house child care service option is both the cheapest and most expensive plan available to us. If it were to be chosen, major cuts would need to be made from the get go if it is to be implemented, as a fee may need to be implemented. But given that the average child care cost is approximately \$750 a month, a \$50 fee per month would probably be a relatively extreme discount, and perhaps totally worth spending given the advantage of not having to drive to a different place to drop off their children for child care. The other two options, despite having their own advantages over the in-house child care service, are far too expensive to implement properly, given the \$4000 monthly budget restriction. The stipend option may be viable if child care costs were cheaper or if the mothers would willingly accept a relatively small \$180/month extra to cover child care costs. But all this really boils down to cost effectiveness, and the in-house child care service is the only option that allows us to meet our budget limits.