



Proposal for Charge #3 Interest in Establishing a Dependent Care Assistance Program

SUBMITTED BY THE EMPLOYEE BENEFITS COMMITTEE TO THE STAFF
COUNCIL FOR DISCUSSION AND APPROVAL

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CHARGE

To explore the need and benefit in establishing an ISU Child Care Grant. The purpose of the program is to help benefits eligible employees pay for child care expenses by granting awards in amounts determined by a metric proposed by the Staff Benefits Committee. The assistance is to aid in child care costs for employees to any licensed provider of their choosing.

BACKGROUND

Stemming from an experience at another University, it was asked if ISU could adopt a child care grant to help low income employees with child care costs. It was also discovered that over the past few decades various faculty and staff had looked into developing a program with no success. As the sub-committee looked further into the practice, they found many other Universities and Colleges across the country have put into practice helping their employees with child care costs. Some of the Universities that were researched included Cornell University, Eastern Illinois University, University of Washington, Wright State University, Princeton University, Brown, and the University of Michigan.

RATIONALE

In order to be inclusive and open to all those who would be eligible, it was decided by the Employee Benefits Committee to change the name from ISU Child Care Grant, as so named in the charge, to Dependent Care Assistance Program.

Indiana State University currently has around 1,550 benefits eligible Staff and Faculty. Instituting a dependent care assistance program to lower income employees would boost morale, help retain employees and encourage recruitment to the campus for future employees. Of the 1,576 employees that make up our Staff and Faculty, 1,100 make less than \$75,000 a year. Creating a dependent care assistance program may help prospective employees choose Indiana State University as well as keep current employees here.

A survey was emailed campus wide to all ISU Staff and Faculty to explore our employees' dependent care needs as well as interest in creating a dependent care assistance program. A total of 656 employees completed the survey. Of those who participated in the survey, 82% were in favor of an assistance program and 97% of those currently have a dependent 12 years old or younger. 7% of those who participated said they had no interest in a dependent care assistance program. Survey participants were welcome to comment and many of the questions posed can easily be answered once the assistance program is put in place. Some of the commenters represent 10% of survey participants that didn't answer in favor of or against the initiative. Initial concern was that this assistance would affect employees' personal benefits. Providing dependent care assistance will not take away benefits from employees who do not request assistance. 64% of respondents stated they could not afford proper child care because costs were too high. Respondents that pay for

in home or licensed care on average pay \$100 - \$200 a week averaging \$5,000 - \$10,000 annually. Assistance would alleviate that cost, especially to those employees who are on the lower income pay scale.

Currently, the average age of an ISU employee is 48 years old. Taking that average age in account, 24% of the respondents stated they currently have need for dependent care assistance, but when looking into the future of the institution, these numbers may rise and the University may find itself with a much younger work force that have families or are starting families. Implementing this program early and letting it grow is the smartest approach the University can take.

Other institutions manage their assistance programs through their Human Resources Department and this seems the most strategic way of handling the assistance. Benefits eligible employees would apply on a yearly basis leading up to open enrollment, date to be determined. Assistance is granted based on a metric broken down by combined household income. Assistance provided would be done so through Flexible Spending Accounts.

*Questions in the survey were not required to have a response, therefore percentages are based on respondents' answers and may not always total 100%

RECOMMENDATIONS

At this time, funding is yet to be thoroughly determined. Interest has been shown in supporting this specific program and can be expanded upon with the help of University Advancement as well as others on and off campus.

To implement, the following guidelines are put forth for consideration:

In conjunction with Human Resources, create an application for the Dependent Care Assistance Program.

Eligibility:

To be eligible for the Dependent Care Assistance Program, you must:

- Be a benefits-eligible Indiana State University faculty or staff member eligible to participate in Indiana State University's Flexible Spending Dependent Care Account.
- Be unmarried or, based on IRS rules for Dependent Care Accounts, have a spouse/partner who is:
 - Employed at least part time, or
 - Considered legally disabled, or
 - Unemployed but actively seeking employment: must have legal work authorization to work in the United States (work visa is required and must be attached as documentation).
- Have a total household gross income of less than \$75,000 per year (based on metric).

- Have a child who is your legal dependent (as defined by IRS code section 152), and for whom you are financially responsible or be pregnant and anticipating child care expenses for 20__.
- Have a child under age 13 or have an older child that has a disability-related special need that can be documented (HR will need a note from a doctor if your child is 13 years of age or older).

Eligible Expenses:

The grant covers eligible dependents with disabilities, child care including: infant and toddler day care, pre-school/pre-K programs, care on school holidays, school-age summer day camps/programs, and school-age before/after school care. This grant helps employees explore options and find creative solutions to some of the dependent care challenges they face.

The following metric would be used in conjunction with the application for assistance. Determination of the amount of the assistance is dependent on availability of funds for that calendar year. The metric is based upon Flexible Spending Accounts allowable up to \$5,000 per IRS guidelines. The percentage in the chart below is applied to cost of care e.g.; in the income category, up to \$23,999, the employee would receive up to 50% of their cost or up to \$5,000, whichever would come first, in assistance.

Income	Infant, Toddler, or Pre-School - year round	School Age (typically 5 years through age 12) School year only	School Age Summer Months Only
up to \$23,999	50%	50%	50%
\$24,000 - \$34,999	40%	35%	40%
\$35,000 - \$44,999	30%	30%	30%
\$45,000 - \$54,999	25%	20%	25%
\$55,000 - \$64,999	10%	5%	10%
\$65,000 - \$74,999	5%	Not Covered	5%

