

# The Business of Childcare And Early Learning in Orange County

A Research and Planning Project  
Funded by Helios Education Foundation

**SUMMARY**  
November 2023





# THE SITUATION

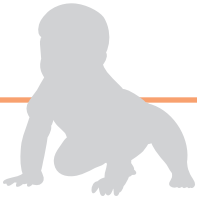
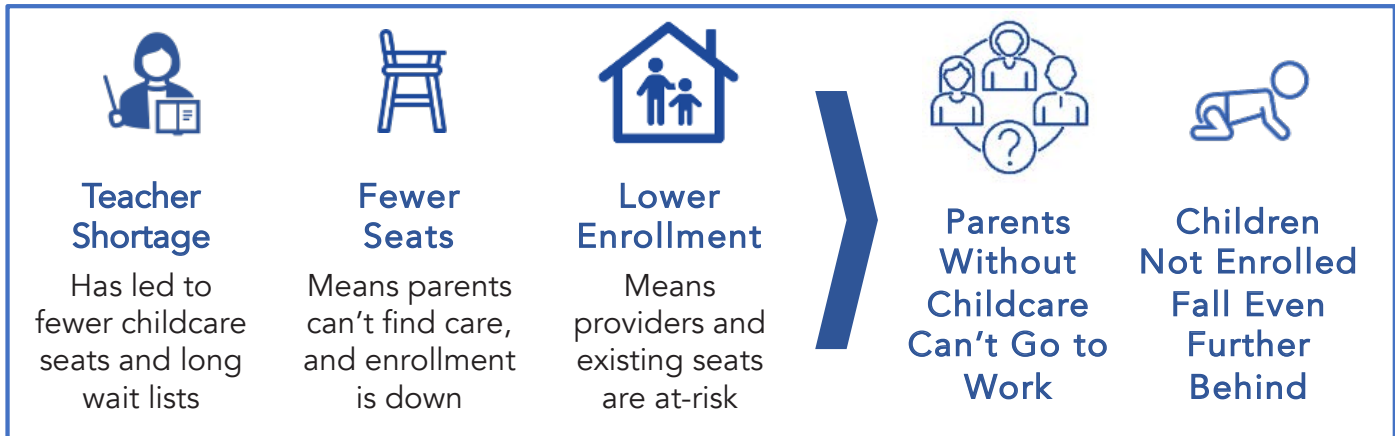
Reliable childcare is what allows parents, especially mothers, to work and enables businesses to hire and retain workers. In fact, the childcare industry is what sustains all other industries and businesses in Orange County.

Quality early care and education (ECE) for all children from birth to four years of age is also the best investment we can make in children, our future workforce, and in the success of our businesses and the prosperity of our families. Yet, the ECE industry is in serious trouble and unable to meet the childcare needs of all working parents and children in Orange County.

Chronically low teacher salaries and competition from other employers has led to a shortage of teachers, causing a childcare shortage, longer wait lists, and lower enrollment. As a result, childcare is increasingly harder to find, and with higher costs of living, it has become unaffordable for most families. State subsidies to help cover costs are inadequate, meaning that early care and education (ECE) providers can't afford to raise teacher pay.

With lower enrollment revenue, inadequate subsidies, and higher costs, childcare providers are struggling financially. At least half are operating at enrollment levels below sustainable thresholds, and with the recent expiration of federal ARPA funds that kept many providers afloat, are likely reaching a breaking point. This means that half of childcare spots could be at risk; more parents will be without childcare and unable to fully participate in the workforce; businesses will have more difficulty hiring and retaining workers; and even more children will fall further behind.

This is an untenable situation that the ECE industry cannot and should not have to solve on its own.



# THE PROJECT

A research and planning project – funded by Helios Education Foundation and led by the Early Learning Coalition of Orange County and the K-Ready Community Project – was launched in 2022 to identify pilot innovations and policy solutions that address the childcare teacher and seat shortages and to create a better system of care and education in Orange County for all children under 5.

## RESEARCH FINDINGS

Our research indicates that the early care and education industry (ECE) is failing to provide reliable and affordable access to quality childcare and early learning services for all Orange County families that need it. Findings show four persistent challenges:



### 1. Under-investment and Affordability

Investment levels in ECE do not reflect acknowledgment of its societal benefits and do not cover the real cost of quality care, placing most of the burden on small, private providers, teachers, and parents. Most families can't afford quality childcare and struggle to qualify for public assistance.



### 2. Quality Disparities

Providers in higher-income, less price-constrained markets can better afford to invest in quality measures (higher teacher pay, training, technology), likely leading to quality disparities.



### 3. Workforce Shortage

Low wages and greater competition for workers have led to a teacher shortage, reducing available childcare spots, enrollment, quality, and profitability.



### 4. Childcare Spot Shortage

There are not enough childcare spots where many families live and work. Existing childcare providers struggle to remain financially viable, putting existing spots at risk and eroding quality.





# RESEARCH FINDINGS



**“My whole paycheck is going to pay childcare.”**

(Florida’s Early Learning Roadmap)

**“I’ve got to go back to work, but I can’t find a (childcare) spot. There’s just not the spots!”**

(Florida’s Early Learning Roadmap)

**“It’s an employee-driven market. [They] can go and work at Target and make more money than we’re paying.”**

(Florida’s Early Learning Roadmap)

**“We don’t have as many seats because we don’t have enough staff. We’ve had to close classrooms, and it’s not because of lack of demand.”**

(Orange Co. Provider interviews)

**“We don’t work at capacity...ever!”**

(Florida’s Early Learning Roadmap)

**1,000** Estimated teacher Openings

**74%** Providers are hiring

**\$25K** ‘22 Median annual earnings for childcare workers in metro Orlando

**53%** Childcare workers nationally enrolled in public benefit programs

**HALF** Providers with enrollment levels that are not financially sustainable

**89%** Centers say staffing is top barrier to full enrollment

**51%** Have wait lists



# PILOT INNOVATIONS AND SOLUTIONS

Innovations and systemic solutions were developed to mitigate the most critical issues from the research. Two pilot concepts, described below, are being developed further with potential funder and stakeholder partners to target issues specific to pilot neighborhoods.

**Goal:** Build and sustain a childcare and early learning infrastructure that provides access to high-quality early care and education for all children and families that need it in the neighborhoods where families live and work.

## I. Support Teachers and Providers

**A. Supports to stabilize providers in pilot areas** - Provide shared services, business supports, and coaching to improve financial stability of pilot cohorts.

- Staff recruiting and development
- Enrollment marketing and software
- Bookkeeping and payroll services
- ACA benefits assistance
- Business planning and coaching
- Access to new revenue streams

**B. Teacher recruitment and career development pipeline** - To fill teacher openings and retain quality teachers in pilot areas.

- Expand early learning programs at Community Partnership Schools
- Paid internships and placement assistance for new recruits
- Support career pathways - achievement of accreditation and advanced certifications and degrees

## II. Invest in ECE Infrastructure and Industry

**A. Industry Analytics, Community Engagement, Advocacy** - to prioritize smart and sustained investments in early childhood.

- Engage community leaders and citizens to commit to making early childhood a priority; Grow the early childhood alliance and connect groups across the state to advocate for smart policies and funding
- Build shared data systems, Early Childhood Scorecard, and planning tools to set common goals and measure progress
- Pilot, support, and scale programs and policies to address issues and achieve common goals
- Facilitate ventures to add childcare capacity and services, as needed
- Support and grow provider and teacher professional networks





## II. Invest in ECE Infrastructure and Industry Cont'd

**B. Shared funding streams** - Establish sustainable funding through employers, government, and philanthropy to support providers, teachers, and parents.

- Employer-supported childcare for employees - administer scholarship program to be used at participating providers

- Community and business “Partners in Early Learning” sponsorships for neighborhoods, zip codes or providers
- Public, philanthropic, and private grants to fund specific pilot and systemic solutions
- Advocate for additional public funding

## K-Ready Alliance and Advocacy

An important recommendation in Innovation 2 is to build our capacity for early childhood advocacy in Orange County and merge our voices with other communities and agencies across the state, like the Children’s Movement of Florida and the Children’s Forum, to achieve additional funding and better policy. While the recommended pilot solutions and innovations will yield significant outcomes, scaling the solutions and achieving systemic and lasting reform will require robust public investments at the state and federal level.

Dedicated staff, including a community engagement manager and policy consultants, is needed to work locally and with other advocacy agencies to achieve funding and policy goals, such as:

- Increase state funding for ECE and health care for mothers and young children
- Improve pay, benefits, and career supports for teachers and providers
- Provide incentives for employers to offer childcare benefits
- Fund and support integrated data systems and scorecards for early childhood

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### The K-Ready Community Project

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