



Solving the Child Care Crisis in Oregon: A Case and Vision for a Statewide Child Care System

Executive Summary

Why is Action Necessary?

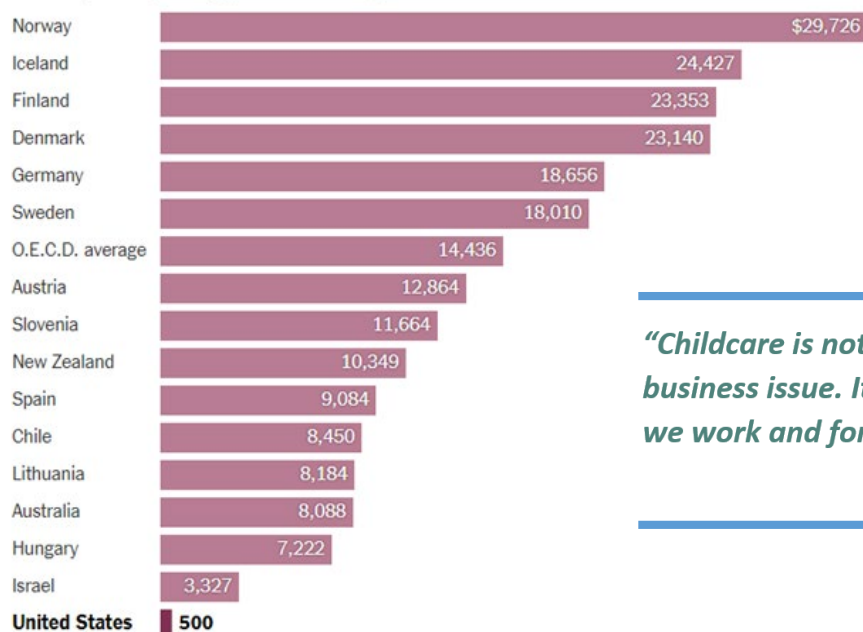
Only a fraction of families who need child care across the U.S. receive it. The care that is available is often unaffordable for low- and middle-income families. The child care crisis has pervasive short- and long-term impacts on the economy. Children don't receive instruction and developmental support they need creating lifelong challenges and costs to society. Parents are unable to work as much as they would like due to the lack of accessible and affordable child care. Businesses struggle to find and retain qualified workers which limits their productivity and growth. All of society suffers with increased costs to support children and families, loss of tax revenue that would be generated by higher levels of employment and multiplied by increased economic activity is unrealized.

At the root of the problem is the failure to recognize the role that child care serves in society and the economy. With 1/3 of the workforce needing it, *child care makes all other work possible*. In short, it is a critical component of a healthy society's infrastructure. As with all other components of infrastructure (roads, K-12 system, etc.), substantial public investment is required. Efforts to resolve the crisis without acknowledging this have predictably fallen short. As the graph below shows, most developed countries have already recognized the need for substantial public investment in child, making the U.S. an outlier. Currently, the primary burden of funding child care is placed upon working parents. The system is broken and needs to be repaired.

This Executive Summary provides highlights of a Policy Paper of the same name that makes the economic case for publicly funding a comprehensive statewide child care system in Oregon. This includes a vision for a complete system and process for building it with both the projected costs and benefits to the state economy. Oregon includes all children up to age 12 in its definition of child care.

How Much Governments Spend on Child Care for Toddlers

Annual public spending per child on early childhood care.



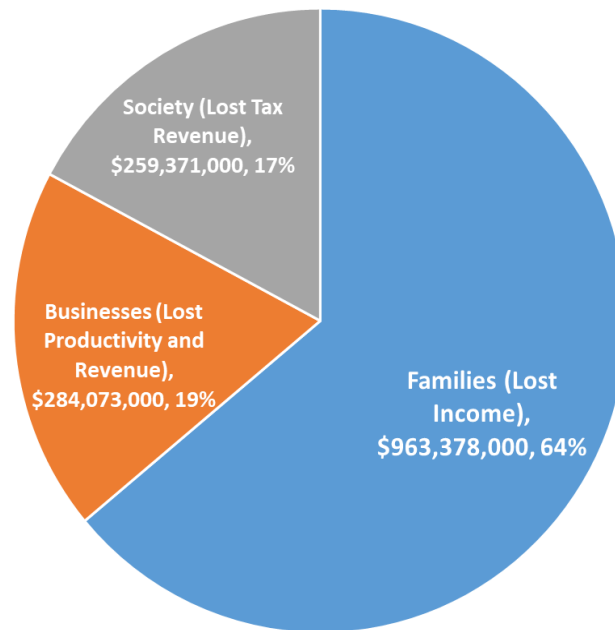
“Childcare is not a family issue; it is a business issue. It affects how we work, when we work and for many, why we work.”

– Harvard Business Review

Current State

- The lack of affordable child care prevents many parents from working, reducing workforce participation.
- **Oregon loses an estimated \$1.5 billion each year** in lost earnings productivity and revenue due to the lack of infant-toddler care (ages 0-2) along, and the economic cost has more than doubled since 2018.
- Businesses suffer from a reduced talent pool, and the state loses potential tax revenue.
- Addressing this market failure requires viewing child care as critical infrastructure, not just a family or women’s issue.

ESTIMATED ANNUAL COSTS TO OREGONIANS DUE TO LACK OF CHILD CARE - 2025



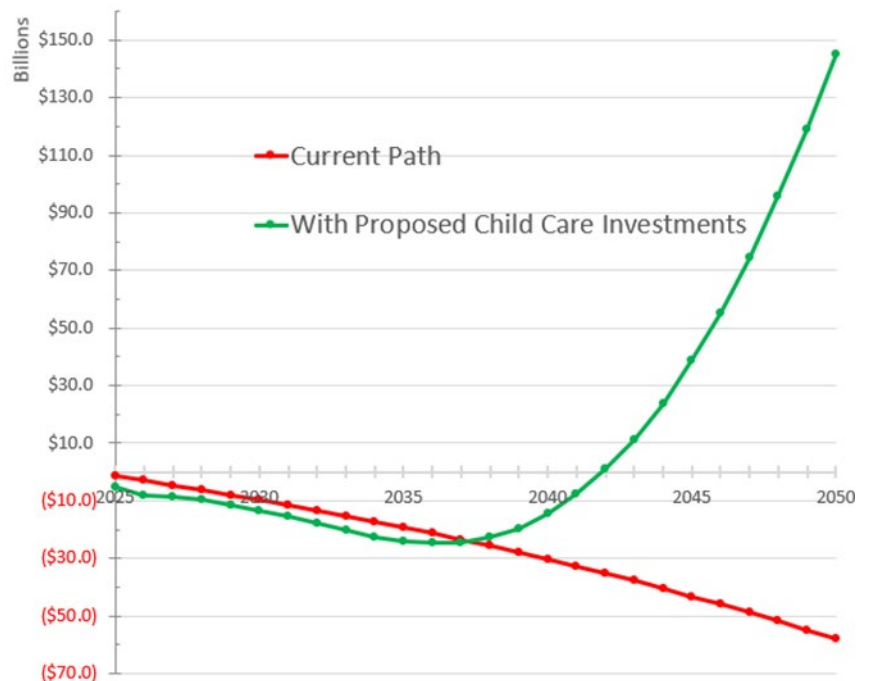
Total Estimated Loss = \$1,503,600,000

The Solution

Figure 4 from the Policy Paper shows what will happen to the economy when the constraints caused by insufficient child care are removed. An overview of the approach for generating the cost and benefit projections are described below. This required creating a realistic process for building out the system, which is presented in 3 main steps. The steps address the core challenges of the current system: low educator compensation, lack of accessibility and lack of affordability.

The projections suggest that within approximately 15 years, the investments in the system would be surpassed by the financial benefits to families, business, and society through taxes, and reduced public expenditures. Expanding access to child care is crucial not only for supporting working parents but also for providing long-term benefits to children, particularly those from low-income families, reducing reliance on social programs, while promoting equity. For the purposes of these projections, the buildout of the complete system is estimated to take 10 years.

FIGURE 4 - CUMULATIVE FINANCIAL IMPACT OF BUILDING A STATEWIDE CHILDCARE SYSTEM IN OREGON



Step 1. Stabilizing and Growing the Child Care Workforce

- Child care workers are undervalued and underpaid, leading to high turnover and workforce shortages.
- Parents are already stretched to their limits in terms of what they can afford to pay.
- The recommended action is to provide direct wage subsidies to child care workers in addition to incentives such as educational credits or student loan forgiveness.
- Compensation must be increased to attract enough educators into the child care field to meet the need of Oregon families.
- An alignment of pay structure with the K-12 system is recommended. However, this pay system needs to be analyzed to determine whether it provides a living wage.

Step 2. Making Child Care *Available* to All

- Increasing the capacity of the current system will require provision in three categories: facilities, operations and support infrastructure.
- Increasing child care capacity is essential to meet the current and future demand and would require the creation of an estimated 6,462 new facilities over the next decade.
- Early childhood education provides significant long-term benefits, particularly for low-income children, with an estimated 13% annual return on the initial investment over the course of the child's life.

Step 3: Making Child Care *Affordable* for All

- Even if it available to everyone, child care is unaffordable for many - costing families at the median income 16% of their total income and lower-income families over 50%.
- The amount of a family's income spent on child care is recommended to be capped at 7% based on the national standard for affordability.
- Families below 150% of the Federal Poverty Level (FPL) would pay nothing.
- Infant care is even more expensive than toddler care and is often needed by families earning the least.

Potential Sources of Funding

While the scale of funding may seem daunting, it is in line with public spending by other developed nations, where the benefits of child care are widely recognized. In the wake of the pandemic, Oregon families and businesses are seeing clearly the value of child care, and now is the time to build on the growing political momentum before it fades. While we are examining international funding models that combine federal support with local or employer contributions, we can chart a path forward while emphasizing the necessity of child care investment regardless of the specific funding mechanisms.

Conclusion: Visualizing Solutions to the Problem

Child care is a public good that benefits the entire economy, similar to infrastructure like roads and public transit. The public investment in child care should be understood as essential and enduring, similar to our investments in public schools. Visualizing child care as infrastructure helps clarify its role in economic stability and growth, making the case for substantial government investment.

Call to Action

Achieving the vision presented in this paper will be neither quick or easy. However, it is believed to be the only way to truly meet the child care needs of all Oregonians. Please visit the link and add your name in support of child care.

For more information or to support this effort, please visit: www.ClackamasChildCareCoalition.org

