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# The State of Child Care in Oregon: The Impact of the Economic Recession on the Child Care Industry

Lindsay Guge, Bill Emerson National Hunger Fellow, February, 2010



**Oregon**

**Child**

**Development**

**Coalition**



<i>Table of Contents</i>	2
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Executive Summary	3
-------------------	---

Introduction	4
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Methodology	6
-------------	---

Survey Results	7
----------------	---

Why Vacancies?	11
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CACFP Sponsors and CCR&Rs	15
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Summary	17
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Relevant Policies	19
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Conclusion	24
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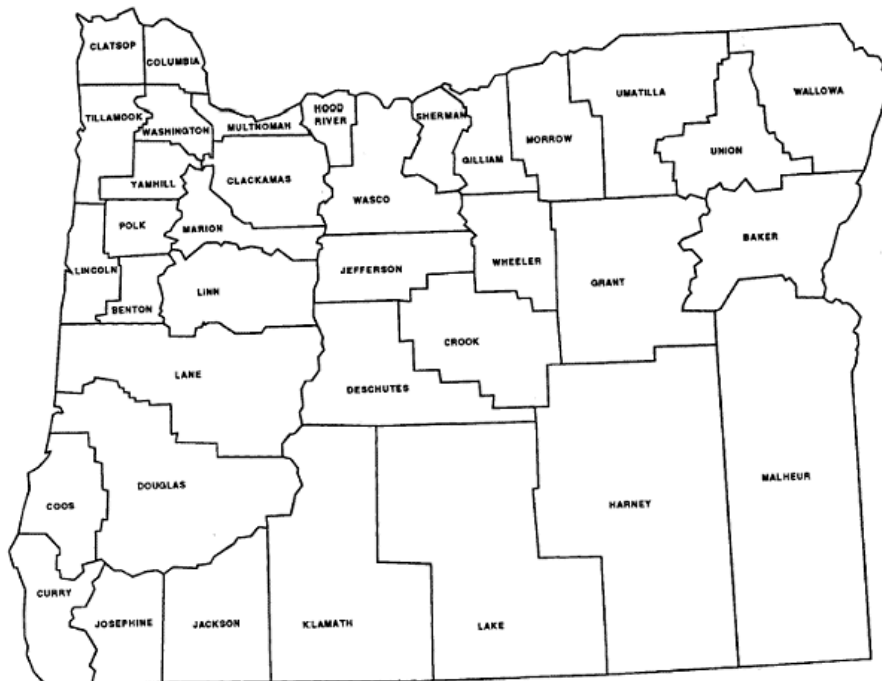
**Executive summary:**

The child care industry is an overlooked but vital part of Oregon’s economy. High quality child care programs not only provide developmentally appropriate care for children but also serve as a strong workforce support by enabling thousands of parents to work outside the home. The child care industry employs thousands of Oregonians a year and injects millions of dollars in spending back into local communities.

The state of the economy in 2009 had a substantially negative impact on the child care industry in Oregon with many child care providers seeing a significant loss of revenue. This stems from high unemployment rates that have forced many families to withdraw their children from child care or seek more affordable care alternatives.

Because of the rising cost of child care expenses and the fact that many Oregonians are unemployed or underemployed; the cost of quality child care programs is often unaffordable for many working parents. For many in Oregon the cost of child care compared to income is so prohibitively high that it could push an otherwise middle-class family into poverty. Child care workers also suffer when their businesses do not bring in enough income to pay their own bills and they are forced to make compromises in the quality of services they provide. But ultimately it is Oregon’s young children who must bear the real, long-term costs associated with poor quality child care programs. Children need high quality care from the start to ensure they enter school healthy, happy and ready to learn.

Policymakers, employers, families and all Oregonians must recognize the importance of the child care industry in the growth and prosperity of Oregon both now and for generations to come and work to support high quality, affordable child care solutions for all working families.



## **Introduction: Why child care is critical to Oregon**

The child care industry is an often-overlooked part of Oregon's economy. 61% of Oregon's children, more than 150,000 under age 6, reside in either single parent working households or in two parent working households and thus potentially need care outside the home for at least a portion of the day while their parents work<sup>1</sup>. Quality child care is crucial to the economic well-being of our community. Child care plays three important roles in supporting economic growth and community development in our state: promoter of child development and well being, workforce support for families, and important economic industry.

**Child Development and Well-being:** High quality child care is essential to the proper growth and development of young children<sup>2</sup>. Early childhood education shapes and prepares Oregon's children for healthy development and sets the foundation for later school success. High quality child care not only ensures that children are cared for in a safe environment while their parents are at work but also promotes cognitive and academic development<sup>3</sup> and fosters social and emotional development as well<sup>4</sup>.

Furthermore, many children of working parents spend a significant portion of their waking hours in child care. They eat most of their meals in child care and interact with child care staff for multiple hours a day. Some working parents rely on child care institutions to supply the majority of the nutrition and calories their children consume every day. A high quality child care program then, works to ensure that children's nutritional needs are met and their staff are adequately trained to provide age-appropriate education and activities. High quality child care programs, such as those who participate in the Child and Adult Care Food Program, a federal nutrition program aimed at promoting proper nutrition for young children in child care, can be seen not only as an important source of social development and early education but also an important defense against childhood food insecurity, childhood obesity and malnutrition.

**Workforce Support for Families:** The child care industry allows parents to work and support their families. Child care is a workforce support<sup>5</sup> to more than 90,000 Oregonian parents. These families earn more than \$2.6 billion in wages every year<sup>6</sup>. Without child care many parents would be unable to work and support their families. If families cannot afford child care, they are often forced into one of three potentially difficult situations: have a parent stay at home to care for the children if they are a two parent household, thereby lessening the earning power of the family; leave children home alone, which is dangerous for young children and can be detrimental to a child's healthy development; or seek the assistance of social service programs to make ends meet, which can tax an already overburdened social safety net system.

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<sup>1</sup> U.S. Census Bureau, American Community Survey, 2007

<sup>2</sup> Phillips, D., McCartney, K., & Scarr, S. (1987). *Child-Care Quality and Children's Social Development*, *Developmental Psychology*, 23(4), 537-543.

<sup>3</sup> Burchinal, P., Kainz, K., Cai, K., Tout, K., Zaslow, M, Martinez-Beck, I., & Rathgab, C. (2009). *Early Care and Educational Quality and Child Outcomes*, OPRE Research-to-Policy Brief # 1.

<sup>4</sup> Peisner-Feinberg, E., Burchinal, M., Clifford, R., Culkin, M., Howes, C., Kagan, S., & Yazejian, N. (2001). *The Relation of Preschool Child-Care Quality to Children's Cognitive and Social Development Trajectories through Second Grade*, *Child Development*, 72(5), 1534-1553.

<sup>5</sup> *The Economic Impact of Oregon's Child Care Industry*, Child Care Division, Oregon Department of Education, published 2005 cited: OSU Extension Service, 2001 data

<sup>6</sup> Ibid.

**Important Economic Industry:** Child care is a viable industry in its own right. The child care industry in Oregon employs more than 14,000 individuals a year<sup>7</sup> and generates more than \$167 million in annual income and \$639 million in annual revenue per year<sup>8</sup>. Child care businesses must, by nature, be local businesses. Child care brings revenue into local economies and creates local jobs. The child care industry is a vital source of employment and a strong economic force in Oregon.

Additionally, a number of child care workers, often low and moderate income women<sup>9</sup>, may have the chance to pursue higher education and gain specialized skills within their field. Some child care centers offer financial support and flexible work hours for their employees who are seeking a higher degree. Further assistance programs and scholarships exist in the state to support individuals in the early childhood industry who want to obtain an advanced degree or certification in early childhood education. These types of programs and incentives increase individual earning power and can help raise some families into the middle class thereby further strengthening Oregon's workforce.

Despite the important benefits of high quality child care programs for Oregon's economy, the child care industry often receives negligible attention from lawmakers or the media. Indeed many Oregonian families who are able to afford child care for their own children may not recognize that other families around the state, perhaps even friends or neighbors, are unable to afford quality child care.. Ensuring that all working families in Oregon have access to high-quality, affordable child care would help families support themselves, increase their economic mobility, and allow many people to weather the economic recession. Furthermore, it would create additional jobs for Oregonians in search of employment and ensure that Oregon's youngest citizens are nurtured and given the healthy start they need to be successful as eventual contributing members of Oregon's workforce.

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<sup>7</sup>*The Economic Impact of Oregon's Child Care Industry*, Child Care Division, Oregon Department of Education, published 2005 cited: OSU Extension Service, 2001 data

<sup>8</sup>Ibid.

<sup>9</sup> <http://www.bls.gov/oco/cg/cgs032.htm>

## **Methodology: Who we surveyed and how**

With this in mind, OCDC conducted a survey to assess the effects of the economic recession on the child care industry in Oregon. A wide range of organizations, businesses, and individuals in the child care industry were included in the survey and specific questions were developed for different target groups. This included family child care providers (also referred to as family day care providers or family day care homes) who care for a limited number of children in their own homes and larger child care centers that care for multiple children in a more formalized setting. Child and Adult Care Food Program sponsor organizations and Child Care Resource and Referral Agencies (CCR&Rs) were surveyed to assess the effects of the economic downturn on Oregon's child care industry from as many different angles as possible. The work of both these groups does not involve direct child care but is an important part of the child care industry. The nine Child and Adult Food Program sponsor organizations across the state monitor and administer this USDA federal nutrition program to family day care homes.

Since many sponsors have a close connection with family child care providers and routinely visit providers' homes as a part of CACFP monitoring requirements, CACFP sponsor organizations have firsthand knowledge of how the economic downturn may be affecting family child care providers on a daily basis. Similarly, Child Care Resource and Referral agencies work with day care centers, family child care providers and families seeking child care in local communities around Oregon. CCR&Rs are community-based and are in a position to understand how child care businesses are dealing with the tough economic times as well as to observe the effects of the recession on local families using their services to find affordable child care.

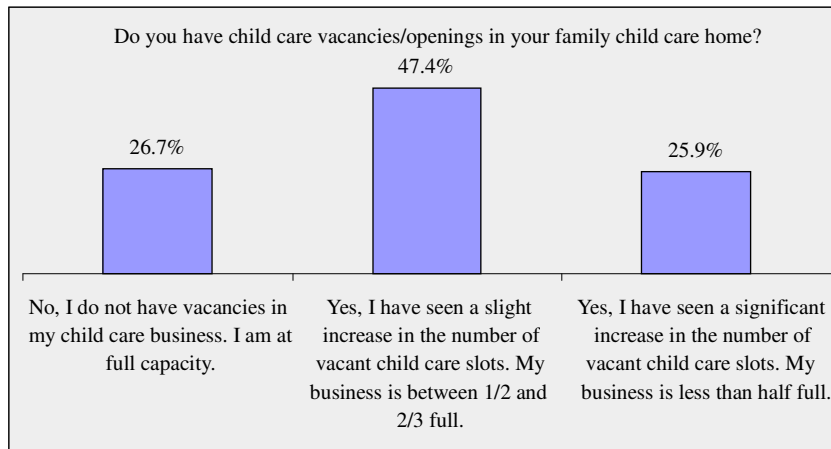
The survey included for profit programs as well as non-profit programs but did not include means-tested programs such as Head Start. Means-tested child care programs grant child care to income-eligible families and provide either free or low-cost care thus reducing the risk of families enrolled in these programs having child care affordability issues due to economic circumstances. A link to the online survey was sent through email to target populations across the state and the response sample is geographically and demographically representative of the state. Responses were received from 15 Sponsors and CCR&Rs, 45 day care center directors and 270 family child care providers.

## Survey Results: What is happening to child care in Oregon

**Low enrollment numbers in child care dramatically reduce revenue in child care programs.** Although the child care industry does bring revenue dollars into communities and provides jobs for many workers, child care is not a wealth-generating career for most care providers. Child care businesses can only charge what the families in their communities are able to pay. Across the state, many day care staff members are paid low wages with few to no employment benefits. Many family child care providers do not generate much revenue from their services but rather often come out only slightly ahead of their expenses. Because the profit margins in child care are so low, every bit of revenue is vital to the survival of the industry.

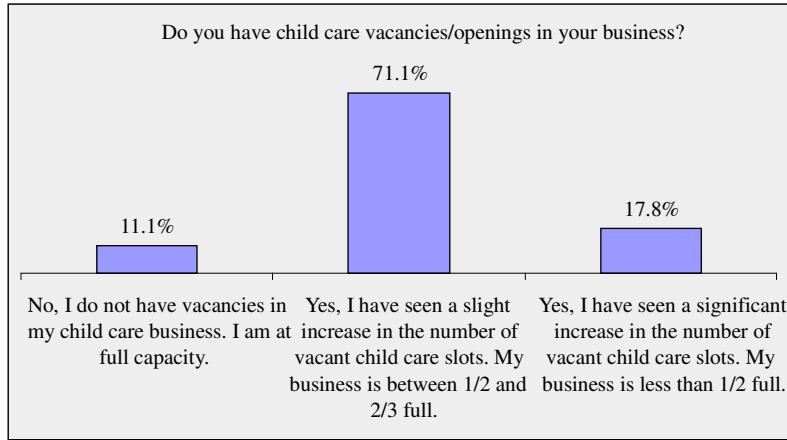
**The biggest losses in revenue come from child care slot vacancies.** Many child care businesses and providers operate on a model that requires most, if not all of their child care slots to be filled in order for them to break even and turn a profit. The loss of even one child can be critical to a family child care provider.

The results from our survey indicate that **73%<sup>10</sup> of family child care providers and 89% of day care centers have seen an increase in the number of child care vacancies in their businesses.** In fact, 26% of family child care providers and 18% of day care centers have seen a significant increase in the number of vacancies to the point that their businesses are running at or below half capacity.



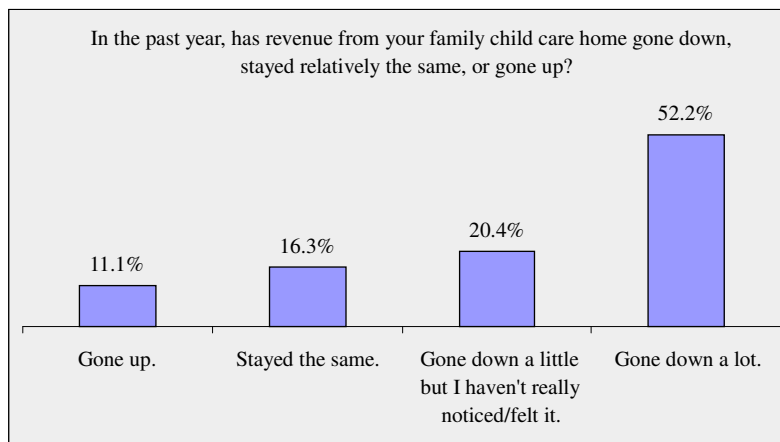
*Graph 1.3 FCCPs: Child Care Slot Vacancies*

<sup>10</sup> All percentages were rounded to the nearest whole number.



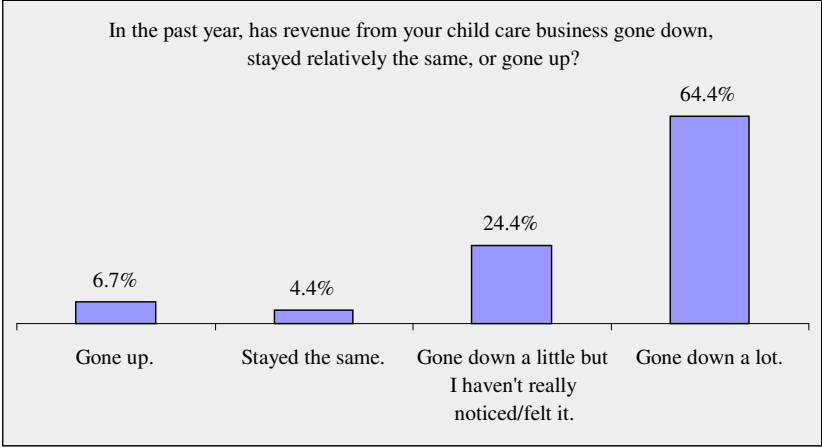
Graph 2.3 Centers: Child Care Slot Vacancies

**Unfilled child care slots lead to declines in revenue for both family child care providers and day care centers alike.** 73% of family child care providers who responded to the survey report noticing a decline in the revenue from their child care business over the past year with 52% of those providers noting that their revenue has “gone down a lot.” Similarly, 89% of day care centers who responded to the survey reported a decline in their revenue in the past year. 66% of those respondents noted that their revenue has “gone down a lot” (See graph 2.1).



Graph 1.1 FCCPs: Revenue Trends for Past Year



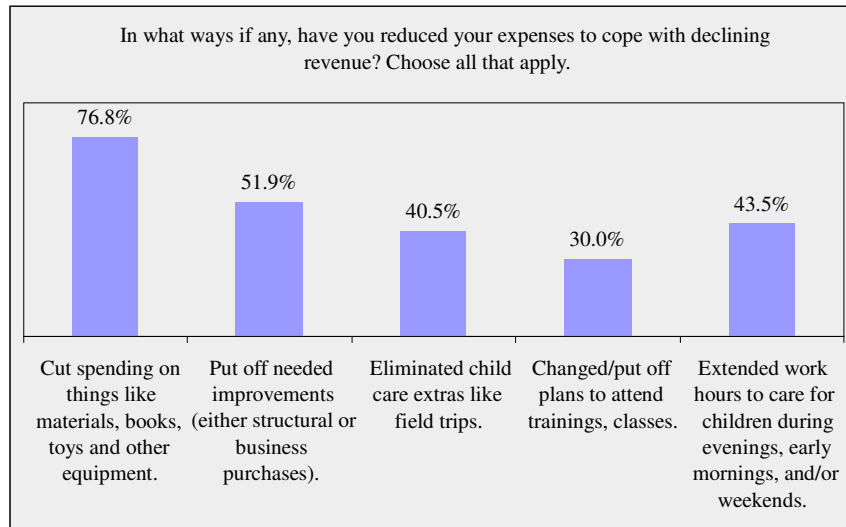


Graph 2.1 Centers: Revenue Trends for Past Year

**Family child care providers and day care centers must find ways of coping with a loss in revenue if they are to stay in business.** While a full 62% of family child care providers and 82% of day care businesses say they are not thinking about or in the process of closing their businesses; most have been forced to cut costs by reducing services and benefits and employing a variety of coping strategies to keep their businesses afloat.

When asked how they are dealing with losses in revenue from their child care business over the past year, family child care providers reported using the following strategies to stay financially viable:

- 77% of respondents have reduced or eliminated spending on materials for child care such as books, toys and other equipment.
- 52% have put off or canceled making needed business purchases or improvements.
- 44% extended their work hours to provide child care on evenings, weekends, or holidays or during other non-traditional hours of care.
- 41% eliminated child care extras or non-necessities like field trips or special outings.
- 30% canceled or put off plans to attend child care classes or training seminars.

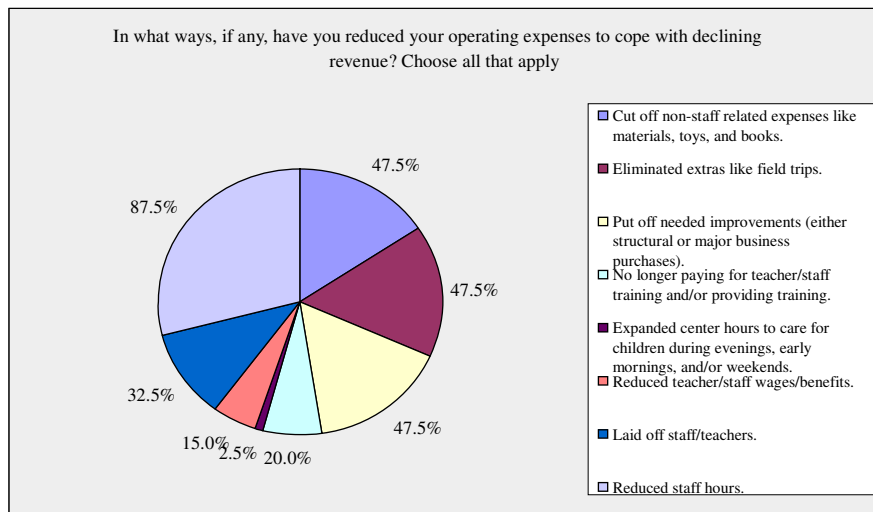


*Graph 1.2 FCCPs: Spending Adjustments to Cope with Lost Revenue*

**Day care centers similarly have had to make spending cuts and reduce center costs.** Due to loss of revenue over the past year, Center survey respondents have taken some of the following measures to maintain financial stability:

- 88% of day care center respondents have reduced staff hours
- 48% reduced non-staff related expenses like purchases of toys, books and other materials
- 48% cut child care extras or non-necessities like field trips or special outings
- 48% canceled or put off needed improvements or purchases for their businesses
- 33% have been forced to lay off staff /teachers
- 20% stopped paying for staff/teacher trainings and seminars
- 15% reduced staff/teacher benefits or wages

Cuts in spending and services provided to families with children in care, from either day care centers or family day care homes, while often necessary for child care businesses to stay afloat during tough economic times, can raise concerns about child care quality and the possible effects a lowered quality of care can have on young children.



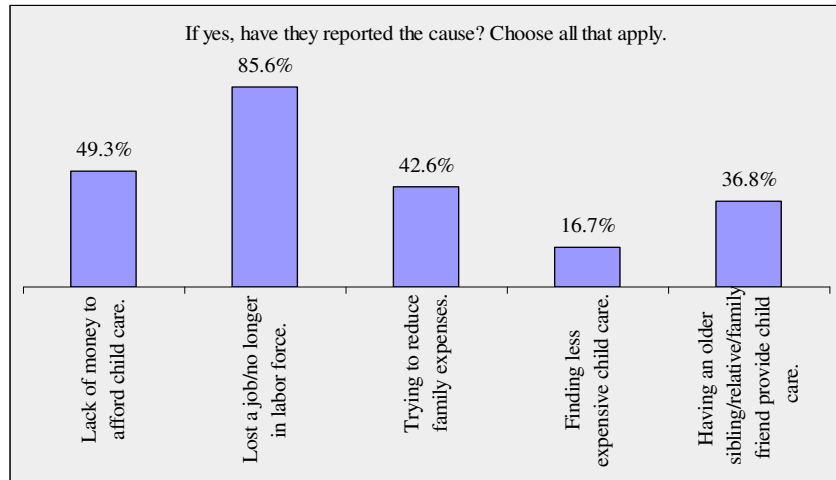
Graph 2.2 Centers: Spending Adjustments to Cope with Lost Revenue

## Why Vacancies?

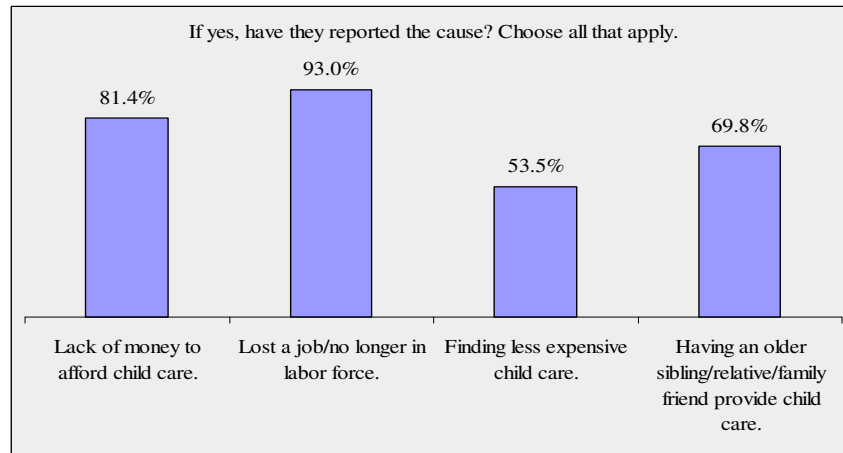
The nature of the child care industry often means that parents establish relationships of trust with the providers who care for their children on a daily basis. Parents may even discuss family financial matters with their child care provider, especially when their financial situations are forcing them to make changes in child care or living standards.

When asked if families leaving care had provided a reason why, most of the child care providers and day cares surveyed reported financial concerns as the most common reason for leaving child care. 93% of day care centers and 86% of family day care homes surveyed reported **most**

**families were leaving care due to a loss of employment or a parent no longer being in the labor force.** This was the most frequently given reason for new vacancies in child care slots. **The second most frequent reason for leaving care** heard by both family child care providers (49%) and day care centers (81%) **was a general lack of money to afford child care.**



*Graph 1.5 FCCPs: Reasons for Client Loss*



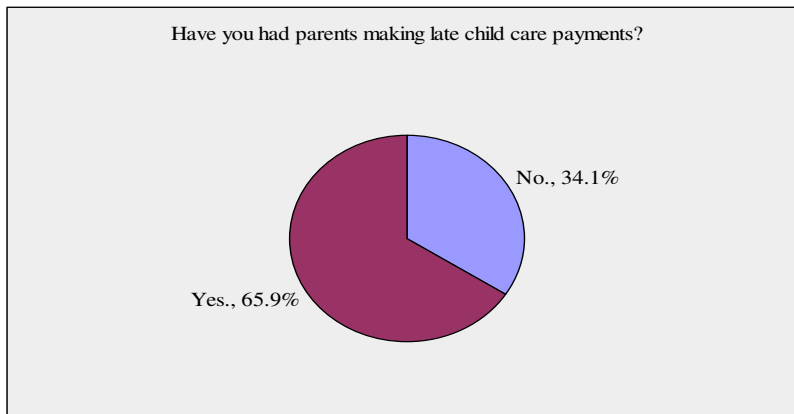
*Graph 2.5 Centers: Reasons for Client Loss*

Clearly loss of employment or underemployment at a low paying job can significantly contribute to a family’s inability to afford child care. A significant portion of both family child care providers and day care centers responded that families were reporting seeking more affordable child care or were relying on family members or friends to care for their child.

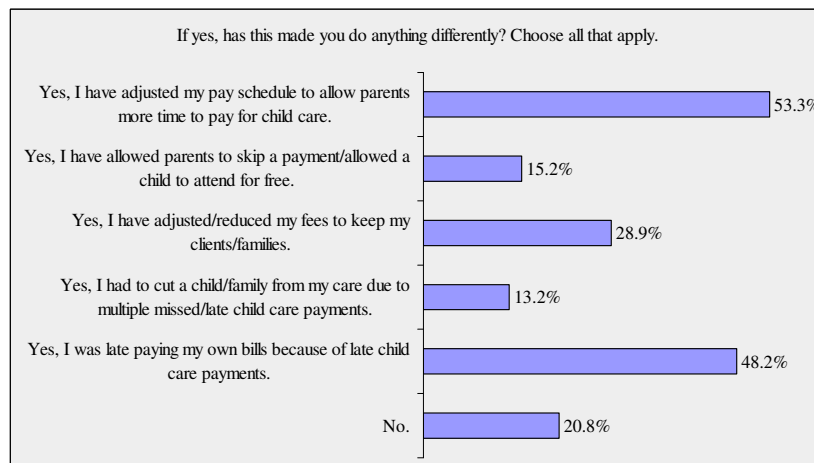
While such alternative forms of child care may become necessary for families trying survive these tough economic times, the quality of care children receive from untrained individuals who are not certified in early childhood education and care could potentially be detrimental to young children placed in these sorts of makeshift, often substandard care arrangements

Besides losing families who were once filling child care slots, many family child care providers

and day centers must also cope with late or non-existent payments from the families of those children still in their care. 66% of family day care providers report parents making late payments forcing providers to make accommodations and adjustments. 53% of family day care providers have allowed parents more time to make their child care payments, nearly 30% have reduced their fees to keep clients and 15% have allowed a parent to skip a payment or have kept a child for free. Furthermore, **nearly half of all family child care providers surveyed reported being late paying their own bills due to tardy child care payments from parents of children in their care.**

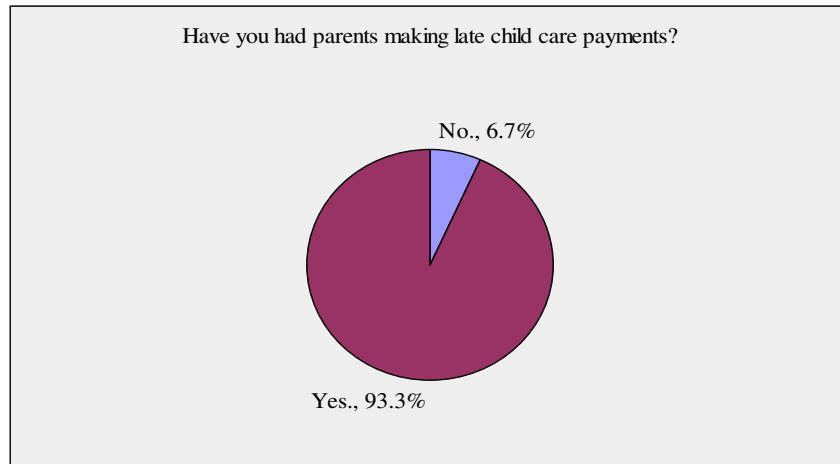


Graph 1.6 FCCPs: Late Child Care Payments

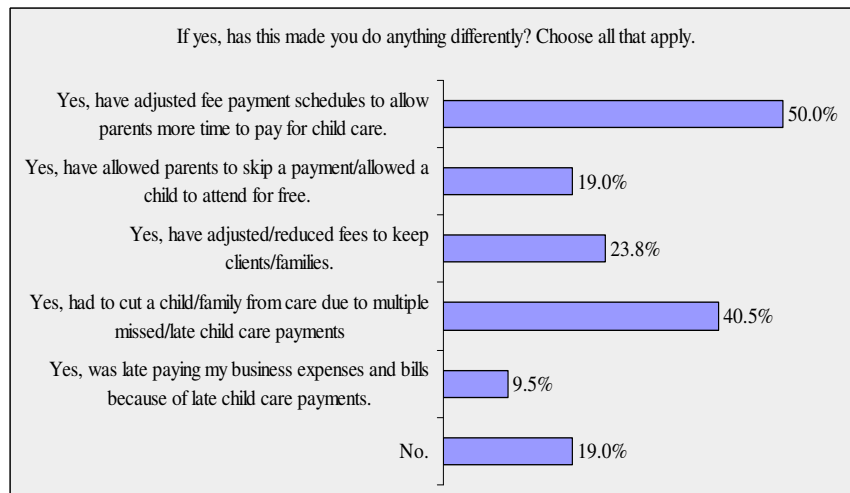


Graph 1.7 FCCPs: Coping Strategies for Late Child Care Payments

With 93% of day care centers reporting late payments for child care, they too have had to make concessions or adjustments. 50% have adjusted their payment schedule to allow parents more time to make a payment and unlike family child care providers, only 14% of whom had cut a family/child from their care due to late or missing payments, more than **40% of day care centers have cut a child from their rolls due to missed or late payments from families.** Nearly a quarter of all day care centers surveyed have reduced or adjusted their fees to accommodate families' needs and prevent vacant child care slots.



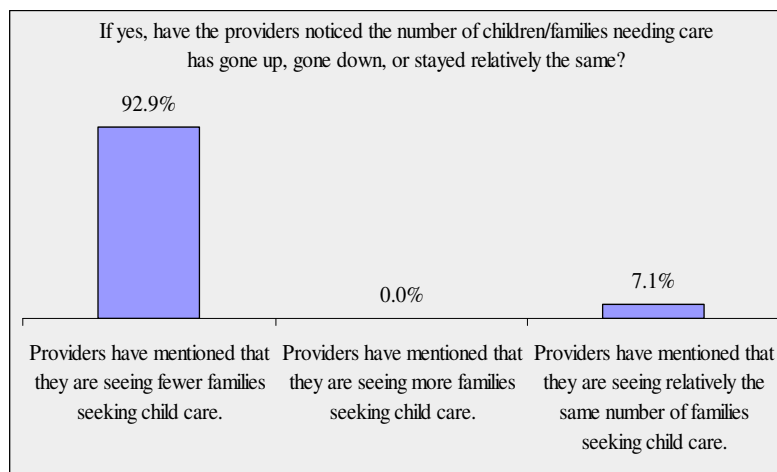
Graph 2.6 Centers: Late Child Care Payments



Graph 2.7 Centers: Coping Strategies for Late Child Care Payments

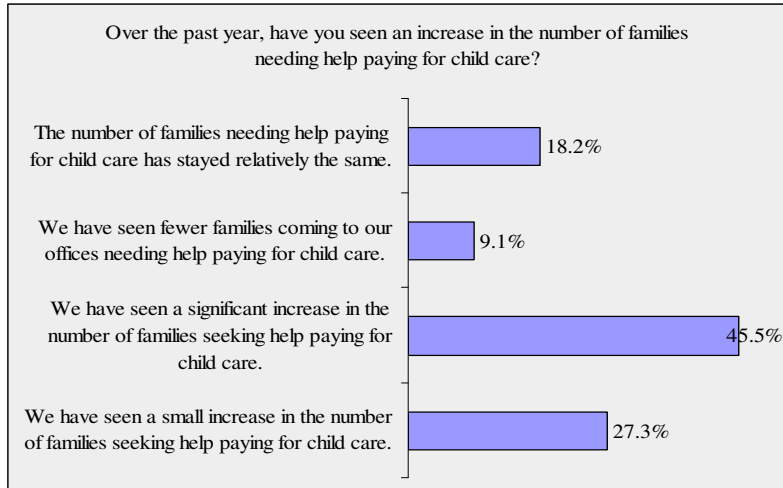
## What are CACFP Sponsors and CCR&Rs seeing?

The results of the survey given to Child care resource and referral agencies and Child and Adult Care Food Program sponsor organizations mirror those seen in the surveys of child care workers across the state. **The majority of respondents noted that while they had seen the number of child care providers in their area stay relatively the same or go down somewhat-** which echoes the results from the provider and day care surveys that most child care businesses are not closing their doors quite yet- **93% of respondents said that child care businesses had reported fewer families seeking their child care services.** This backs up the results from our child care worker surveys which almost unanimously agreed that fewer families were seeking child care services and/or more families had been leaving their services.



*Graph 3.3 Sponsors and CCR&Rs: Providers' Comments on Number of Families Seeking Child Care Services*

The sponsors and CCR&R **respondents also reported an increase in the number of families they are seeing who are seeking assistance in paying for child care.** 73% of those surveyed said they had been in contact with more parents needed help affording child care and of those, 46% had seen a significant increase (See graph 3.5). These survey results mirror our child care provider and day care center survey results which reported a large increase in the number of families making late child care payments and which showed a substantial number of caregivers making alternative payment arrangements for families who cannot afford child care or being forced to remove those families from their child care rolls.



*Graph 3.5 Sponsors and CCR&Rs: Number of Families Seeking Help Affording Child Care*

**The results from this survey** of CCR&Rs and CACFP sponsor organizations, two groups directly tied to child care but that do not provide care services, **support the finding** of the surveys of family child care providers and day care centers **that fewer families are using child care and that revenue for child care industry workers has declined over the past year.**



## **Big Picture Recap:**

### **What is the study telling us?**

The economic recession has had a substantial negative impact on Oregon's child care industry in 2009. Both family child care providers and care centers are struggling to make ends meet and maintain a profitable business without cutting vital services for the children and families in their care. While most of the child care businesses surveyed said they are not considering closing their doors, nearly all respondents, both family day care homes and day care centers, reported cutting back on important child care-related expenses and services.

These cuts have become necessary for many child care providers if their businesses are to remain financially viable. Such cuts however have the potential to come at a high cost. If child care providers are forced to make too many cuts in services, they run the risk of lowering the quality of the child care experience for children in their care. Child care services must be seen not simply as "all day babysitting" but rather as important component of shaping a child's early growth and development.

Because some children spend the majority of their waking hours in a child care setting, the quality of the care they receive should be considered just as important as receiving high quality medical care and having a healthy, nurturing home environment. When, because of a loss of revenue, child care providers are forced to cut corners and lower service quality, children are the ones who must bear the real, long-term costs associated with poor quality child care programs.

When families must remove their children from child care programs because they can no longer afford them and instead place their children into tenuous, alternative child care arrangements such as with a neighbor or older sibling, it is ultimately the young children who are most negatively impacted. One respondent to our CCR&R survey said: **"Child care as a whole has suffered... Most families are relying on friends, neighbors, and relatives who are out of work to do the care. Most of these individuals are not looking to offer a high quality program; rather they [only] offer adequate safety and little enrichment."**

The study found that many child care providers have to make service cuts due to a loss of revenue that stems from having vacant child care slots in their businesses and from having to lower or eliminate child care fees charged to families in order to keep children in their care. Because of high unemployment rates and the number of people in the workforce who are underemployed (Oregon's unemployment rate was 11% for the month of December 2009<sup>11</sup>) many families are pulling their children out of child care. Many families can no longer afford quality child care services at all and other families are reducing the hours their children spend in paid child care arrangements because of a loss of a job and/or family income.

The loss of revenue child care providers are seeing potentially affects the quality of care children receive and also the financial stability of the child care providers themselves. Many family child care providers reported making late payments on their own personal bills because of late child care payments received from parents. Thus, the loss of child care revenue is really a part of a

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<sup>11</sup> <http://www.bls.gov/news.release/laus.nr0.htm>; <http://www.qualityinfo.org/olmisj/OlmisZine>

larger economic problem. Parents lose jobs and are unable to afford their child care arrangements and must take their children out of care thereby reducing the revenue child care providers receive for their services. This often creates a situation in which the child care workers are unable to manage to pay for their own bills and family expenses. Many child care providers are low and moderate income mothers themselves who rely on every bit of income their child care business generates to feed and support their own families. As stated at the beginning of this report, the loss of even one child from a provider's child care business can present significant challenges.

Day care centers are not immune to similar effects simply because they are not self-employed, single worker businesses. Several day care center directors reported having to lower staff wages or reduce staff benefits in order to make ends meet at their day care centers. Other responded that they had been forced to layoff some of their employees due to a loss of revenue from the decrease in demand for their services. **One day care center owner-director wrote in saying that she was no longer even able to pay herself a salary.**

In short, many parents cannot afford to keep their children in high quality child care programs because of a loss of a job or other loss of family income. This in turn causes serious financial difficulties for both family day care providers and day care centers alike that need their businesses to be running at or near full capacity in order to pay the bills.

This loss of revenue from child care has forced some centers to layoff workers or cut their wages and has forced many family child care providers into difficult personal financial situations. Thus **the cycle of employment and income loss continues.** One family child care provider talked about how her loss of revenue had not only hurt the quality of her child care business but also had a negative impact on her own home and family life: **“[I have] eliminated all new stuff [in my child care business], even curriculum, [and] cut down on everything else even with my family, Cable, phones, food bills... [We] don't go out to eat, etc.”**

## **What needs to be done and who can help?**

A truly effective approach to address the crisis of the child care industry in Oregon must be multifaceted. There is no one solution or policy initiative that will successfully mediate the short and long-term effects of the economic recession on the child care industry. Rather many different members of the community and workforce need to work in tandem if Oregon is to maintain and strengthen the high quality child care programs it so desperately needs.

### **The policies and programs:**

#### **Child Care Subsidies: Employment Related Day Care (ERDC)**

There are several ways for policymakers, industry leaders and Oregon residents to support our child care industry in Oregon.

Child care subsidies for working families, called Employment Related Day Care subsidies, do exist in Oregon but are reserved for the working families making less than 185% of the poverty level<sup>12</sup>. This report shows that the lowest income families in Oregon are not the only ones who need assistance affording child care.

The Department of Health and Human Services considers affordable child care to be an expense that does not exceed ten percent (10%) of a family's household income<sup>13</sup>. This sort of figure is not a reality for many low and moderate income working families across the state of Oregon. The cost of full time child care in a day care setting for an infant is fourteen percent (14%)<sup>14</sup> of the median income for two-parent households in Oregon- four percentage points above the ten percent of household income as suggested by the Department of Human Services. The cost of full time day care for an infant living in a single-parent headed household is forty-four (44%) of the median family income<sup>15</sup>. Neither of these numbers meets the Department of Health and Human Services definition of "affordable child care". Indeed for the single (female) headed household, **the cost of child care compared to median income is so prohibitively high that it could push an otherwise middle-class family into poverty.**

Thus the overall high cost of child care without adequate state and federal assistance places many hardworking families in the difficult situation of having to either cut their spending on other household necessities like food, shelter and utility costs or to employ low quality child care options because of their lower cost.

This report shows that if the child care subsidy eligibility limits were raised to include more moderate income working families more Oregon families could afford high quality child care programs and fewer would have to compromise quality in order to find affordable care for their children.

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<sup>12</sup> <http://www.oregon.gov/DHS/children/childcare/subsidy.shtml>

<sup>13</sup> National Child Care Information and Technical Assistance. 2007. State Profile: Oregon.  
<http://nccic.acf.hhs.gov/ccdf/index.cfm?do=viewStateProfile&state=OR&fy=2008-2009>

<sup>14</sup> NACCRR: 2009 Child Care in the State of: Oregon. Created by: NACCRRRA and Oregon Child Care Resource & Referral Network. 2009.

<sup>15</sup> NACCRR: 2009 Child Care in the State of: Oregon. Created by: NACCRRRA and Oregon Child Care Resource & Referral Network. 2009.

Likewise, an increase in the overall rates of child care subsidies to keep up with the rising costs of child care would help ensure that parents are able to afford truly high quality, developmentally appropriate child care services for their families and do not have to settle for substandard care simply because they receive inadequate child care subsidies. Furthermore, raising the rates of child care subsidies works to ensure that child care providers receive adequate wages for their valuable services.

Coupled with increasing subsidy rates and raising income eligibility limits to include more working class families, a statewide media outreach campaign would increase families' awareness of the child care assistance programs available in Oregon and help raise participation rates in these and similar programs for eligible families.

### **Employer Supported Child Care**

Along with child care subsidies for working families there are other measures that could be taken in Oregon to help families afford quality child care. Another important funding source is employer supported child care. Oregon businesses could do a lot to assist their employees by offsetting the high cost of child care<sup>16</sup>. Employer-based solutions range from something as simple as provided child care referral services for new employees and employees with young children, to providing financial subsidies or assistance for employees to afford quality child care. Larger companies across the state could also examine the option of on-site, employer-subsidized day care programs for their employees. Such programs have been effectively employed by other large corporations across the country<sup>17</sup>.

While there are costs associated with employer supported child care initiatives, employers often reap large benefits in return. Parents who are able to afford high quality child care for their children and do not worry about their children's safety, can be more productive and committed employees<sup>18</sup>. Employers can also attract a wider range of talent and experience by providing child care assistance options that make it easier for single parents to remain in the workforce and for new parents to move seamlessly back into their positions after the birth or adoption of a child. Employers can also be eligible for some tax deductions for sponsoring child care initiatives for their employees.

And the ultimate benefit for employers is that they are investing in the future workforce of the state. By assisting in providing access to high quality child care programs for Oregon's young children, Oregon businesses are working to ensure that the next generation of workers and employees is well equipped to be intelligent, productive contributors to our state's economy and employers' bottom lines<sup>19</sup>.

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<sup>16</sup> Children First for Oregon: Policy Brief: Affordable Child Care in Oregon. 2008, page 3.

<sup>17</sup> <http://www.sas.com/jobs/USjobs/benefits.html>

<sup>18</sup> Work life Oregon: [worklifeoregon.org](http://worklifeoregon.org). For employers: return on investment.

<sup>19</sup> The Child Care Partnership Project: Fact Sheet of Public-Private Partnerships for Child Care. US Department of Health and Human Services. 1998.

## Child Care Tax Credits

There are several federal and state tax credits available to both families and employers to reduce high child care costs. Oregon has a “Working Family Child Care Credit” for low-income families<sup>20</sup>. There are the Dependent Care Tax Credit and the Earned Income Tax Credit available to working families. Businesses that provide child care assistance to their employees can take advantage of tax breaks and incentives at the state and federal levels that offer a tax credit for a percentage of the total amount spent per employ on child care assistance or subsidies.

These programs are wonderful ways to promote spending and investment on high quality, developmentally sound child care programs for Oregon’s youngest citizens. Oregon is also one of a handful of states that provides an incentive to all of its taxpayers who support state efforts to make child care more affordable through the Oregon Child Care Contribution Tax Credit Program<sup>21</sup>. Unfortunately, many of these tax incentives and refunds are underutilized by both businesses and families<sup>22</sup>. A general lack of knowledge about these tax benefits may contribute to their underutilization and a statewide media campaign to promote the benefits of supporting and using high quality child care programs aimed at business owners and families alike could raise awareness about these tax incentives and increase the amount of funding directed towards supporting high quality child care across the state. Free and low-cost tax preparation programs for low-income Oregonians could also work to ensure that their staff and volunteers are knowledgeable about these child care tax credits and work to ensure all eligible clients take advantage of the benefits.

## Wage Supports

Child care workers are some of the most important and valuable workers in our economy in terms of the precious lives they shape and care for every day- yet they are some of the worst paid workers as well. The Center for the Child Care Workforce, a part of the American Federation of Teachers, sponsors an annual “Worthy Wage Day” every May. One this day, early childhood educators and activists try to highlight the need for all child care workers to be recognized for the vital services they provide and paid a living wage<sup>23</sup>. The website for Worthy Wage Day boldly declares that the human rights of all educators are violated when child care industry employees are paid “poverty wages” and goes on to further discuss how the fact that the vast majority of child care workers/early childhood educators are women and often women of color plays a societal role in keeping wages for child care workers so low<sup>24</sup>.

The Bureau of Labor Statistics points out that the hourly earnings of nonsupervisory child care workers, meaning those caregivers who do not directly manage or run a business where they oversea others- the vast majority of early childhood caregivers, was almost \$7 than less similarly skilled and educated workers in other fields. The average weekly earnings in the child care field

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<sup>20</sup> <http://www.oregon.gov/EMPLOY/CCD/docs/familyTax.pdf.pdf>

<sup>21</sup> <http://www.oregon.gov/EMPLOY/CCD/taxcredits.shtml>

<sup>22</sup> Children First for Oregon: Policy Brief: Affordable Child Care in Oregon. 2008, page 3.

<sup>23</sup> [http://www.ccw.org/index.php?option=com\\_content&task=view&id=23&Itemid=52](http://www.ccw.org/index.php?option=com_content&task=view&id=23&Itemid=52)

<sup>24</sup> <http://worthywageday.org/>

in 2008 were \$345 compared to the average earnings of a similarly skilled worker in the private service industry as a whole at \$608<sup>25</sup>.

Regardless of the causes or social factors that influence wages for child care workers one thing remains true- most early childhood educators and child care industry workers do not receive the salary and benefits they deserve for their hard work. But as mentioned previously, most child care workers are only paid what families can afford for their services. The fact that many families cannot afford to pay the caregivers who nurture and care for their young children a living wage speaks to a larger systemic problem of early child care issues being off the radar of much of the American media and many policymakers.

One program that seeks to address the lack of living wages in the child care field is the Child Care WAGES Project<sup>26</sup>. The WAGES program provides low-paid child care providers caring for children from birth to age 5, both in family day care as well as center-based settings, a wage supplement. Providers are eligible based on “their continuing education and the continuity of care they provide”<sup>27</sup>. This means that child care workers who routinely keep their certification renewed and seek additional training and coursework in early childhood education while continuing to work at the same child care facility or as a family child care provider, are given supplemental earnings to support their achievement and dedication to their field. The mission behind the WAGES program is promote the creation of a stable relationship between child care workers and the young children they care for by rewarding caregivers who remain in their current position while furthering their education and industry expertise through early childhood education classes and certificate programs.

The WAGES Project was started in North Carolina in 1994 to address the high turnover rates and low salaries among early childhood educators. The program has since seen great success statewide and has been implemented in Florida and Kansas with positive results as well. The WAGES Project works hand-in-hand with another program designed to support early childhood industry employees and strengthen the child care industry across the country, the T.E.A.C.H. Early Childhood project. The T.E.A.C.H. program provides scholarships for child care workers who seek degrees or certification in early childhood education. This program provides a wide range of child care employees with access to college courses in the early childhood field and has been found to be a successful way to address the need for a well-qualified and fairly paid workforce in the child care industry<sup>28</sup>

The T.E.A.C.H. Early Childhood program, like its sister project WAGES\$, started in North Carolina and to date has been successfully implemented in an additional 20 states. Neither of these programs has been implemented in Oregon but both are wonderful examples of state-level

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<sup>25</sup> <http://www.bls.gov/oco/cg/cgs032.htm>

<sup>26</sup> <http://www.childcareservices.org/index.html>

<sup>27</sup> The T.E.A.C.H. Early Childhood & Child Care WAGES Projects, Annual program report, 2007-2008. The Early Childhood Workforce: Making the Case for Compensation. Child Care Services Association, 2008.

<sup>28</sup> Ibid.

support for the early childhood care industry and recognition of the dedicated caregivers whose jobs are crucial to the economic success of our state both now and in the future.

## **The players:**

Besides the obvious need for lawmakers, our elected officials, to craft and establish programs that promote affordable, high quality child care programs for all Oregon families, other groups across the state can play a vital role in supporting the child care industry in Oregon. As previously stated, there is also a large role for employers to play in supporting quality care for young children. But **individuals and families too can work to promote the affordability child care** in Oregon by supporting child care businesses that use good care practices: those that are licensed and registered with the state Child Care Division, obtain certification and higher education credentials in early childhood, support nutrition education for young children by enrolling in the Child and Adult Care Food Program (CACFP), and take other measures to ensure they provide the highest quality child care possible.

**Child care resource and referral agencies and Oregon Department of Education Child Care Division staff can promote the benefits of certification and education for child care providers** and can publicize information about scholarships and financial assistance available to child care workers interested in furthering their education. Both the Child Care Resource and Referral agencies as well as those on the Child Nutrition Division at the Department of Education can **increase their promotion of the Child and Adult Care Food Program** as a way to financially support child care providers in both family day care and center-based care settings.

**The Child and Adult Care Food Program has been shown to be an effective aid in preventing childhood food insecurity and also serves as a wage/income supplement for child care providers** by offsetting the rising cost of food. CACFP is a wonderful tool that assists child care providers in serving healthy, nutritious foods to the children in their care at a reasonable cost. ODE and CCR&R staff should recognize and promote both the nutritional and financial benefits of this federal nutrition program. CACFP sponsor organizations as well can actively recruit new child care providers into the program and can work to provide the best support services possible to the family child care providers they monitor.

ODE and other state and local child care related agencies can also work to promote enrollment in the state's "Family, Friends, and Neighbors" care program. With the rising cost of child care relative to the poor job market and economy, many families are being forced to seek casual, alternative child care arrangements for their child. While these are not optimal solutions and the ultimate goal should still be to assist families in affording high quality child care and assisting child care workers in providing quality care, promoting programs that work to improve the quality of even informal child care arrangements is a step towards protecting the development and wellbeing of Oregon's young children.

Child care workers themselves, be they family child care providers or day care center workers, can seek out resources and assistance available to them in order to make their businesses profitable and to ensure they provide the best quality care possible. **Child care providers can also accept DHS child care vouchers and child care subsidies to make sure that not only**

**middle and upper middle class families have access to quality child care.**

And all Oregonians, whether they have children or grandchildren in child care, can donate their money to the Oregon Child Care Contribution fund for a tax credit and educate their elected representatives in Salem and Washington, D.C. about the needs of the child care industry both in our state and across the country. The child care industry is not only of important interest to families with small children and child care providers themselves. Quality child care businesses benefit local economies across the state and set solid developmental foundations for Oregon's future leaders and workers of tomorrow. **Promoting initiatives that support the child care industry benefits all Oregonians both now and for years to come.**

### **Conclusion:**

Our nation's economic forecast may not be as bleak as it was one year ago but things are still tight for many American families and unemployment rates are still high across the country and especially in our own state. Now is the time to act to support the child care industry in Oregon and the high quality child care programs that diligently work to ensure that future generations of Oregon's citizens and workforce have a sound developmental start- one that allows them to develop into contributing members of communities all around the state.

High quality early childhood care programs work to ensure that young children are off to a positive start in life, both physically and mentally, by promoting nutrition, providing healthy meals to promote food security and creating a healthy learning environment for emotional and cognitive growth. Caregivers across the state employed in such high quality programs are an important defense against childhood hunger, food insecurity, anti-social behavior and learning disabilities in the youngest of Oregon's children.

**The child care industry in Oregon is a vital component of our economy and our future and must be recognized for the important role it plays in the functioning and continued prosperity of our state.**



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**The Oregon Child Development Coalition:** As one of the largest early childhood care and education networks in Oregon, OCDC is dedicated to improving the lives of children and families through dynamic leadership, advocacy, and unique and essential services that embrace education as the catalyst in this process. [www.ocdc.net](http://www.ocdc.net)