



**CITY COUNCIL MEETING  
STAFF REPORT**

<b>Meeting Date:</b> November 18, 2024		<b>Subject:</b> Child Care in Wilsonville	
		<b>Staff Member:</b> Matt Lorenzen, Economic Development Manager	
		<b>Department:</b> Community Development	
<b>Action Required</b>		<b>Advisory Board/Commission Recommendation</b>	
<input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 <sup>st</sup> Reading Date: <input type="checkbox"/> Ordinance 2 <sup>nd</sup> Reading Date: <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable	
		<b>Comments:</b> This report and presentation summarize staff's work with regard to Council Goal #10, including recent survey results. Staff seeks further direction, if any, from Council.	
<b>Staff Recommendation:</b> N/A			
<b>Recommended Language for Motion:</b> N/A			
<b>Project / Issue Relates To:</b>			
<input checked="" type="checkbox"/> Council Goals/Priorities: 10. Convene a childcare partner consortium to understand the barriers, challenges, and opportunities for increasing childcare opportunities in Wilsonville. Consider the City's role and potential actions for supporting the outcomes.		<input type="checkbox"/> Adopted Master Plan(s):	<input type="checkbox"/> Not Applicable

**ISSUE BEFORE COUNCIL:**

Please provide feedback and/or direction, if any, to guide staff's actions pertaining to this Council goal moving forward.

## EXECUTIVE SUMMARY:

### Background

In late 2022, staff briefed the City Council on child care in Wilsonville, as both a social and economic/workforce issue, sharing data collected during the previous summer through an online survey that received approximately 120 responses. Staff conveyed that access to child care in the City was a growing concern, and that even those seats available through local providers were scarce and increasingly unaffordable.

At the February 2023 goal-setting retreat, the City Council set the following goal:

### Economic Opportunity:

#### **Attract high-quality industry and support economic opportunity for all in Wilsonville**

10. Convene a childcare partner consortium to understand the barriers, challenges, and opportunities for increasing childcare opportunities in Wilsonville. Consider the City's role and potential actions for supporting the outcomes.

### Consortium – 2023-24

Name	Capacity	Type
Siemens Child Dev. Center	120	Center
LuLu's Child Care	16	Home-based
Brighten Montessori	80	Center
Building Blocks ELC	71	Center
Building Blocks ELC (Littles)	30	Center
Building Blocks ELC (Baby)	12	Center
Club K – Boeckman Creek	60	School-based (after school)
Club K – Boones Ferry	75	School-based (after school)
Champions – Lowrie	Unknown	School-based (after school)
Early Years	29	Center
Evergreen Child Dev. Center	111	Center
Kids Cove	26	Center
Kids Cove 2	16	Home-based
New Foundations Preschool	37	Center
Valley Christian Preschool	58	Center
<b>Total</b>	<b>741</b>	-

With Council President Kristin Akervall's leadership and direction, Staff convened a consortium of local child care providers that summer (2023) and held a number of meetings over the course of the next year in order to better understand the challenges and opportunities facing this group of business operators. Above is a list of current local child care providers and their stated capacity. Please note that capacity is not the same as enrollment. Most of these child care providers are undersubscribed—something discussed further on.

Approximately half of these providers have participated in our consortium over the past year. Those that did not participate, in most cases, expressed they wished they could have participated but were unable to do so as their presence was needed in their facilities in order to meet required student-to-teacher ratios.

Through robust exploratory conversation, staff has confirmed many points that are widely known and well-documented regarding the national child care crisis. In addition, local providers also shared valuable information and anecdotes that tell a more nuanced story, including several points that aren't as widely discussed in state and national conversations.

A very succinct summary of the “known” inter-related issues that our consortium fully confirmed:

- **Staffing Challenges**  
A combination of factors related to the nature of the work, low compensation, lack of benefits, stressful working conditions, and competition from other entry-level industries such as retail and service that can pay the same or more, make it difficult to hire and retain quality employees. Yet, families demand affordability which puts downward pressure on wages, an operator's highest cost.
- **High Operating Costs**  
Labor, regulations and licensing, real estate, utilities, insurance, supplies, toys and play equipment, food and snacks, all contribute to a high overhead for operators. Many of these costs do not change, regardless of enrollment levels. Operators must enroll at 90-100% of capacity just to stay in business.
- **Facilities**  
Regulatory requirements as well as parental standards compel operators to use Class A and B properties with accessible locations, good access, and the appropriate utilities, fixtures, room configurations, and perhaps most challenging, an outdoor play area that meets standards and expectations. Even with budgetary flexibility, such facilities are scarce, and extremely costly on the front-end to create from scratch.

As Council President Akervall keenly observed and illustrated in our meetings, these three issues and their subcomponents, create a web of dependent loops that, in most cases, can quickly become negative feedback loops, putting even the best child care provider out of business. The most common pattern occurs when a provider cannot find sufficient, quality staff. In this case, enrollment must be limited due to the high teacher-to-student ratios required in Oregon. When enrollment is limited, revenue is limited, yet most overhead expenses remain constant. If this pattern of understaffing continues, an operator must choose to continue operating at a loss, raise rates, or close completely. In many unfortunate cases, the rational option is to close when families can no longer bear higher tuition costs.

**In short, if child care is to be high quality, affordable for working families, and abundant (all of the above) an injection of funding (aka subsidy) is needed in order to stabilize what is currently a broken private market.**

### Other Discoveries

The phenomena discussed above are fairly broadly understood by those with an interest in the child care crisis. A few other discoveries were made throughout our consortium's conversations:

- Childcare businesses do not have a professional association for support of workers or owners. There is no union or association to support operators when legal issues do arise. Department of Early Learning and Care (DELIC) is busy protecting the child. Operators are busy protecting the child. No entity or organization exists to protect the teachers or owners. The laws and rules governing child care businesses are written and enforced by DELIC. DELIC is also the entity issuing penalties if issues are found valid. Operators and teachers have no legal recourse to manage legal or compliance issues.
- Similarly, when it comes to policy advocacy, privately operated childcare businesses do not have a united voice, nor are they recognized in most policy conversations as a key stakeholder. The list of children's advocacy organizations is long:
  - Child Care for Oregon
  - Family Forward Oregon
  - Our Children Oregon
  - Children's Institute
  - Oregon Childcare Project
  - Oregon Child Development Coalition
  - Oregon Childcare Alliance
  - Oregon Child Care Association
  - Oregon Association for the Education of Young Children
  - Children's Center (Clackamas County)
  - Clackamas County Child Care Coalition
  - Oregon State University – Oregon Child Care Research Partnership

While these organizations (not an exhaustive list) seem to be rowing mainly in the same direction, they seem to be in different boats and do not appear to be coordinating with one another.

- The Oregon Legislature has (thus far) only invested public funding into child care *facilities*. While child care providers recognize facilities as a challenge, they consistently rank facilities as a secondary or tertiary stressor. Local providers expressed concern that injecting funding into facilities could actually exacerbate other issues, such as staffing and wages. If new facilities are built or current facilities expanded, those facilities must be staffed, which will put additional demand on the already shallow pool of talent. Existing businesses may be lost, in which case the public investment will not have accomplished its purpose—to increase the number of child care businesses and available slots in the state.
  - A similar phenomenon is occurring with Preschool for All in Multnomah County. The program mandates that providers pay a generous compensation package for teachers. This requirement, while important, is causing teachers from the tri-county area to terminate their employment in other counties seeking the higher wages in Multnomah County. Providers in the other counties do not have the public subsidy and cannot compete, further destabilizing the regional system.

- Oregon’s **ERDC** (Employment Related Day Care) program is popular among both families and providers. The program offers income-based financial assistance based on household income and family size, which covers a portion of child care expenses. Families get to choose their approved provider, and the program aims to support workforce participation and educational advancement among parents, reducing barriers to stable employment and economic mobility. Many providers believe a massive expansion in funding and family eligibility would solve many issues, as it would help with affordability for families and enrollment for providers.

### 2024 Survey Results

In 2022 the City issued a survey to Wilsonville families in order to understand their experiences with accessing and affording child care in the city. In 2024, the City issued a new survey with different questions designed by members of the Child Care Consortium. Most of the data collected confirms everything discussed in this report, and there are hardly any new revelations; below are a few of the more interesting takeaways. The full survey results data are attached.

- 180 responses
- The most common form of child care utilized is a Child Care Center or Preschool. (52%)
  - Second, is a relative, friend, or neighbor. (28%)
- Over one third of families are paying over \$1,000 per month, per child for care
  - 15% of families are paying more than \$1,500 per month, per child
- 31% of respondents said their current child care setting was not meeting their needs
  - Respondents’ desired setting was quite varied, demonstrating the need for a mixed-delivery solution.
- Nearly 50% of respondents use all-day care at least 2-3 days per week.
  - Many are seeking all-day, 5-day per week care, but cannot find or afford it.
  - Other common needs include after school and/or extended hour care for people working long or odd shifts.
- Most people are seeking child care in order to allow them to work either outside the home or from home.
- The greatest factors affecting families’ ability to secure child care are 1) Cost, 2) Availability, and 3) Schedule/hours of care
- 40% of respondents reported they had to make changes to their child care situation due to circumstance beyond their control (e.g. provider/center closed, tuition increase, etc.)
  - Of that 40% nearly all said those changes affected their ability to work.
- Summer-time and afterschool care were stated repeatedly as needs.
- 75% of respondents had completed college or graduate school
- 30% of respondents have a household income over \$200,000. 30% of Wilsonville does not have that household income. We need to do more to hear from lower-income families.

### **EXPECTED RESULTS:**

N/A

**TIMELINE:**

N/A

**CURRENT YEAR BUDGET IMPACTS:**

None.

**COMMUNITY INVOLVEMENT PROCESS:**

All child care businesses in Wilsonville were invited to participate in the Consortium. All families were invited to participate in the 2024 Survey for Families. The survey was available on the City website, Facebook, and at the August Party in the Park.

**POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:**

Impacts or benefits to the community depend entirely upon Council's choice of action. None has been determined at this time.

**ALTERNATIVES:**

As noted, the child care crisis is a massive, multi-faceted issue that extends far beyond Wilsonville and even the State of Oregon. It is reasonable to conclude that the breadth and depth of the crisis precludes a local response. However, because Council has expressed concern over this issue in the past, below are a few options for how the Council may choose to act in light of the information shared in this report. Of course, other policy or programmatic solutions may be suggested. The Council has already determined to lend lobbying support to child care policy at the Oregon Legislature as part of the Council's adopted 2025 legislative priorities.

- Pursue Community Development Block Grant (CDBG) grant funding to support local providers with technical assistance to be provided by a third-party contractor
- Study the revenue generation capacity of an incremental local payroll tax increase to fund programming to support local providers and/or eligible Wilsonville families
- Direct staff to recommend a grant/incentive to offer a child care business desiring to reoccupy the former YMCA space on Main Street
- Defer the question to the incoming 2025 City Council

**CITY MANAGER COMMENT:**

N/A

**ATTACHMENTS:**

1. 2024 Childcare Survey for Families – Results (pages 72-74 redacted for respondent privacy)