

# Oregon Business

September 2022 | OregonBusiness.com

## NO KIDDING

The fight to fix Oregon's child care crisis

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# A CRISIS OF CARE

A photograph of a young child with red hair, wearing a striped shirt, crying in a living room. The child is standing in the middle of a room, surrounded by toys like blocks and a toy box. In the foreground, an adult is sitting at a wooden table, partially visible. The background shows a couch and a coffee table. The entire image has a red color cast.

**Oregon is rolling out new child care supports — including a \$100 million investment — but advocates say the funding is ‘just a drop in the bucket’ for a crisis that’s hampering economic growth around the state.**

BY SHASTA KEARNS MOORE

In the last 15 years, Kathryn Brown has lost many excellent employees. The publisher of EO Media Group in Pendleton says once the professionals who work for her start a family, they soon realize that child care options in the area are few and far between. That forces employees to drop out of the workforce until their children are old enough for school.

The phenomenon, Brown says, “basically guarantees you will need some sort of social welfare to support your family and sets you back years in your career.”

The publisher says she herself had a similar experience when her children were 2 and 1 and she took over the family business in 2007.

“There literally were not any infant or toddler care spots to be found, especially if you needed two full-time slots,” Brown says. But as someone in a higher income bracket, she was able to pool money with another family to pay for a nanny.

But Brown recognizes this is not an option for many in the community. And as a publisher, she’s heard from other community members how difficult





SHUTTERSTOCK

## IN 2019, AFTER LOSING YET ANOTHER

great employee due to a lack of child care, Brown decided she had had enough.

“I just decided that — my kids were in high school and doing fine — that I really wanted to tackle this project,” Brown tells *Oregon Business*. So she formed a board of directors that surveyed the community and hatched a plan.

Pendleton Children’s Center is the result. This fall it will open — in a renovated Quonset hut that until recently housed the Active Senior Center of Pendleton — to 36 preschoolers. Ultimately, the goal is to have enough spots for 150 children ages 5 and under, 12 hours a day, five days a week, with plenty of quality staff and substitutes so there won’t be unexpected shutdowns.

“We’re really focusing on having enough services for working parents,” Brown says. “We are not going to close because of illness. We hope to be big enough to never have to do that.”

Brown says that what she is doing isn’t special, or at least shouldn’t be, and that every community that is interested in the health and wealth of its citizens should be thinking about the need for child care.

“They really need to look at and talk to parents of infants and toddlers and ask: ‘Do you have the resources you need for your children?’” she says. “Are parents out of work not by choice but by necessity — due to lack of child care? And [if they ask those questions,] I think they will find that this is a huge issue.”

**JOSH LEHNER, AN ECONOMIST** with the Oregon Office of Economic Analysis, agrees.

“We know child care access and affordability is a huge issue in Oregon, in all parts of the state,” Lehner says. “It’s preventing a number of folks from working who would want to work.”

The problem can be measured in several different ways. And the problem only got worse during COVID.

Employment in Oregon’s child care sector grew steadily in the first two decades of this century. In February 2020, there were 13,187 jobs in the sector; by May that number had dropped to 8,407, according to data from the Oregon Department of Employment. Those numbers have improved, but are still lower than they were prepandemic: As of March 2022, the most recent month for which data were available, there were 11,656 jobs in the field.

“Employment in the child care services industry is still down 13% since the start of COVID,” Lehner says. Interestingly, the number of child care centers is back to normal, he says, but owners just can’t find the staff while still maintaining “some

**“Are parents out of work not by choice but by necessity — due to lack of child care?”**

KATHRYN BROWN,  
FOUNDER OF PENDLETON  
CHILDREN’S CENTER AND  
PUBLISHER OF EO MEDIA

semblance of affordability for parents.”

Even now, for many parents, it is financially necessary to stay home with the kids.

“That’s when you run into the major issues: because you’re forcing somebody to do something that they would choose not to,” Lehner says. Especially now, when access to child care simply doesn’t exist, “it just kind of worsens that wedge because you know that jobs are available.”

These struggles could even be leading to fewer babies being born in the state. The birth rate has been steadily declining since the mid-2000s. That also means fewer people are aware of what it means to have a young child at home these days.

Without more attention being paid to these sorts of family issues, Lehner says he sees big consequences to the state.

“If you can’t find a house or apartment that meets your needs, and you can’t find child care that meets your needs, you’re just not going to live there,” Lehner says.

**OREGON EARLY LEARNING** system director Alyssa Chatterjee says the state is working hard to address these problems. A slate of recent legislation — backed by federal stimulus dollars — bolstered the efforts.

The new Department of Early Learning and Care will house the Early Learning Division, now under the Oregon Department of Education; the child care subsidy program from the Oregon Department of Human Services; and the Inclusive Partners program from the Oregon Council on Developmental Disabilities. The Legislature allocated an additional \$10.3 million in the 20-23 biennium to support new positions for the new department, which will open by July 1, 2023.

This was part of a \$100 million package of federal stimulus funds that the Oregon Legislature funneled to shore up child care programs.

Under its Employment Related Day Care (ERDC) and Temporary Assistance for Needy Families (TANF) programs, ODHS also boosted its average monthly reimbursement rates to child care providers by between 6% and 25% (depending on factors

it is to keep paid shift work at factories and processing plants when child care options are so uncertain and scarce.

The dearth of child care options in Oregon has long been a problem, but COVID-19’s shutdowns made it worse. The economic impacts touch practically every industry and every community — not to mention the impacts on the next generation of voting and working humans.

Oregon has funded a range of early-childhood support programs in recent years — including a \$100 million package this year — but many say it will take a lot more than that to fix an industry that has been so chronically undervalued.



like type of care and clientele). The new rates went into effect June 1.

Some grant funds have already started going out for facility upgrades at child care centers, and more will become available this fall through [ChildcareForOregon.org](http://ChildcareForOregon.org).

Officials estimate the new programs will create 6,000 new child care spots. But it still won't be enough.

"We were a child care desert before the pandemic," Chatterjee says. "We're anticipating seeing things have gotten worse before they get better."

The agency head says early learning and child care have been treated as a private good that families are on their own to secure — unlike K-12 education — and that's bad for the economy.

"This is a sector that's really built off of the backs of families," Chatterjee says, noting that with demand far outpacing supply, "the only way to [grow] is to charge families more."

The 2022 funding also went to adding more than 2,500 spots to the Preschool Promise program, which aids families with tots' tuition expenses. But program eligibility is capped at 200% of the federal poverty level — a max of \$55,500 per year for a four-person household — even as the minimum wage and inflation rise. And, Chatterjee says, the state is still only able to serve less than 40% of eligible families.

"I think ultimately this will take a federal investment, because the scale of the investment is not something Oregon can shoulder on its own," Chatterjee says.

Chatterjee was hopeful during last year's discussions over the child care provisions in the Build Back Better bill in Congress, but it ultimately failed due to split support in the U.S. Senate.

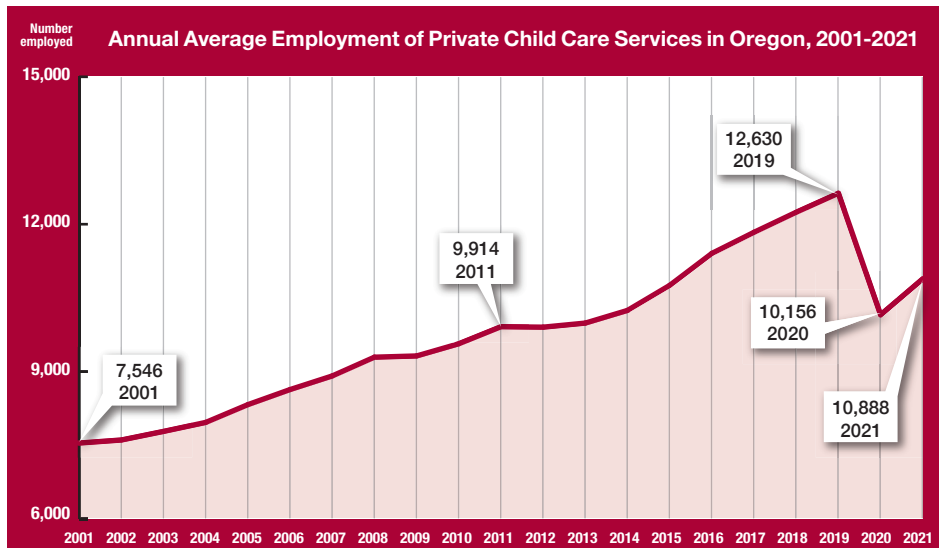
**CHILD CARE ADVOCATES HAILED** the new state investment but still cautioned that the need is great.

"We got \$100 million for child care, but it was emergency funding to deal with the crisis of the pandemic. It was not dealing with the historic loss," says Kali Thorne Ladd, CEO of the Children's Institute, a nonprofit that advocates for increased state investments in early-childhood education. "It is a drop in the bucket — literally a drop in the bucket."

The Children's Institute published a report ahead of the 2022 legislative session outlining the scope of the problem and possible solutions. It quotes data from Oregon State University that 72% of Oregon communities are considered child care deserts as only a third of children under 5 have access to regulated facilities. Babies have it even worse. For the under-2 set, there is less than one spot available for every 10 tykes in 20 counties.



The Pendleton Children's Center is being renovated from a former senior center that was built in a Quonset hut. Organizers hope the day care center will eventually offer up to 150 spots and run 12 hours a day, five days a week.



Source: State of Oregon Employment Department





## Parents of Disabled Children Have an Even Harder Climb but May Soon Be Getting a Boost

While child care options are scarce for all Oregon children, they can be all but impossible to find for the subset of children with major medical or psychological needs.

Oregon day care providers are required by law to accommodate disabled children, but discrimination can still occur due to policies like age limits on diapering or expulsions for uncontrollable behavior.

House Bill 2166 sought to eliminate the latter: By 2026 preschool programs will not be able to suspend or expel clients.

Oregon early learning system director Alyssa Chatterjee says the majority of issues tend to be able to be addressed with professional development training and coaching. As the suspensions and expulsions happen disproportionately to Black boys and children with disabilities, antiracist coaching and behavior support plans can help, she says. And, Chatterjee says, paying providers more for taking on the extra work.

"We need to treat them with the professionalism they are due," she says. "Compensating them is a huge piece of that puzzle."

think that they are the future of our world. Let's double down and support them when we need them more than ever."

**SO IF THIS IS SUCH A HUGE DEAL** — affecting the future of humanity, the statewide economy and every corner of the state — how did care get to be so undervalued in the first place?

Courtney Helstein, senior political director of the advocacy group Family Forward, says it's simple: racism and sexism.

"It's because, since the beginning of this country and long before then, it's because women — and particularly women of color — have been trapped into these roles," Helstein says.

Family Forward's goal, Helstein says, is to "bring about this systems change and to really kind of shift the narrative that, actually, caregiving is extremely valuable, whether paid or unpaid."

As a member of the coalition that advocated for the \$100 million package, Helstein praises the effort but wants more. Five years from now, Helstein hopes that the Legislature will be openly talking about a universal child care system with access for all and with quality compensation packages for providers.

The Institute recommended grant programs that could help with facility upgrades to expand and improve capacity — a recommendation that was incorporated into the final \$100 million package.

This year's passage of state legislation follows Multnomah County's adoption of a universal pre-K measure in 2020. Enrollment for the program opened in April of this year, with 670 spots available; days after enrollment opened, the county reported it had already received 740 applications.

Other states have adopted universal pre-K measures, Thorne Ladd says, but Oregon hasn't. (According to the advocacy group New America, those states include Vermont and Florida.)

"We're not going to be the frontier state doing that," she says.

Thorne Ladd says Oregon needs a substantial statewide investment in early childhood — not just for parents but for business, the workforce and the children.

"There's a child care crisis but there's also a crisis for children. They're connected to each other but they are not the same," Thorne Ladd says. "I think our children are in crisis."

This instability, she says, is happening at a time of gun violence, racial tensions, political tensions, pandemic restrictions, climate change and an explosion in youth mental health disorders.

"There's just so much trauma wrapped up in the last couple of years," Thorne Ladd says. She notes that children can process and rise above the impacts, but only if they are given the safety and guidance to do so. "I always

JASON E. KAPLAN



## “In rural Oregon, it’s very difficult to make child care pencil out.”

SHAUN GIBBS, SOUTH COAST DEVELOPMENT COUNCIL EXECUTIVE DIRECTOR

“We have to be rebuilding, reimagining what a child care system should look like so that it actually works in Oregon,” Helstein says.

If we don’t fix this problem, she says, workforce participation rates will continue to be depressed.

“What that actually means for those individual families,” Helstein says, “is less economic security in the moment but also into the future. That’s one more family that maybe loses access to health care or is not able to contribute to a retirement account and, again, it just perpetuates this lesser lifetime-earning potential. Especially for women, and especially for women of color.”

**FAR FROM THE SKYSCRAPERS** of Portland and the bureaucrats in Salem, the child care crisis still stings, making it difficult to attract employers to rural areas. South Coast Development Council executive director Shaun Gibbs says even before COVID, the laundry list of regulations and the restrictions on provider-to-child ratios made the business model nearly impossible.

“It’s been something that’s been very difficult for rural Oregon to deal with, and there needs to be a long-term legislative fix,” Gibbs says. “In rural Oregon, it’s very difficult to make child care pencil out.”

Gibbs suggested a “backbone” of state-provided services like bookkeeping and HR that child care providers could tap into in order to streamline their efforts.

“I think it’s clear that the risk of not fixing

child care is that the Oregon economy continues to struggle and kind of limp along,” Gibbs says, noting many jobs in rural areas just don’t pay as much as child care costs, creating a domino effect throughout the economy. “It doesn’t really pencil out [to work a job] if you’re spending your paycheck on child care.”

In another corner of the state — the rolling hills of Northeastern Oregon — it’s the same story.

“With the way that the economy is going, I think there’s going to be more people staying at home, and it’s expensive out there,” agrees Tobie Sass, who runs the Umatilla-Morrow Head Start child care resource and referral agency.

In her community, Sass sees how the lack of investment affects providers. She says often providers don’t even make enough to pay themselves.

“How do you make a living with four children charging \$600 to \$700 each?” Sass wonders. “You have to budget \$300 per month per child for expenses. Where do the providers pay themselves if they’re only making \$2,400 and spending \$1,200 on food?”

Sass knows the struggle personally. Her mother was a child care provider, and though she tried to do the upper-management thing, she realized when her son was 8 months old that the juggle was too hard. At one point, she says, Sass realized she was only paying herself about \$1.75 per hour to run her home day care.

In contrast to Gibbs, however, Sass strongly advocates for the benefits of regulation.

“Bad things happen, even with good people caring for children, and we still try to educate on that,” she says. “There’s lots of us doing this work behind the scenes to make sure that children are safe and that parents have somewhere to put their children during the day.”

Sass cites data from HeckmanEquation.org that shows a 13% per year return on investment into early-childhood programs by improving the income-earning potential of parents and grown-up children and reducing reliance on other government programs.

Sass says she is still seeing a lot of interest in Hermiston for new child care providers to come online, and with the new rates and facilities grants, she has hope for the future.

“I really think, because of the investments that are happening, that it’s going to improve,” she says.

**BACK UNDER THE WIDE-OPEN SKIES** of Pendleton, Brown is still working out the myriad details of standing up a program that can even come close to meeting the needs of her small community.

The Pendleton Children’s Center needs to have a certain number of toilets and sinks at certain distances from classrooms, proper exits, enough parking. Pricing has to strike the balance between being affordable and not undercutting existing businesses. The new facility will also juggle staffing ratios and Preschool Promise paperwork for reimbursements.

In all, Brown says, the work is worth it — but it still won’t be a solution for everyone.

“We realize there are a lot of sort of middle-income families that are really in a pinch,” she says. Preschool Promise and Employment Related Day Care (ERDC) subsidies don’t apply to those parents, “and yet they cannot afford the full actual price of child care.”

Without systemic and large-scale solutions, Brown sees this problem echoing into the future.

“It’s still going to be a challenge for many families to afford child care,” she says, “unless there is more political will at the state and federal level to help with those child care costs.”



Shaun Gibbs, South Coast Development Council executive director





At left, Pendleton Children's Center founder and secretary-treasurer Kathryn Brown with center director Brittney Jackson