

A Workforce Strategy and Major Economic Driver: Child Care in Larimer County

A collaboration of



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Dear Business and Community Leaders,

Our early childhood community has long been aware of the increasing shortage of child care options in Larimer County. Our lack of adequate child care affects employers in all industries across Larimer County, as parents cannot work when they do not have safe and stable care for their children.

Multiple groups have joined efforts to address this child care shortage:

- Be Ready – a county wide initiative formed in 2010 to engage the community and support young children and their families so that children can enter kindergarten ready to learn and succeed.
- Directing Change – a coalition of non-profit organizations formed in 2017 to collectively advocate for issues that affect children and families.
- Early Childhood Council of Larimer County – a non-profit organization whose mission is to bring the community together to work collaboratively to ensure that all young children in Larimer County have the care, support and opportunities necessary to grow, learn and succeed.

We wrote the white paper, *A Workforce Strategy and Major Economic Driver: Child Care in Larimer County*, to provide a brief overview of child care challenges for employers and families in Larimer County. The issues are complex, and solutions will require the joint effort of businesses, governmental agencies, educational institutions, and the early childhood sector.

We thank you in advance for reading this white paper and becoming informed about Larimer County's child care crisis. For additional information, please contact Mims Harris at mimsbharris@gmail.com.



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Talent 2.0 Regional Workforce Strategy was released in February 2017. This report was the result of the combined efforts of eight organizations: City of Fort Collins, City of Loveland, Larimer County, Larimer County Workforce Center, Fort Collins Chamber of Commerce, Loveland Chamber of Commerce, Northern Colorado Economic Alliance, and United Way of Larimer County.

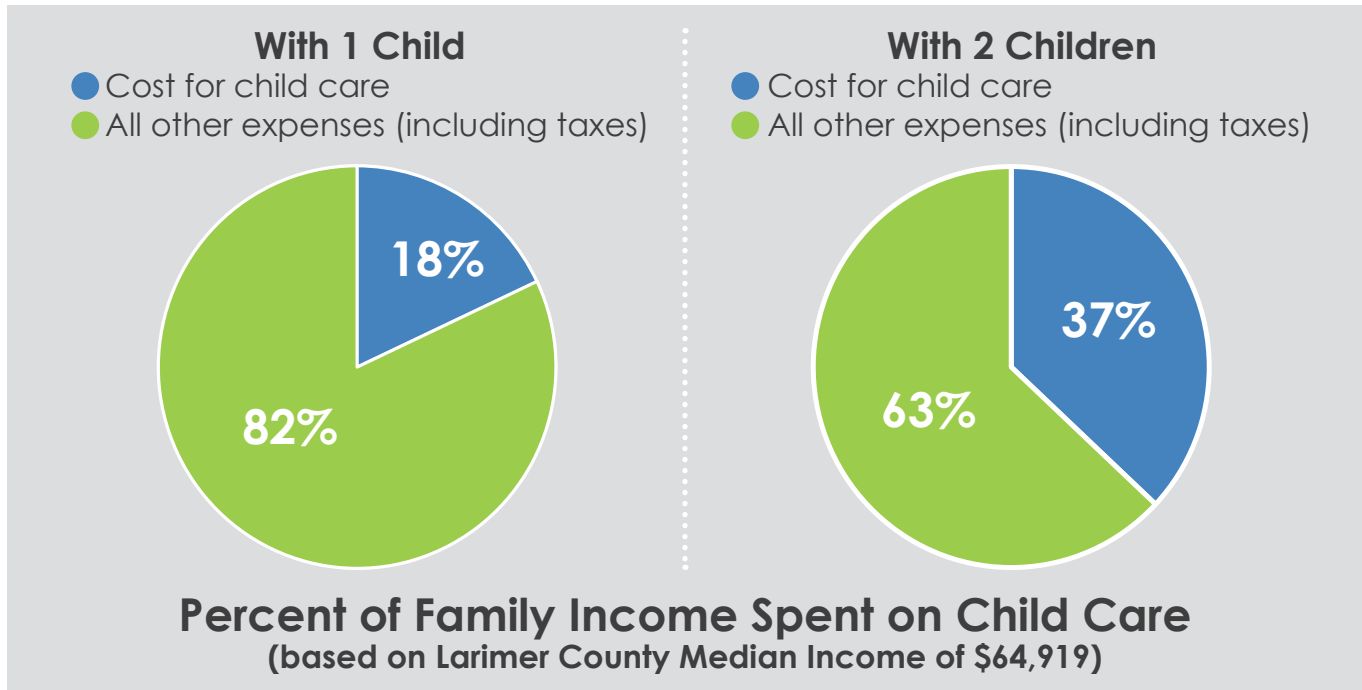
As identified in the *Talent 2.0 Regional Workforce Strategy*, Larimer County is facing three primary workforce challenges: job growth; current and projected labor shortages; and, the aging of the current workforce. Addressing these challenges requires recruitment of younger employees to move into the market. In Larimer County, over 80% of women and over 95% of men between the ages of 25 and 44 are employedⁱ. These employees are the ones most likely to require access to affordable, quality child care as a condition of employment.

Yet, as also identified in *Talent 2.0*, lack of access to child care is one of three key barriers to workforce recruitment and retention in Larimer County. Larimer County has a shortage of quality child care slots for children under the age of 5. Further, the cost of child care is out of reach for many families. We will neither attract nor retain a quality workforce in coming years unless we address the issue of access to affordable, quality child care now.

“When we incorporated the cost of childcare into our budget, it turned out that the job offers she had did not offset the cost of childcare.”
- Bjorn A.

Cost of Child Care

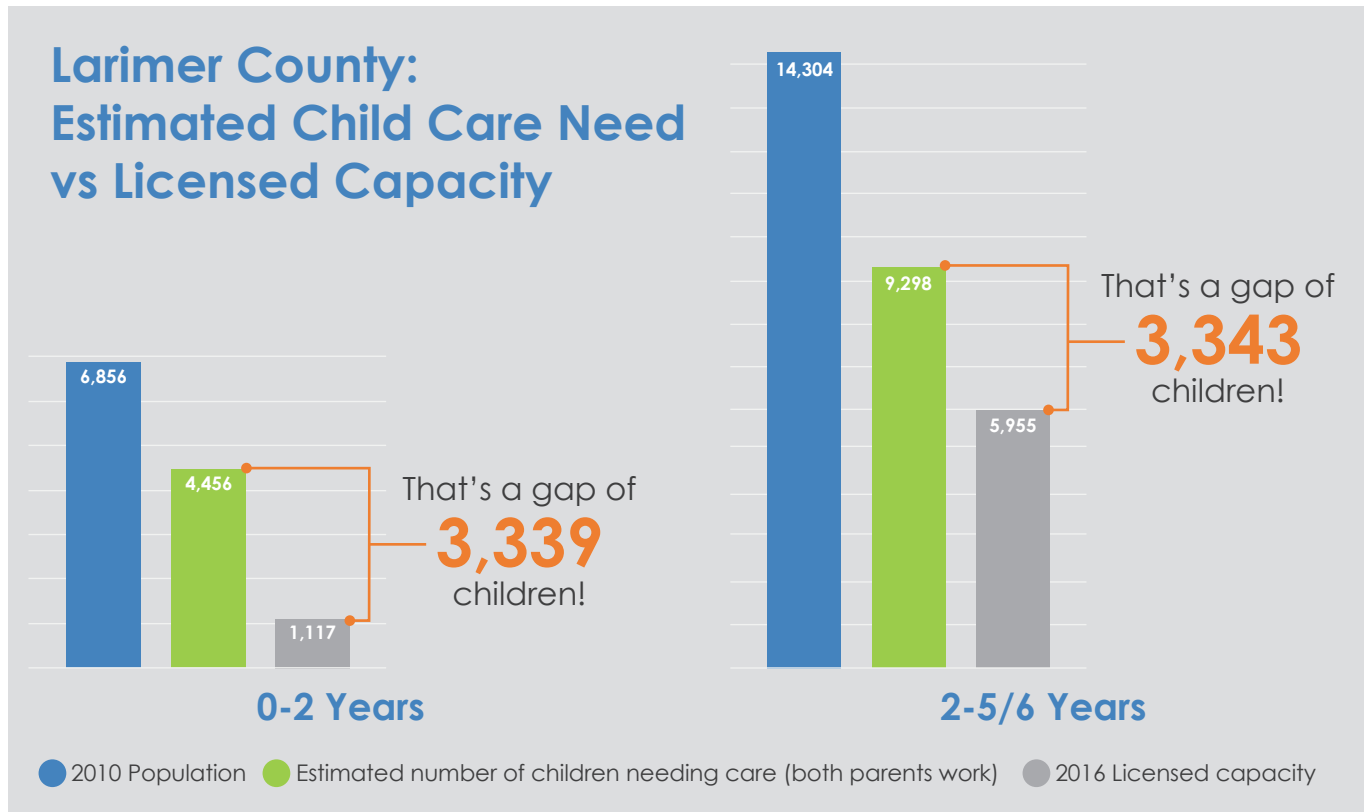
Lack of affordable housing, affordable child care and transportation are identified in *Talent 2.0* as structural barriers that impact family budgets. Families in Larimer County can expect to pay approximately \$12,000 per year for each child needing care, although it may vary depending on the age of the child and the type of care chosenⁱⁱ. Families paying for care have less to spend on housing, transportation and the other costs of living. A family with the Larimer County median income of \$64,919ⁱⁱⁱ and two children under 5, spends 37% of their pre-tax income to cover child care costs. This steep cost is directly correlated with spousal retention in the workforce, as families often reach the conclusion that it makes more economic sense for one parent to stay home while the children are young. Re-employment after time off caring for children can also result in under-employment.



Did You Know? Because 70% of families with young children make less than the median income^{iv} the percentage of income spent on child care is often even greater.

Community Capacity

With the expanding workforce in Larimer County, the gap between demand for and supply of licensed child care is increasing. The shortage is most acute for infant care, with availability estimated at 25% of demand. For preschool age care, availability of licensed care is estimated at 60% of demand. The chart below reflects the estimated 0-5 population^v, estimated number of children needing care^{vi}, and actual supply of licensed child care slots.^{vii}



Families in our community, especially families of infants, are often unable to access care, even when they have the capacity to pay for it. No one knows exactly who is caring for the children who are not in licensed care. Parents may leave the workforce, cut back hours or juggle work schedules to cover child care needs. Other parents piece together care using relatives, neighbors, friends, or older siblings. Such care is often inconsistent, impacting both the quality of the child's experiences and the parent's ability to be reliable at work.

“A 3rd grade teacher in our community was forced to resign mid-semester because she was unable to find care for her infant, leaving a classroom of children without their teacher.”

- Nancy A.

A Failed Market

Child care providers, both profit and non-profit, cannot afford to pay high enough wages to attract and retain a qualified workforce. They, too, are facing workforce challenges that prevent them from operating at full capacity. The high cost of providing quality child care threatens the financial viability and sustainability of providers. The child care industry is considered a “failed market” because those who want the service cannot afford to pay enough for child care providers to afford to supply the desired service.

Proposal

Just as the issue is multi-faceted, the solutions are also complex. **In response to Talent 2.0’s recommendation to address child care challenges collectively, child care industry leaders propose joining forces with business and economic development leaders, forming an official task force of the Talent 2.0 Strategy to pursue solutions for Larimer County.**

American business needs a strong workforce, now and in the future, to compete and succeed in the global economy. Yet in the context of global competition for innovation, human talent, and productivity, American businesses are facing a workforce crisis: there are insufficient workers with the skills business needs to fill existing and new job openings. To address this growing skills gap, we must reconsider the entire education pipeline, starting with high-quality early education and care.

**US Chamber of Commerce
June 2017**

This task force would consider, among other things:

- The number of quality, affordable child care slots needed now and in five and ten years;
- The amount that the great majority of Larimer County parents could reasonably afford to pay for child care and the level of assistance that may be required by others;
- The quality of care needed (and measurement of that quality);
- The desired geographic distribution of the additional slots;
- The most readily achievable routes for expanding capacity;
- Strategies for developing and retaining the qualified early childhood workforce necessary to meet demand;
- Preliminary cost models for expanding capacity, achieving necessary geographic distribution, and ensuring affordability for parents and financial sustainability for providers;
- Cost reduction strategies for providers, e.g., sharing kitchen facilities, maintenance services, accounting and payroll services;
- Possible funding for expanding affordable, quality child care capacity, including the funding necessary to develop a definitive plan;
- Regulatory and administrative barriers; and
- Building community support.

“I was entertaining an offer for a position at CSU and one of my first steps in making the decision was to find child care for my 16 month old daughter. I was shocked to learn how long the waiting lists are in Fort Collins.”
- Jeanine P-G

Addressing the lack of adequate child care in Larimer County is critical to maintaining a healthy economic environment. Solutions will require the joint efforts of business, policy makers and the early childhood sector.

ⁱ Economic and Workforce Health Report, Larimer County Workforce Development Board, Spring 2017

ⁱⁱ Average Cost of Care Report, Early Childhood Council of Larimer County, February 2017

ⁱⁱⁱ 2015 Median Income in Larimer County, <https://www.larimer.org/about-larimer-county/vital-statistics-census-information/larimer-county-economy-statistics>

^{iv} Study of Projected Demand and Impact of Early Care and Education Services in Larimer County, Colorado, JVA Consulting, LLC, 08/3/2010

^v <http://datacenter.kidscount.org/data/>

^{vi} <http://datacenter.kidscount.org/data/>

^{vii} Early Childhood Council of Larimer County, 2016