

# Child Care Landscape Phase II

## Child Care & Its Impact on Orange County's Economy

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# Two Phases of Child Care Reports to Inform Actions in Phase III

## Phase I

### Child Care Landscape Analysis

Data analysis on the Supply of Child Care in OC, flow of dollars, bright spots and barriers

In-depth interviews with 20+ child care experts

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### Economic Analysis

Conducted by Dr. Wallace Walrod, TCCG, LLC

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### Employer Perspective

52 Orange County employers provided input, representing over 71,000 employees

In-depth Interviews + employer survey

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### Family Perspective

Survey completed by more than 1,220 parents/guardians (in English & Spanish)

In-depth interviews with 21 parents representing a broad cross section of Orange County

## Phase II: Child Care & Its Impact on Orange County's Economy

## Phase III: Developing Solutions

# Phase I: Key Findings

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- 60% of children under the age of five have all their parents in the workforce.
- There is a significant shortage of infant and toddler care in our county – even if just  $\frac{1}{3}$  of infants and toddlers in Orange County required child care, there would still only be enough licensed capacity for 1 in 7 children.
- 6% of total eligible infant and toddlers are served by state and federal subsidized programs.
- There are insufficient and inappropriate facilities to expand infant/toddler care.

# Economic Analysis

# Economic Analysis Approach

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- Based on model developed by the Bureau of Economic Analysis (BEA)
- Measures the 'ripple effect'
- Result: a more complete understanding of the overarching impacts associated with child care and child care-related challenges

# The impact of child care-related challenges -- to the overall Orange County economy, families and employers -- is *significant*<sup>1</sup>

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- \$4.3 Billion annually in lost productivity and wages
- \$372 Million annually in lost tax revenue
- More than 67,000 lost jobs annually due to disruptions or gaps in child care

Note: The impact of child care combines economic impact on Orange County family and the overall Orange County Economy with impact on Orange County employers

<sup>1</sup> Emsi (Economic Modeling Specialists International) and U.S. Chamber of Commerce data; TCCG LLC analysis

# More about the economic impact numbers

The economic impact analyses in this report were calculated using an input-output modeling system, based on an initial model created by the Bureau of Economic Analysis (BEA). While other reports on child care may measure one job lost as one job lost or a reduction in earnings taken at face value, this report measures the ‘ripple effect’ or additional impacts that one job lost or a reduction in earnings has throughout the region’s economy. This gives a more complete understanding of the overarching impacts associated with child care and child care-related challenges.<sup>1</sup>

	Lost Jobs	Lost Earnings	Lost Taxes
<b>Impact on Orange County Families and the Overall Economy</b> Due to voluntary and involuntary separations from work, going from full- to part-time, and not being able to go full-time due to child care challenges	36,376	\$2.27 Billion	\$202 Million
<b>Impact on Orange County Employers</b> From turnover, absenteeism and recruitment	31,013	\$2.04 Billion	\$170 Million
<b>Total Economic Impact</b>	<b>67,389</b>	<b>\$4.3 Billion</b>	<b>\$372 Million</b>

<sup>1</sup> Emsi (Economic Modeling Specialists International) and U.S. Chamber of Commerce data; TCCG LLC analysis

# Child care problems affect working parents/guardians in a number of ways<sup>1</sup>

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**1 in 5 arrive late to work due to gaps in child care**

**1 in 6 have to leave work early on a regular basis**

**1 in 10 either choose to resign or lose their jobs due to child care challenges**

**1 in 11 are forced to reduce their hours or are not able to go into full-time positions**

Note: These are conservative estimates for working parents with children under 6

<sup>1</sup> Emsi (Economic Modeling Specialists International) and U.S. Chamber of Commerce data; TCCG LLC analysis



# This is hard for employers *and* working parents/guardians...

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**“I am a single mother of 3 and work from about 9 to 6 Tuesday through Saturday. My children's daycare is only open Monday through Friday so my mom has to watch them on Saturdays...I have to leave early a lot because my kids cannot stay past 6...If I could find child care with more flexible hours, I would look for a better position.”** -- Cecilia, Orange County Parent

**"If we could double, triple, quadruple child care capacity, demand is that much greater than supply...the need is great for both students and faculty/staff.”** -- Cal State University, Fullerton, Orange County Employer

# Employer Perspective

# Many Employers Recognize Child Care Affects the Talent Pool

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**“How do we better help working parents? Make it easier for them to focus on work without worrying how their child is doing throughout the day.”** -- James Morrison, Human Resources Business Partner, Orange County Employer

**“Even before we were significantly impacted by COVID-19, a medical staff survey revealed to us that some clinicians were already having difficulty finding childcare due to their variable shifts.”** -- Orange County Academic Health System, Employer

# Child Care is a “Rising Issue” in Terms of the Importance to HR Benefits

- Common child care related benefits include: dependent care flexible spending accounts, assistance finding child care (e.g., through Care.com/Care@Work), and employer contribution to health insurance for family members
- Larger employers have more resources to offer these benefits and others
- It is more challenging for small-mid sized organizations
- Employers that are “ahead of the curve” also offer back-up child care (e.g., 10 days paid child care at Bright Horizons), employer contribution to child care costs, and/or a contract with designated child care provider(s)
  - These employers shared that investing in these areas translates to less turnover in voluntary separations and much lower absenteeism

# What employers say they need

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- Increased employee access to financial assistance
- Incentives and support if they are considering providing child care at or near their work site
  - Some employers say they could provide a location for contracted child care
  - Employers have liability concerns about providing onsite child care, regardless of whether they provide it themselves or contract out

# Parent/Guardian Perspective

**Over 40% of Orange County parents/guardians that completed our survey reported that the price and/or inaccessibility of child care has prevented them from working at some point**

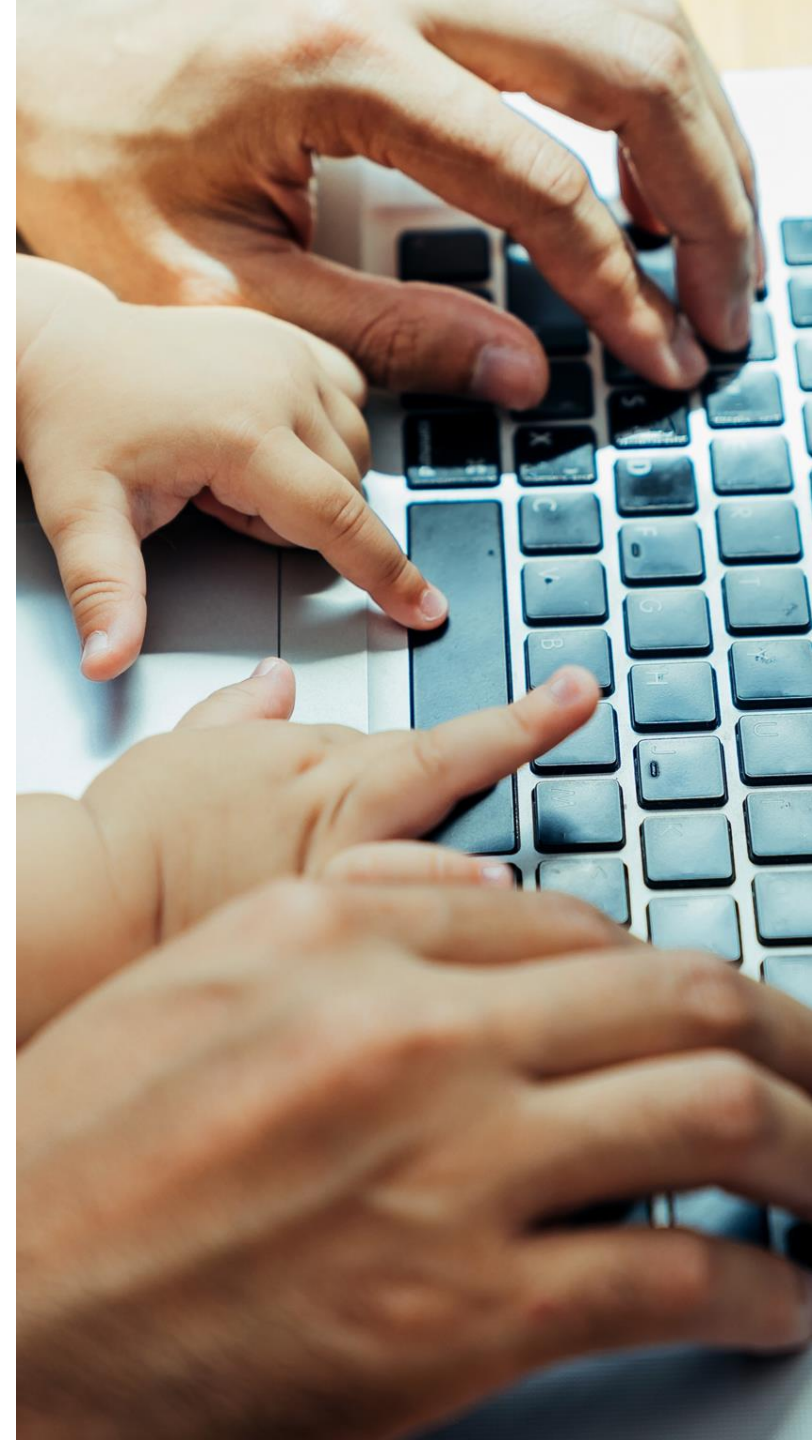
## Many parents/guardians shared that they can't work due to the cost of child care

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“It is not worth working just to pay for child care, so our family chose for me to quit my job and care for our children myself.”

**“Most of my income pays for child care – it doesn't make much sense but I am working so that when they are older and don't need child care, I have a job.”**

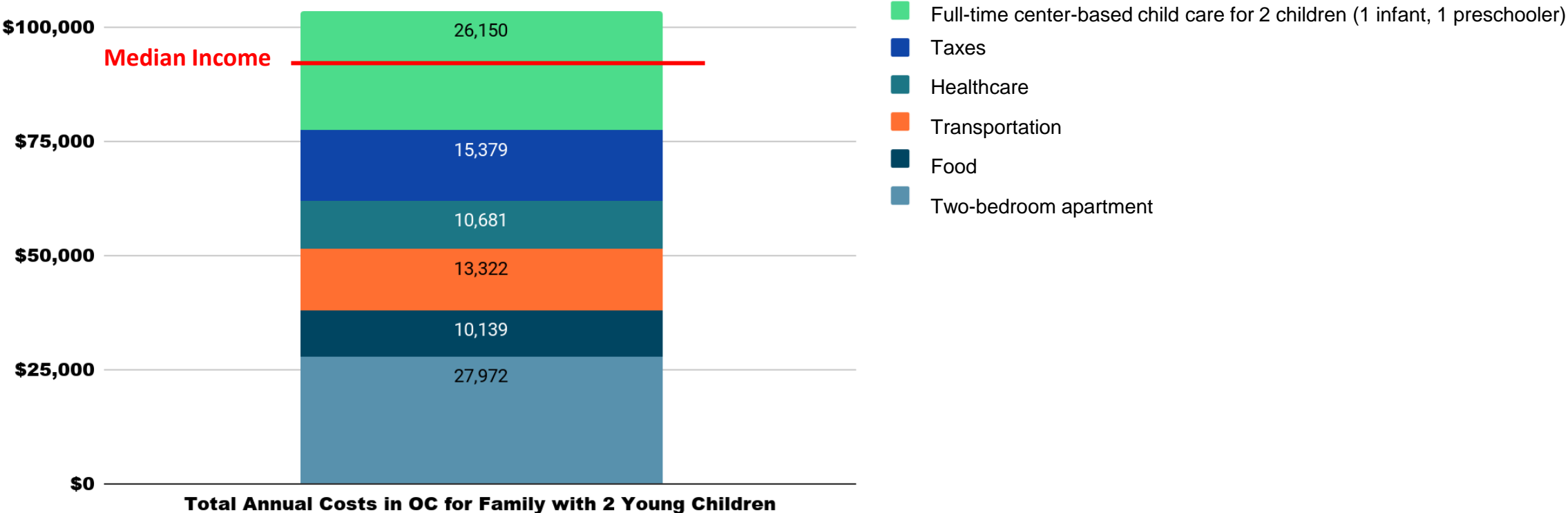
“I can not work because child care is too expensive.”





# Price of Child Care in Orange County Breaks Most Families' Budgets

Total annual costs in Orange County for basic needs for a family with 2 children under 5: **\$104,000**



Sources for the graph: [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2021\\_code/2021summary.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2021_code/2021summary.odn); Economic Policy Institute: <https://www.epi.org/resources/budget/>, Orange County Local Planning Council, Orange County Needs Assessment (Submitted 5/30/20) <https://occhildcarecouncil.org/Pages/default.aspx>, U.S. Census Orange County, CA Fact Sheet <https://www.census.gov/quickfacts/orange-county-california>



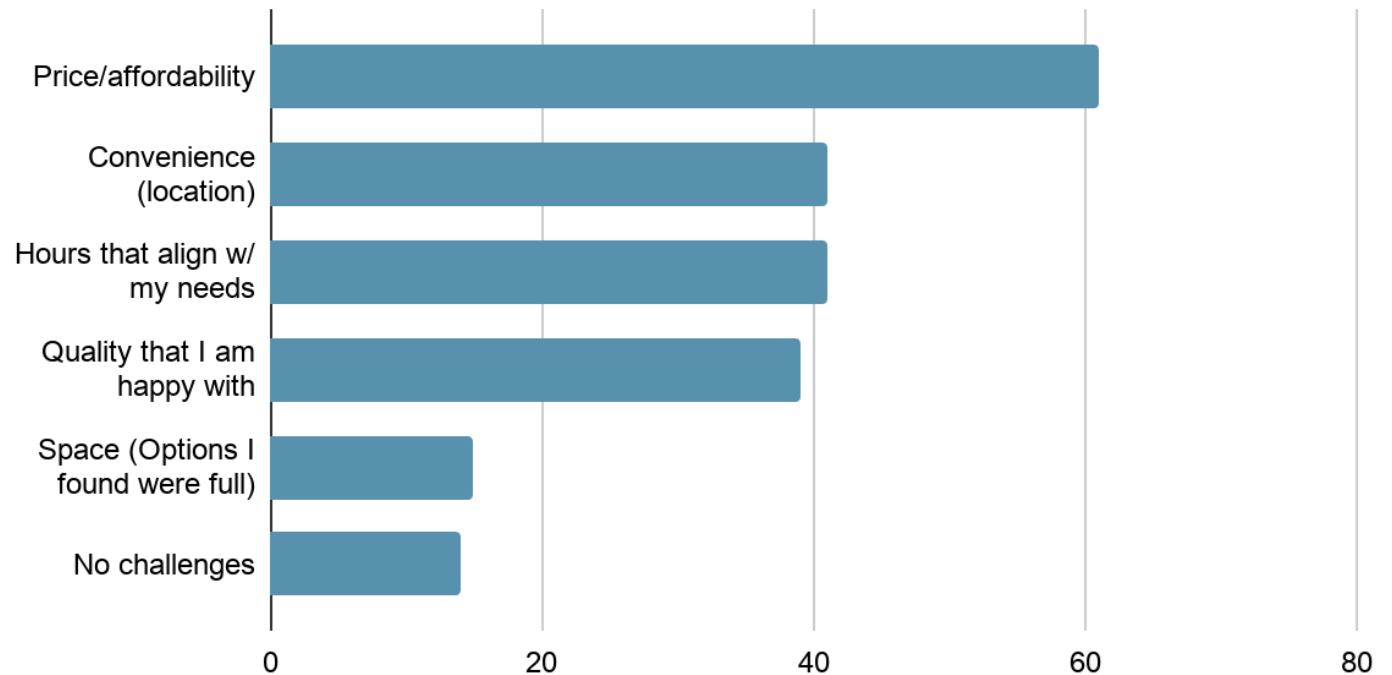
# Orange County parents/guardians reported that their greatest challenges with finding child care are:

1. Price/Affordability

2. Convenience (both location and hours)

3. Quality that Meets Expectations

Biggest Challenges Finding Child Care (Reported by Parents/Guardians)



Percent of Total Responses  
(Total is more than 100% because respondents could select top 3 challenges)



## Parent Survey/Interviews Validated the Lack of Infant and Toddler Care

**“Up until kids turn 3, each 6 months that the child gets older, the available child care [goes up] and cost decreases. Looking for 15 month v. 2 year old v. older child is a HUGE difference in terms of what is available.” -- Megan, Orange County Parent**

Sources: Parent interviews/survey



# What Parents Say They Need

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- More affordable, quality options or assistance covering the cost of child care
- More flexible hours that meet work schedules when factoring in pick-up and drop-off time, and including shift hours and weekends
- More options for infant/toddler care
- Assistance finding quality child care
- Flexibility at work and support from their employers

# Call to Action

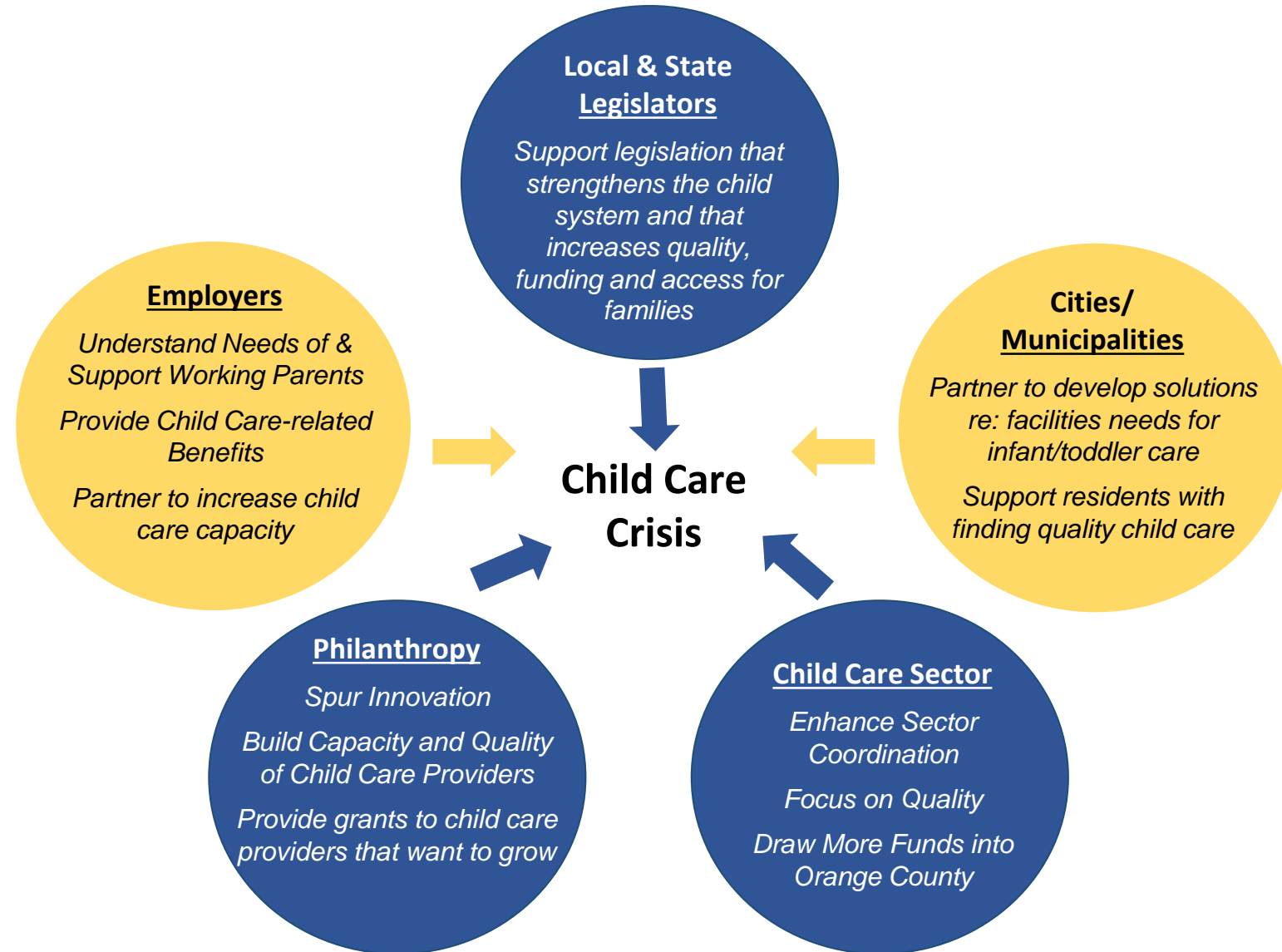
# Positive change is within reach

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Even a 2% increase in the workforce participation rate of mothers with young children would result in:

- + 2,657 more jobs
- + \$174.9 Million in additional earnings
- + \$14.6 Million in additional tax revenue

# We Need Active Participation from All Sectors





# Our Next Steps

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## ↑ Raise awareness and build champions across sectors.

- Launch website, including child care page with full set of findings from research
- Share findings with groups involved in Phase I
- Convene stakeholders from different sectors
- Identify and prioritize solutions for Orange County