

# Oregon's Child Care Industry

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Social and economic trends over the past 60 years have made child care a workforce issue, and turned child care into an industry. The steady rise of women's participation in the labor force, and the increase in the share of women with children under age 18 working and looking for work (from 38 percent in 1970 to more than 70 percent in 2010) have fueled the demand for paid child care.

In households headed by women, child care is a critical part of being able to go to work. Single mothers on welfare joined the labor force in droves after the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 – also known as welfare reform – mandated their participation. Labor force participation by female-headed households jumped nearly 22 percent between 1995 and 1998. These trends translate into a lot of children needing child care.

So, how big is the child care industry in Oregon, and has it kept pace with the demand for paid care?

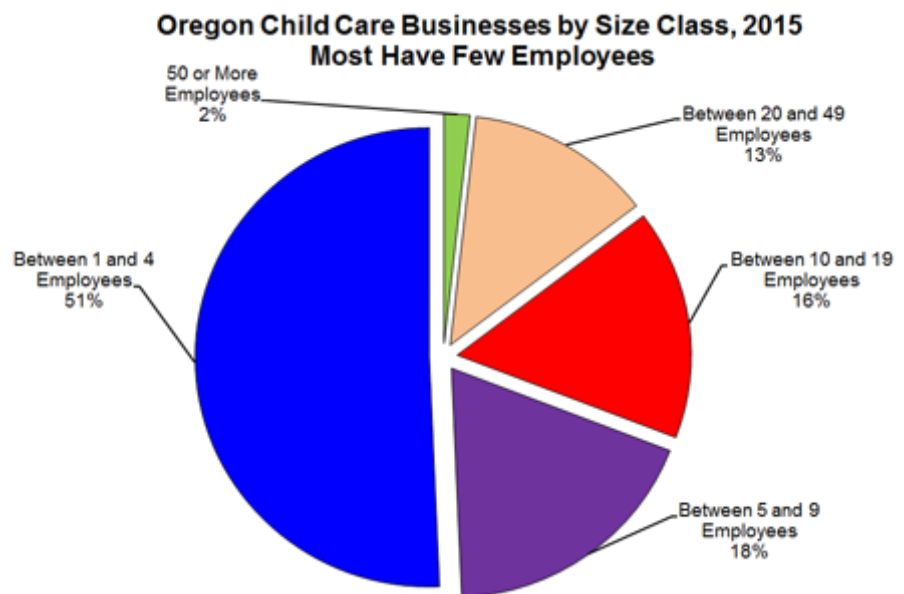
## The Industry

In 2015, Oregon's private-sector child care businesses numbered 1,187 and employed 10,791 workers. Half of the businesses had four or fewer employees. Fifteen percent of child care businesses employ 20 or more workers.

Wages are low in the industry, an issue that is often linked with quality of care. Total payroll of child care businesses with

employees in 2015 was about \$218 million – this averages out to an annual industry wage of \$20,207, less than half the all-industry average of \$48,320. One reason for a low average wage could be the low wages of the occupations that dominate the industry. For example, the median wage of a preschool teacher in Oregon in 2016 is \$13.50 per hour, and the median wage for childcare workers is \$10.90. These two occupations account for more than half of the employment in the day care industry.

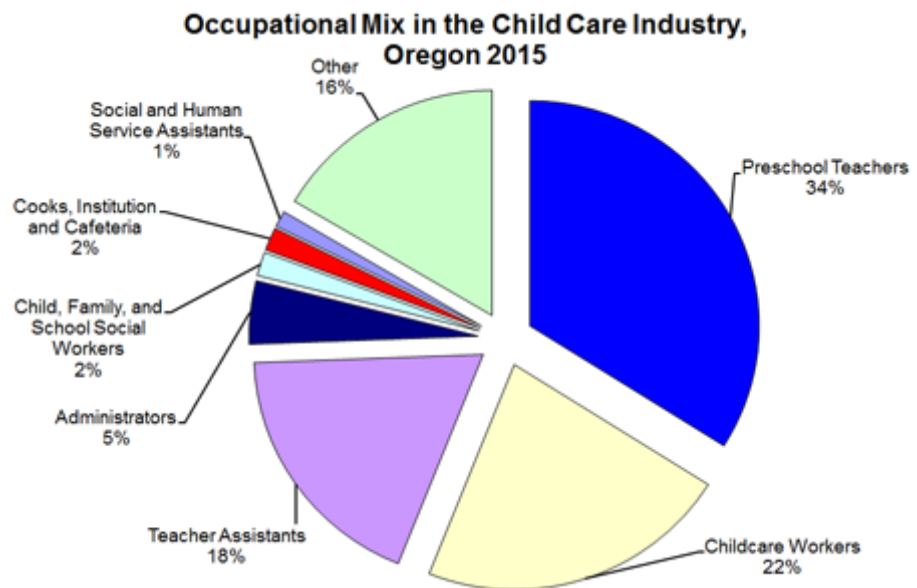
Day care industry employment is now more than five times the 1976 level. Employment in child day care businesses with employees grew 30 percent from 2005 to 2015 – matching the growth rate in the larger industry sector of health care and social assistance. All-industry employment grew just 8 percent from 2005 to 2015.



## Is the Supply of Quality Child Care Adequate?

The number of women of childbearing age in the labor force and the number of children under age five are both expected to rise over the next 10 years. The share of children being cared for by parents or other relatives is likely to decline. These trends will increase the demand for paid child care. Growth in demand will be moderated somewhat by an increasing number of states investing in early childhood education programs.

There is evidence of a current shortage of day care. According to a report from the Oregon Child Care Research Partnership (*Child Care and Education in Oregon and Its Counties: 2014*), the supply of child care spots was 17 per 100 children under 13 years old. In order to meet demand, 25 spots per hundred children were needed. This shortage was particularly acute for children with special needs, infants and toddlers, and evening care for children of parents who work late shifts.



Child care and early education is important to today's workforce – in that it allows parents to be present at work – and it is important to tomorrow's workforce as quality child care gives the next generation a solid start in their education. Additional research from the Oregon Child Care Research Partnership (*Oregon Early Learning Workforce*), shows that turnover among regulated child care facilities far exceeds turnover at K-12 schools, with 24 percent of the child care workforce turning over between 2013 and 2014, compared with a national turnover rate in K-12 education of 8 percent annually.

As the importance of early childhood education is embraced and more fully supported, efforts are underway to better measure and support the professional development of child care workers and preschool teachers and more fully align their training and compensation with the broader array of educators. The study concluded, "Low wages are associated with high turnover rates in both early learning and K-12. High turnover rates harm children and challenge professional development investments; although in Oregon's early learning workforce we find that those in whom we made professional development investments were mainly in the group who remained in the workforce."

The child care industry has grown in response to the increasing numbers of families in which both parents work, and to the increasing number of households headed by women. Supply of day care currently is not meeting potential demand. Improved support of child care workers through professional development and retention strategies can improve both the availability and the quality of child care.