

TO: Chair Lively and Members of the House Committee on Economic Development
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DATE: May 15, 2019

Oregon's Economic Development: The Critical Role of Childcare

Childcare is a critical but largely overlooked element of the social infrastructure needed for Oregon's economic development. Economic growth hinges on a bigger and more productive labor force, but lack of access to childcare is holding back our most significant potential source of labor force growth in the face of declining in-migration and baby boomer retirements: mothers with kids at home, aged 0 to 12.

Mothers are not able to work as many hours as they would like, and as would allow them to gain valuable experience and higher wages. [Women's labor force participation in the U.S. has fallen](#) behind other nations, largely due to the cost of childcare and the lack of family friendly policies.

Here in Oregon, the labor force participation rates of Oregonian mothers of infants, toddlers, preschoolers and elementary school aged children [has dropped](#) over the last two decades, as childcare in Oregon has become both scarce and unaffordable. A January 2019 Oregon State University report reveals that every county in Oregon qualifies as a childcare desert for infants and toddlers, with one regulated childcare slot for eight children aged 0 to 2, while twenty-five counties have just one regulated slot for every three preschoolers, aged 3 - 5.

Oregon is one of the ten states with the [least affordable childcare](#) in 7 of 8 categories, defined by age and whether care is provided in centers or in family childcare settings. We have the second least affordable center care for toddlers, and the third least affordable center care for infants.

Relatedly, [public funding accounts for a small part of the revenues for the Oregon's child care industry compared to other states, at just 28%.](#) In Washington, by contrast, public funding makes up 60% of childcare industry revenues.

Childcare has to be publicly provided, or highly subsidized, to be affordable while also raising compensation in childcare to the level that assures both adequate supply and high quality. Just as for physical infrastructure and other critical social infrastructure, including K - 12 education, the market cannot provide a reliable supply of affordable, high quality childcare. [Private childcare providers are going out of business and too often take no salary in order to keep their businesses afloat.](#) Childcare workers earn just above the minimum wage, regardless of education and experience, resulting in high turnover that compromises the quality of care and the consistent relationships that children require to thrive.

Public provision of high quality childcare provides a boost to economic development that [is larger and more certain](#) than other economic development strategy. Oregon mothers with kids at home have good educations and work experience. Childcare cannot go offshore, so higher parent and provider salaries are spent locally. Unlike businesses subsidies that may fail to pan out when companies falter or leave the area, the majority of people stay in the area in which they are raised, retaining the benefits of high quality childcare including better high school graduation rates, higher earnings, lower unemployment, less crime and lower incarceration rates.