



May 6, 2019

**TO: House Committee on Economic Development**  
John Lively, Chair

**CC:** Senator Tim Knopp, Representative Cheri Helt, Representative Jack Zika

**RE: Economic & Workforce Impacts of the Statewide Childcare Shortage**

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The Bend Chamber of Commerce represents 1,300+ members employing 25,000 people in Central Oregon. Central Oregon and Bend are hotbeds of economic growth. In fact, Central Oregon is a leader of job growth in the state and produced 15 percent of the state's middle-class job growth. But as our economy continues to grow, our available workforce is not keeping pace.

One of our main challenges in workforce availability is the critical lack of child care in Central Oregon. This is an equity issue, impacts families and is devastating to businesses in Oregon. Much like the rest of the state, Central Oregon employers are seeing more and more of their employees forced out of the job market due to lack of available or affordable childcare. In a recent survey of our members, 97 percent of employees have had difficulty finding childcare. Employers see the impacts, with over 76 percent saying this is an important issue to their companies.

Affordability is also part of the problem. Our survey shows that 42 percent of employees say at least a quarter of their income goes to childcare. More than 20 percent of employees spend at least half their paychecks to find a safe, nurturing place for their children while they work.

The lack of childcare hurts smaller businesses the worst. Almost 80 percent of the companies impacted had between 0 – 50 employees. Our state's economy and source of revenue depends on a growing workforce. We must find ways to increase the amount of available childcare while addressing affordability.

The barriers to potential new childcare facilities are often insurmountable. Providers are faced with a highly competitive commercial market where property owners will lease to a low-risk/high-profit commercial enterprise rather than a higher-risk/lower-profit childcare center. If providers want to build their own facility, property prices are out of reach. The regulatory requirements, though important, set huge financial barriers to starting new childcare businesses. And finally, providers are faced with limited resources to pay their childcare employees, resulting in low-wage jobs and high turnover.

The Central Oregon Region has been working for over a year to address this issue. We have formed a cross-industry workgroup that has taken on the task of finding solutions. We have approached commercial brokers, property owners, our local higher education institutions, Opportunity Zone investors and the local governments to help find viable solutions to increasing available childcare.



## **Better Together**

Central Oregon Reaching Higher

Some of the results of this groups effort include a two-year reduction on Transportation System Development Charges for childcare centers by the City of Bend to help reduce start-up costs. A coalition of local bankers, and the Central Oregon Small Business Development Center jointly developing a business training pipeline for prospective new childcare businesses and discussions with Opportunity Zone investors to identify potential projects that would benefit from capitol gains investment. We are working closely with the Governor's Regional Solutions team and we've also engaged the business community to raise awareness and identify employers who may want to help offset risk for new providers by committing to reserving childcare slots in centers as a guarantee to lenders.

Our region is so focused on finding solutions to the problem that we are trying to fund a childcare accelerator to take on this work. This person or company will work all sides of the issue, finding qualified providers, potential banking partners, identifying potential buildings and land, developing an employer pool of businesses who will commit to available slots for children for the new provider/center and much more. We have raised \$40,000 locally toward this position but need another \$60,000 to begin the pilot year.

The bottom line is that if we want to solve the childcare crisis, the State needs to be part of the solution. The financial and regulatory barriers for new providers are vast, and those who are attracted to and qualified for this field of work most often do not have the capital to get started.

We look forward to working with your committee and the State of Oregon on finding solutions to help our families thrive, provide pathways for those who want to work and develop careers, support growing businesses and ultimately increasing revenue for our state.

Sincerely,

Katie Condit, Executive Director