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## A Snapshot:

### Local Industry & the Dependence on Child Care

by *Melissa Jones, Esq., Health Policy Analyst;*  
*Wendy Rowan, MA; & Connie Stewart*

#### Current State of Child Care

What makes a worry free and productive workday? If you're a parent, knowing that your child is in safe hands.

If you're an employer, knowing that your employees will be present and aware for their full workday. Reliable child

care takes care of both needs and is an essential support to local industries. However, quality child care has been threatened with decreases in public funding and providers leaving the field.

Child care may be provided by a parent who doesn't work, a nearby relative, friend, or neighbor, or in a licensed setting such as a child care center or home. Either way, in order to leave for a work shift, part time or full, parents have to rely on someone else to watch their child.

Recently, child care has grabbed media attention because budget strains have caused a substantial amount of pressure on both parents and providers. Licensing issues and costs have prevented new providers from entering the field and forced old providers to leave. Parents who struggle to afford child care and may rely on subsidies are at risk of losing them.

Budget cuts have created barriers for potential licensees, decreased payments to some providers that provide subsidized care and reduced the number of

eligible families based on income. Funding for child care is the lowest it has been in almost a decade, despite the increased costs as-

sociated with providing care and a growing population.<sup>1</sup> This occurs despite the fact that early child care and education is an important support for the economy – every dollar spent yields two dollars in economic output.<sup>2</sup>

#### Child Care is an Essential Support Industry for the Local Economy

For many working parents, child care is one of the largest costs in the family budget – even more so in areas like Humboldt County. For example, cost of full-time care for an infant in a center, as a percentage of median income for an average Californian, is 15%. For a family in Humboldt County, this figure is 19%. In higher cost areas such as Humboldt County, subsidy rates can affect whether parents can obtain care.<sup>3</sup> Therefore, it is possible Humboldt County residents are feeling the impact of child care budget woes more than elsewhere in California.

**Use your voice to speak about child care needs!**

Take an anonymous survey at:  
<http://bit.ly/ccnsurvey>

Many times, lack of or disruption in child care can put the parent’s job in jeopardy.<sup>4,5</sup> Conversely, studies have shown that programs that provide child care supports can increase parents’ employment and employment stability.<sup>5,6</sup> In addition to increasing employment, subsidies to help parents pay for child care has increased use of in-home and formal child care, thus supporting the child care workforce as well.<sup>5</sup> Non-parents in the workplace also report higher workplace satisfaction when their coworkers’ child care needs are met.<sup>2</sup>

Expanded assistance, which includes direct payments to providers, on-site child care, on-site access to resource and referral and placement assistance to various providers, also helped increase parental employment.<sup>3</sup> Expanded assistance typically resulted in more days at work, more hours in the workday and a reduced likelihood of quitting because of child care concerns.<sup>3</sup>

**About Subsidized Programs & Their Impact on Local Industries**

Many times, parents who cannot afford care may be able to receive subsidies through the state to help

**Census Poverty Threshold<sup>7</sup>**

Size of Family Unit	1 child	2 children	3 children	4 children	5 children
2 people	11,869	X	X	X	X
3 people	13,861	13,874	X	X	X
4 people	18,052	17,463	17,524	X	X
5 people	21,731	21,065	20,550	20,236	X
6 people	24,734	24,224	23,736	23,009	22,579
7 people	28,524	27,914	27,489	26,696	25,772
8 people	31,984	31,408	30,904	30,188	29,279

them pay for care. Families that are at the US Census poverty thresholds may be receiving child care subsidies, but it should not be assumed that these parents are not also working or seeking employment.

There are numerous subsidies though state and federal programs that parents in Humboldt County may use. The information in this brief focuses on three programs provided by the California Department of Education. In order to receive child care subsidies under Family Child Care Home Education Network (FCCHEN), CalWORKS Child Care, or the Alternative Payment Program (AP) the parent must be:<sup>8</sup>

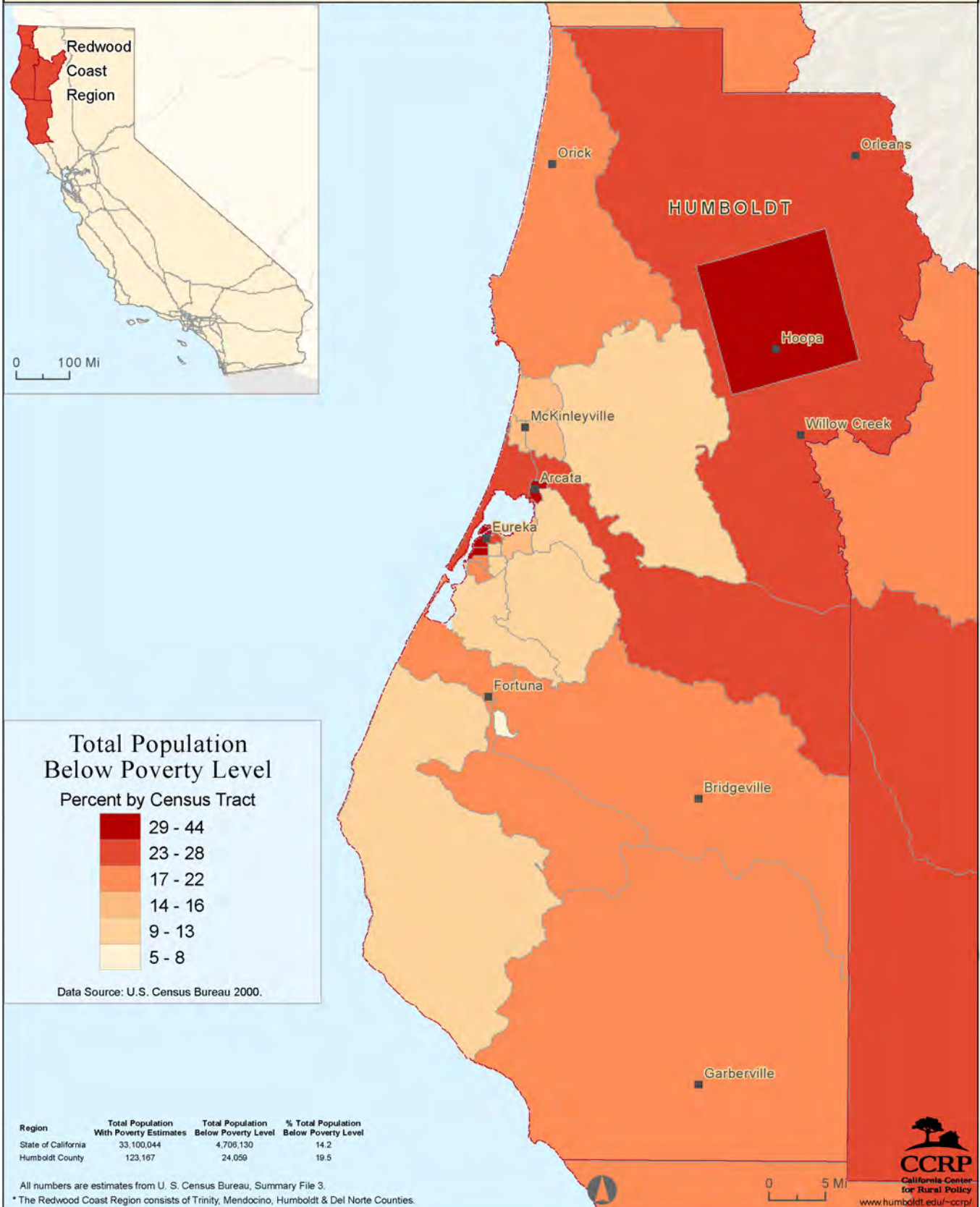
- employed; seeking employment; in vocational training; be homeless and seeking housing; be receiving child protective services or the child is at risk of neglect; or be incapacitated;
- and**
- have income under 70% of the State Median Income (varies upon family size); and have
  - a child under 13 (although in some instances, children with exceptional needs may be served to age 21).

Child care subsidies are given through provider reimbursements, and vary depending on the age of the

**Maximum Provider Reimbursement for Child Care Subsidies under California Department of Education Programs<sup>9</sup>**

	Age of child	Full Time Monthly	Part Time Monthly
Center	Birth – 24 mo.	\$1015	\$330
	2-5 years	\$680	\$530
	School Age	\$560	\$670
Family Child Care Home	Birth – 24 mo.	\$605	\$480
	2-5 years	\$540	\$425
	School Age	\$520	\$400
Friend, Family or Neighbor	Birth – 24 mo.	\$365	N/A
	2-5 years	\$325	N/A
	School Age	\$315	N/A

## Total Population in Poverty, 2000: Humboldt County



child, the type of provider, and the type of care provided.

Local data has been obtained through Changing Tides Family Services for three of the subsidized programs in Humboldt: Stage 2 CalWORKS, FC-CHEN, and AP. There may be additional data available for parents in other subsidized programs but it is not accessible to the public. Parents who received these subsidies were linked with the industry which employs them to better understand how industries are supported by subsidized child care.

There were 587 families working a total of 630 jobs; some families have two or three jobs. Data from individuals or families that declined to participate, were incapacitated (and therefore not working), or whose services were on a temporary hold is not included in the analysis.

Specific industries were aggregated into the six identified North Coast Targets of Opportunity Industry Clusters: Diversified Health Care; Specialty Agri-

culture, Food and Beverage; Management and Innovation Services; Investment Support Services; Niche Manufacturing; and Building and System Construction and Maintenance.<sup>10</sup>

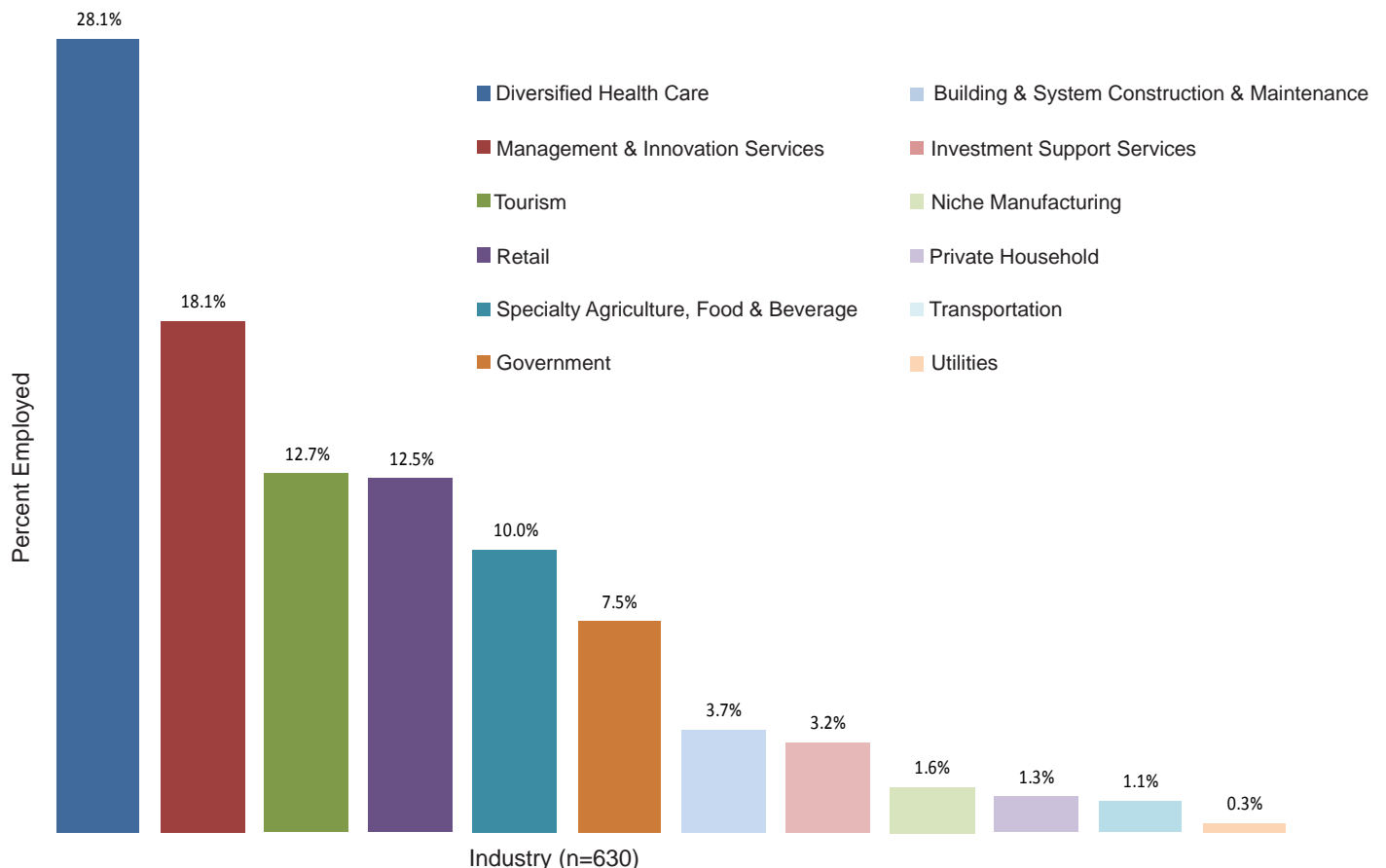
Diversified Health Care includes those employed at hospitals, private medical offices, pharmacies, mental health, social services, childcare services and emergency medical services.

Specialty Agriculture, Food and Beverages includes those employed by businesses that feature distinctive North Coast products, such as cheese, wine and flowers.

Management and Innovation Services includes those employed by businesses that provides professional assistance to help other businesses develop and implement product and process innovations such as computer and software support and civil engineers and institutes of higher education.

Investment Support Services includes those employed by businesses that provide professional advi-

### Percent of Jobs in Receipt of Subsidized Child Care by Industry



sory services to help people and businesses evaluate and execute investment decisions, such as accounting, bookkeeping, banking and real estate.

Niche Manufacturing includes those employed by businesses that manufacture a variety of innovative products.

Building and System Construction and Maintenance includes those employed at businesses that focus on physical infrastructure and housing, including electricians, plumbers and landscapers.

In addition to these six high-performing industry clusters, data was aggregated to show the Tourism industry cluster, which includes those employed in the arts, entertainment and recreation profession, or at hotels, casinos, chain restaurants.

Data for those employed in “support” industries, such as Retail, Government, Private Household, Transportation and Utilities is also shown.

The top four industries with the highest number of jobs where employees receive child care subsidies are Diversified Health Care, Management and Innovation Services, Tourism and Retail. Diversified Health Care has the highest number of jobs that benefit from subsidies, with approximately 10% more than the amount of the second highest industry, Management and Innovation Services.

### Quality Child Care Is Essential To Healthy Child Development

First 5 Humboldt Commissioner Claire Knox, a professor in the Child Development Department at HSU on the importance of providing essential supports for children:

*“Our children are our future.” We say it easily and often. But the truth is our children are our present. The experiences we provide for them each day, every day, have a direct effect on family health, employee productivity, educational outcomes, community engagement and public safety. When we do not provide for our children, we do not provide for ourselves. When our children are in danger, we are in danger – as individuals, as communities, as a society. It’s not about some distant future. It is about now – this hour, this day, and the day after that and the day after that. Without successful children, there are not successful families. Without suc-*

*cessful families there are not successful communities, economies, or societies. Our children need us now. If we care for them, today, providing the kind of environments and quality experiences we know make a difference, we will be caring for our communities today and tomorrow.”*

Research shows that the brain undergoes most of its growth during the first five years of life, and that early learning experiences shape the architecture of the brain and has a powerful impact on later capacity to learn.<sup>11</sup> Qualified and well-trained child care providers contribute to healthy human development and a productive workforce. With the parents of most young children in the workforce, many of the experiences that influence brain development occur within child care settings. For poor children, access to early education compensates for the impacts of poverty and improves their cognitive and character development, providing an equalizing factor for social and economic success.<sup>12</sup> Communities throughout Humboldt County have higher levels of poverty than the state as a whole, with 27.8% of families with children under the age of five living below poverty.<sup>13</sup> Benefits of high-quality child care for the prosperity of Humboldt County include:

- Productivity of the current workforce by providing secure child care while parents work;
- Cost savings for state and local governments because children who start life with high-quality early learning opportunities require fewer additional resources throughout their educational years;<sup>14</sup>
- Productivity of the future workforce as high-quality child care builds the potential of young children to succeed in school and life.<sup>12</sup>

*“The rate of return for investment in quality early childhood education is 7 to 10% per annum. This rate of return is exponential and highly valuable: Every dollar invested in early childhood education returns ten cents annually for the life of the child.”*

—James Heckman

### Low wages for child care providers and high costs for parents is a challenge for local economic development

The average annual salary of child care workers locally is typically half of the annual salary earned by

elementary school teachers.<sup>15</sup> These low wages result in high turnover among child care providers, which affects the continuity of care for young children and the availability of care for working parents. Compounding the problem is the cost of child care for working parents, which can range from 11 to 19% of income in Humboldt County.<sup>15</sup>

Issues to be addressed for local economic development:

- Current investments in the local child care system are inadequate in Humboldt County;
- Many local families cannot afford the cost of child care;
- Public child care subsidies are both inadequate and limited to a minority of eligible families; and
- Additional investment is needed for an effective child care system to be in place.

### Ways Local Industries Can Support Child Development

Industry clusters and sectors should work together to support child care needs of their employees if they do not do so already.

In rural communities, most individual employers are too small to consider implementing these recommendations alone.

Many reports have assessed the financial benefits of providing child care supports to employees and found that initial investments are sound business decisions because of increased production. Additionally, there are tax credits that employers can take advantage of when implementing some of these policies.<sup>16</sup>

Industry clusters and sectors can create a “Dependent Care Assistance Plan” that would provide a monthly benefit to help parents pay for care. Employ-

ees would opt in, and it could be provided as a solely employer sponsored benefit or one that is matched by the employee. Alternatively, a voucher based on a sliding scale to help offset the cost of child care could be provided to employees.<sup>17</sup>

Job sharing for employees who need more flexible

schedules would alleviate some of the stressors associated with child care. Employers can adopt personnel policies that allow flexible times for arrival and departure.

Industry clusters can partner with the local resource and referral agency, Changing Tides Family Services in Humboldt County, to help draft a child care guidebook or help employees find quality child care.

There are options that closely related and similarly located industries can implement to ensure that employees would find guaranteed child care spots

for their children at a location near the workplace. These options include establishing an on-site child care center, directly financing a provider or purchasing slots in child care facilities for their employees.<sup>17</sup>

Employees also need non-regular hours, last-minute or sick children care. Often, this is care that is not as available in the community, and may result in the employee staying home or encountering inconsistent child care that contributes stress and decreases productivity. Industries can sponsor backup care for emergency situations, or sick child care for specific minor illnesses.<sup>6,17</sup> Some industry clusters, such as Diversified Health Care, may be more reliant on non-regular hour employees, and could benefit from sponsoring a provider or center that has extended hours.

### Parent Voices

Parent Voices is an advocacy effort led by parents to help advance and protect child care in California. Parent Voices seeks to expand and maintain affordable, quality child care options. Local efforts are typically coordinated through the local resource and referral agency. By unifying parents, Parent Voices chapters have held press events, advocated at the capital, and preserved services during hard economic times. In Humboldt County, a Parent Voices chapter is undergoing the initial formation process through First 5 Humboldt and Changing Tides Family Services.

For more information contact: Felicia Jensen at [fjensen@changingtidesfs.org](mailto:fjensen@changingtidesfs.org).

## Conclusion

A limitation of this brief is that it only examines data regarding families that receive subsidies from California Department of Education funded programs. To have a complete picture of parents child care needs and how industry clusters can support them, data should be obtained from as many parents as possible. In order to gather more insight, this brief contains a link to an online advocacy survey to collect information from parents.

This is the first report to analyze data linking child care supports to the industry clusters and sectors in

Humboldt County. These industries must be healthy to survive in the current economic climate, and they depend on a productive workforce. The dramatic reduction in state funding for child care supports has strained the current system and placed stress on providers and parents. Some industries appear to have many more jobs that rely on child care services and could have a substantial impact if they took action. Given the benefits that can occur when employers offer child care supports, industry clusters and sectors should consider working together to help improve Humboldt County's economic and social health.

The Local Child Care Planning Council is seeking input from the community, employers and parents regarding the impact you/ your business/ your employees would experience if child care disappeared.

Please contact us in any of the following ways to tell us your story:

By email: [withoutchildcare@yahoo.com](mailto:withoutchildcare@yahoo.com)

By mail: Attn: Judi Andersen, Humboldt County Office of Education

## About the Authors

**Melissa R. Jones, Esq.** is the Health Policy Analyst at the California Center for Rural Policy, Humboldt State University. She completed her bachelor's degree in Sociology from Sonoma State University, and her Juris Doctorate from Lewis and Clark Law School in Portland, Oregon. While at Lewis and Clark, she focused on health care and policy issues from a legal standpoint. In addition to her JD, she obtained a certificate in Public Interest Law. She is a member of the California State Bar.

**Wendy Rowan** has served as the Executive Director for FIRST 5 HUMBOLDT since 2001. She received a BA in Speech Communication and an elementary teaching credential from Humboldt State University, and an MA in Education Administration from St. Mary's College in Moraga. She began her career as a kindergarten teacher at St. Bernard's Elementary School in Eureka in 1975. She was the director of the Children's Art Academy at HSU for six years, and oversaw the development of a family resource center in the community of Orick over a period of four years. Wendy served as a member of the Board of Trustees for the Trinidad Union School District for eight years, and was president of the Board for three years. She is active within the First 5 Association of California, and was a member of the Board of Directors for the California Family Resource Association for three years. Wendy considers herself an advocate for rural children.

**Connie Stewart** is the Executive Director of the California Center for Rural Policy. She is a former Mayor and City Councilwoman of Arcata, California. Stewart has dedicated her entire career to civic service and leadership with a broad array of organizations. She earned her bachelor's degree in Speech Communication at Humboldt State University in 1988.

## Endnotes

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