

Solving the Child Care Crisis for Small Businesses & Working Families

by **MICHAEL SIPE** — Candidate for State Rep HD53

Oregon has long suffered from an acute shortage of childcare services. The situation has worsened due to COVID-related regulatory and staffing upheavals. In February of 2022, a report submitted to the legislature by Oregon Housing and Community Services showed Oregon is short 30,000 childcare spaces. Every working family and every employer is well-aware of the challenge. The lack of safe and affordable childcare has a major adverse impact on parents and children, and in the workplace. It's especially challenging for small businesses and their valued employees.



The problem is well-recognized. Our state has even been called a childcare desert. The question is, "How do we fix it?"

Here's how we can do it...with a collaborative approach between the state, the counties, the cities, nonprofits, like NeighborImpact, innovative educators like Central Oregon Community College and support from the local business community, including residential and commercial developers.

The recommendations I'll offer here are not speculation. They come from extensive experience in the industry. I have built multiple childcare facilities from scratch and for many years owned and operated the largest multi-site childcare service in Santa Cruz County California, including drop-in, part time and full-time care, plus school-age summer camps. Although I sold the business long ago, legacy operations continue today. I understand the challenges of designing, building and operating childcare facilities in a highly regulated environment. I've also been a customer, as my three kids were raised in our daycare facilities. And I've been a single dad. So, I understand the industry as a developer, provider, employer, and working parent. Childcare is a very challenging issue and an extremely difficult business.

Multiple factors make it tough: (1) securing appropriate space, (2) exorbitant building costs, (3) skyrocketing operating expenses, (4) child/teacher ratios, (5) tuition pricing constraints, (6) finding qualified workers; (7) teacher wage squeeze, (8) regulatory compliance, and (9) extreme liability risk.

As an entrepreneur, I'd like to think a private business could tackle all these challenges, build safe and compliant new centers in Oregon, survive, and make a sustainable profit. However, it's simply not possible.

Childcare is widely acknowledged as a state-wide crisis. The solution involves a combination of strategic use of state and local resources coupled with entrepreneurial grit, love for kids and a passion for early childhood education. It requires the public and private sector working together to solve it. Here's what it can look like:

The toughest problem for an operator is the \$2-3 million cost of land acquisition and construction of a facility to highly regulated standards. It's virtually unsolvable at any scale without government cooperation. Cities, counties, and the state have land that could be allocated for childcare sites. Large scale residential and commercial developers could (and arguably should) allocate a parcel of land for childcare to help solve the problem. I propose the state allocates \$500,000,000 to fund the building of first-class facilities on government-owned land, or on land set aside by developers for this purpose. The state would retain ownership of the buildings. Ownership of the land would not necessarily transfer. Tax-payer money will then have been invested in tangible, real property assets that will serve countless children for decades to come.

The state (as landlord) should lease the facilities at modest rent to trained and licensed entrepreneurial operators. These autonomous operators would rent the space, but they would own the business. They would have ownership responsibility for all aspects of running the business, including curriculum selection, program design and staffing. Carefully managed

centers could operate sustainably at a modest profit. Priority of service would go to working parents, thus helping not only their families, but also their employers and the health of the economy.

Before you choke on the \$500,000,000 number, realize it is an investment: in assets, in our kids, in our families, in our communities and in our businesses. And like every sound investment, the return will far outweigh the cost. This is an example of how our tax dollars should be used, as a powerful tool of leverage to lift-up all Oregonians, while not just being an economic drag, but rather producing a return.

The state has the money to do this. It's a question of priorities. Just this year, at least \$500,000,000 was allocated by the legislature to projects of much lower priority than addressing the care of Oregon kids and support for our working parents. That money could have built up to 250 centers within two years to serve tens of thousands of kids. We could have nearly eliminated the 30,000 childcare spaces shortfall in one bold move.

The owners for each proposed center could come from an innovative new program developed by Central Oregon Community College Small Business Development Center (SBDC), in partnership with NeighborImpact. It's called the Early Child Education Business Accelerator program. It's a brilliant move to train and equip entrepreneurial childcare operators. The city of Bend and Deschutes County have each committed \$125K in grant support, with additional support coming from the city of Sisters and the Oregon Small Business Development Network.

The Early Child Education Business Accelerator program is free to enrollees. Instructors from NeighborImpact guide students in understanding the requirements for growing a high-quality, licensed childcare program. Training on profitable business operation is provided by SBDC instructors. Students are assigned an SBDC business adviser and licensed graduates receive a minimum of \$5,000 to start their business, as well as continued wraparound services from both NeighborImpact and the SBDC after the program. Local businesses could easily augment the startup fund, as a way to support their employees and simultaneously address the workforce shortage.

I've retained Central Oregon based CA Rowles Engineering to draw up the design for a prototype center that meets all licensing and building codes. If the legislature has the will to prioritize the budget properly, it could bring water to the childcare desert in 2023. At a minimum, I'll work to get a pilot project launched for Central Oregon.

We must make our children, their working parents and the employers who rely on them, a top priority and take strong action immediately to address the childcare shortage. Central Oregon small business owners should press their elected city, county and state officials to solve this crisis. Oregon families, and a vibrant economic future for our region and state, depend on it.

Michael Sipe is an entrepreneur, local business consultant and candidate for HD53 State Representative.

AVoiceForCentralOregon.com

Paid for by



The Heart of Central Oregon™