



Permanent Solutions for Child Care Affordability in Whatcom County Drafted by The Child & Family Well-Being Task Force

The Child & Family Well-Being Task Force was honored by the request from County Council to consider and respond to the Resolution¹ (Permanent Affordability of Child Care in Whatcom County (2021)) proposed by Councilmembers Browne and Frazey. We also deeply appreciate and support the Resolution's recognition that, "the impact of COVID-19 on families and early childhood development has been significant, has placed families and children under great stress and providing quality child care is a key component to helping reduce the long-term impacts of our current crisis."

In our reading of the Resolution, and in subsequent conversations with the authors, we discerned several key principles which informed the intent of the proposal:

- To safeguard American Rescue Plan Act (ARPA) funds from being thinly spread across numerous, low-impact projects.
- To create permanent, brick and mortar facilities, rather than temporarily expand assistance.
- To use one-time funds on one-time expenses.
- To have a lasting impact, and leave a legacy of affordable child care for many years to come.

The solution proposed in the Resolution is to allocate a majority of the County's ARPA funds "to land, buildings, and capital projects for child care facilities." While the proposed approach is responsive to the key principles listed above, initial feedback to the Council from several community stakeholders revealed concerns over whether such a focused spending proposal would be truly responsive to needs of Whatcom County's child care sector, which is currently in crisis. It is in this context that the Council referred the proposed Resolution to the Child & Family Well-being Task Force for review and recommendations.

¹ <https://whatcom.legistar.com/View.ashx?M=F&ID=9262003&GUID=9A30CE27-4388-4D70-98D0-D37D63A47A40>

Our Process

In May, the request for a response to the draft Resolution was delivered to the Task Force. The Task Force then decided to have the Resources and Funding Workgroup develop the recommendations, and then bring them to the Task Force for discussion and approval. This Workgroup began meeting in June, and developed a timeline and plan to develop our response. Agreements were made by the group to use four data sources in the development of our response:

- Information gathered from national, state, and local experts in the field
- Feedback from the original respondents to the draft child care Resolution
- Feedback from the fellow Task Force members
- Feedback from community members, with a focus on child care providers and parents, and a special emphasis on those who identify as people of color

It is our shared value that both technical expertise and lived experience are important to the development of recommendations. We developed initial categories and subcategories based on information gathered from the local child care coalition, publications about the use of ARPA funds for child care, consultation with the Children's Funding Project, and a review of the initial feedback to Council. Our group then gathered broad based community input about the specific priorities to support child care in our community. We created an informal survey (not meant to be a scientific study) to gain insight as to what community members believe is missing from our current child care system, what needs they would prioritize first, and why they had those opinions. We provided a specific opportunity for our fellow task force members to respond. In total, we collected survey responses from 230 people, 11% of whom identified as Black, Indigenous, People of Color (BIPOC). Of those who responded, 113 people identified primarily as a parent/caregiver, 17 people identified as community business owners, 22 identified as child care teachers, 16 identified as child care operators, and 4 identified as in-home child care providers. Other stakeholder groups heard from were non-profit organizations, government, and community coalitions. The qualitative data gathered helped shape our response, and it also allowed more of our community members to be a part of the overall process.

Overwhelmingly, respondents in all categories felt like our outlined priority areas (discussed below) are what is needed right now to support child care providers, teachers, and consumers. Additionally, we saw that those in the child care field and parent/caregiver respondents recognized that the most pressing need is to stabilize the child care workforce through retention and development efforts.

Creating a Community Where All Children and Families Thrive

The Whatcom County Child and Family Action Plan² passed in 2020, which gave rise to our task force, states our community has a:

² <https://www.whatcomcounty.us/DocumentCenter/View/49297/Child-and-Family-Action-Plan---January-2020>

Shared vision for the future in which all children are ready to learn and where families are strong, stable, and supported from the start; and communities are supportive places for children and families to live, learn, work, and play. Families in Whatcom County, especially those with low/no incomes, racial/ethnic minorities, and those with members who have special health or behavioral healthcare needs, face significant challenges in finding affordable child care so they can attend school and work.... For immigrant families and those living in rural areas, the challenges for meeting children's and families' needs are even greater.

When considering both the quantity of funds to allocate, and how to allocate them, we believe it is critical to focus on whether the new opportunities create true situational fairness and equal opportunity in our community. Any plan using ARPA dollars should meaningfully include the voices of financially impacted families and struggling child care teachers. We, the Task Force, appreciate being asked to weigh in, since we are a group that has been created to represent diverse perspectives. We speak with a shared voice in making these recommendations, and hope we will continue to have a consequential voice in fund allocation and distribution plans moving forward.

As a group representing a myriad of lived experiences and expertise, we want to emphasize that it will be critical to use these funds to address systemic inequities built into the child care industry over centuries, and rooted in historic reliance on the undervalued work of BIPOC women as child care providers and consumers. With careful, intentional, design; and guidance from families, agencies, and child care providers; our County government can use ARPA funding in ways that reduce barriers for providers, children, and families. It is imperative to intentionally meet the needs of children and families from diverse backgrounds and experiences when building this foundation for the future.

Measuring Success

There are several ways to measure the ongoing success of the proposed child care programs funded by ARPA. An evaluative process would ensure services and supports are benefiting all children and families in their search for quality child care. Each priority area has suggested data indicators for analysis and adaptation for continuous quality improvement. All data indicators should be disaggregated by factors such as race, income, health care needs of the child, and geography; to guarantee that the enhancements to the child care industry are truly equitable. Ultimately, the overall success of these investments should be measured by family economic stability and kindergarten readiness, with the elimination of disparities by race.

Prioritization

Feedback received from providers and community members indicated overwhelmingly that workforce stabilization is the top priority.

Substantial improvement in workforce stability is a prerequisite for the success of investments in other areas such as capacity building, affordability, family support, and centralized infrastructure. All proposed areas of investment are interconnected, and investments in any one of these areas would have only limited impact if not accompanied by parallel investments supporting the other areas.

We strongly urge the Council to immediately dedicate a large portion of ARPA funds to child care, with an emphasis on supporting child care workers. We believe the amount proposed in the Resolution (\$22.25 million) would ensure continued availability of quality child care, which the pandemic has clearly illustrated is key to economic vitality and family success in our community. Information is evolving regarding (1) what kinds of investments are being made at the state and federal level, and (2) the eligibility of ARPA funds for various uses. As such, adjustments in funding allocation sources within the priority areas described below, may be necessary after the overall child care allocation is made. The best use of ARPA funds, maximizing support to the child care industry, along with leveraging other sources of funding, can be determined by the County and community going forward.

We have identified five priority areas for funding based on our understanding of child and family well-being, current work in our community specific to the child care industry, and a study of recommendations from state and national experts:

- Priority A:** Increase child care workforce stabilization, development, and compensation
- Priority B:** Increase child care capacity
- Priority C:** Increase child care affordability
- Priority D:** Increase family supports and early childhood well-being
- Priority E:** Develop County infrastructure for child and family well-being coordination, evaluation and planning

Priority A

Increase Child Care Workforce Development and Compensation

Adding more qualified teachers to the workforce, and retaining the teachers we have, to meet the full demands for child care in our community.

Why Invest Now

We can build new facilities or expand existing ones, but without additional child care workers, there will be no additional child care spots. Child care is in short supply, in part, because of the lack of child care workers. Child care workers face tremendous stress and health risks, without adequate compensation or benefits, for the level of education and certifications required for their work. Market conditions dictate that most child care workers are compensated so poorly that they have to rely on

public assistance programs and can't afford the basic medical care or mental health services they need. Furthermore, the burden of this work falls disproportionately on BIPOC women, compounding societal inequities. ***Although all of the priorities listed are important, both the Task Force and community survey respondents agreed, workforce stabilization is the most urgent priority.***

Potential Strategies

- Offer retention bonuses directly to staff, to reward longevity and encourage staying in the industry.
- Provide benefits for child care workers: offering retirement, healthcare, and paid time off; to both full and part-time workers.
- Supplement hourly wages: increase child care workers wages up to a living wage, that is consistent with the level of education and certifications necessary for their roles.
- Expand classroom supports: invest in programs which relieve workplace stressors for child care workers, such as supportive services for behavioral and mental health.
- Provide centralized administrative support for small child care providers. By sharing administrative services, providers can split costs and free-up time of overburdened administrators.
- Invest in workforce development: encourage people to enter the field by offering scholarships, creating “earn and learn” programs, offering guaranteed job placement, and funding continuing education for current providers

Success Metrics

- Child care employee retention
- Increased and sustained classroom capacity (teachers are hired and classrooms kept open)
- Number of open teacher positions

Priority B

Increase Child Care Capacity

Adding more child care spots by both expanding the capacity of current programs, and supporting the growth of new programs.

Why Invest Now

In order to meet Whatcom County's anticipated child care needs, the amount of currently available child care slots for children under 5 will need to triple by the year 2025.³ That is 5,768 new spots. Investment in this area should begin now, because opening new child care centers and earning credentials for new child care providers are time-consuming processes that often take years.

³ <https://whatcomcounty.us/DocumentCenter/View/58373/COVID-19-Community-Health-Impact-Assessment-July-2021>

Potential Strategies

- Subsidize lending: create a subsidized loan program specific to the child care industry in Whatcom County.
- Offer grants for facility startup and/or expansion. Funding could be given to child care operators on a ratio of dollars to new spots created.
- Build new, expand existing, or re-purpose buildings for child care. This could involve buying land, building new child care facilities, and/or renovating current facilities to reduce the overall cost of running a child care facility.
- Hire a child care facility specialist within the city/county planning departments. Create a dedicated position within the city/county to assist in navigating the regulations and obstacles in new construction permits.
- Offer financial planning and business modeling services to child care centers, providing assistance around financing and business sustainability.
- Offer tax credits for family-based providers, by establishing a property tax credit for families who operate child care in their homes.
- Provide down payment grants for family-based providers. People who operate child care facilities in their homes could qualify for interest-free, forgivable loans to assist with down payments for purchasing homes.

Success Metrics

- Increase in the total number of child care slots
- Increase in the number of child care slots in rural areas
- Increase in child care slots during non-traditional hours
- Increase in the number of child care slots for children from birth to age 2.
- Decrease in wait times for acceptance to child care programs

Priority C

Increase Child Care Affordability

Reducing the cost of child care for families.

Why Invest Now

When child care costs take up too much of a household's budget, other basic needs cannot be afforded, creating stress and eliminating the possibility of economic security. As noted in recent local reports, including the COVID Community Health Impact Assessment and the [Child Care Demand Study](#), nearly half of families report that it is very difficult to maintain and afford child care. Families not receiving a subsidy often pay more than 30% of their income on child care. These numbers are compounded when combined with intersectional factors such as race, socioeconomic background,

ability, orientation, and rural location.⁴ To increase economic security for families who are most impacted by the pandemic, reducing the cost of child care is vital. The Washington State Fair Start for Kids Act⁵ addresses some of these issues, but many of the benefits won't go into effect until 2023, and families need support now.

Potential Strategies

- Expand paid family leave for parents of infants locally. Funds could be used to supplement the Washington State Paid Family Leave program and extend the benefit for the first year of a child's life. If parents could stay home for a child's first year, it would reduce the need for infant care, remove some stress on the overall child care system, and improve household budgets by removing a major cost.
- Offer subsidies for Asset Limited, Income Constrained, Employed (ALICE⁶) families to supplement existing state programs. By expanding state subsidies to include ALICE families that work at low-earning jobs (until the Fair Start for Kids Act begins), our community will continue to incentivize work while improving economic security for families, and improving the economy of our entire community.
- Create an emergency child care program and/or site. All families experience crises that result in a temporary need for child care. By creating an emergency child care program, families could manage a crisis, attend to their health and/or employment, and regain stability for their family more quickly.

Success Metrics⁷

- Number of families spending more than 7% of their budget on child care
- Percent of household income that ALICE families are spending on child care
- Reduce the racial disparity of kindergarten readiness

Priority D

Increase Family Supports for Early Childhood Well-Being

Focusing on the overall well-being of children in their early years (including mental, emotional, and physical wellness) creates a foundation for healthy individual growth, and contributes to successful communities. Early experiences shape future outcomes, and are pivotal to human development.

⁴ https://www.k12.wa.us/sites/default/files/public/wakids/materials/pubdocs/WaKIDS1920OnePageFinal_20200714.pdf

⁵ <https://www.governor.wa.gov/news-media/inslee-signs-fair-start-kids-act-expand-access-child-care>

⁶ <https://unitedforalice.org/washington>

⁷ <https://static1.squarespace.com/static/5d12727cc999d40001434e6e/t/614ca40a069dd47614e63140/1632412686072/Fiscal+Map+for+Licens+ed+Child+Care+in+Whatcom+County+ +updated+July+31+2021.pdf>

Why Invest Now

In Whatcom County, families with young children who need additional support face a variety of compounding challenges: long wait times for services, services not available locally, complex case management difficulties, and finding child care during appointments. For over a decade, both families and service providers have expressed a need for a centralized location where multiple services for children and their families can be located.

Potential Strategies

- Support the development of family resource centers. Family Resource Centers can efficiently house a variety of healthcare and family support services under one roof. Families are able to conveniently access needed screenings, services, and supports from multiple agencies without traveling to many different locations. They can also provide resource referrals for other community based services.
- Expand peer support programs: peer supports are consistently recognized as an approach to center families, build racial equity, and save costs throughout the system; and could be added in health, education, social services, and government.

Success Metrics

- Increase in the number of resource centers
- Increase in the number of peer support programs

Priority E

Develop County Infrastructure for Coordination, Evaluation, and Planning

As funding sources evolve, increased infrastructure is needed to coordinate efficient and effective use of public and private funds, so that community goals can be reached, without work being duplicated.

Why Invest Now

Infrastructure is essential to make wise use of funds intended to support Whatcom County children and families, and will be needed to successfully implement any of the above-listed strategies.

With the large increase in funding from ARPA, a coordinated infrastructure is needed to administer funds, coordinate stakeholders and partners, develop accountability structures, and monitor and evaluate the impact of funds on desired outcomes. This infrastructure needs to be specific to child care investments, as well as for overall child and family well-being. The need will be acute during the investment of ARPA funds, and will be on-going. Communities that invest in staffing and resources across agencies and sectors, are able to make investments that make a difference for local children

and families. This need was first outlined in the Child and Family Action Plan,⁸ and continues to have broad-based support as an essential ingredient for prioritizing children and families within the community.

Potential Strategies

- Create a Child Care Funding Coordinator position. This role would be responsible for identifying funding sources and funding requirements, coordinating with partners, overseeing development of contracts with community entities, tracking use of funds, collecting data to analyze effectiveness, and identifying opportunities to leverage with other funds. This is also Ensure accountability to the county and community.
- Establish an Office of Family and Child Well Being. On-going leadership and capacity is needed at the county level to prioritize young children and their families. Besides committing resources, cross-agency and cross-sector efforts need to be made. Key capabilities include determining appropriate investments, managing funds and evaluating impacts.

Success Metrics

- The elasticity of the system as measured by unduplicated numbers on waitlists
- Held accountable to specific, measurable outcomes
- Resourced (staffed & funded) commensurate with its goals

Allocation: An Example

The original proposal from Councilmembers Browne and Frazey called for bold action: allocating half of the county's ARPA funds (\$22.25M) to address the challenges of child care throughout our community. The task force was heartened by that, and urges the council and Executive Sidhu to act in that same bold spirit because the challenges before us call for action, and the consequences of inaction cross all sectors of our economy.

Rather than investing into a single intervention, we are hoping to see a well-rounded set of interventions that alter the landscape of child care in a holistic way.

Workforce stabilization is the most urgent priority that we identified, and should likely see the largest investment. With more exploration of the potential costs and returns of the other priorities, our recommendations could expand to include additional strategies. We suggest focusing attention on workforce stabilization, with the aim of significantly expanding dollars allocated to this priority.

Below is an example of how ARPA funds could be deployed on specific programs across the five priority areas, with some speculation about the good such investments might achieve. We wanted to

⁸ <https://www.whatcomcounty.us/DocumentCenter/View/49297/Child-and-Family-Action-Plan---January-2020>

share what we learned, even though our knowledge across these areas is asymmetrical. We were limited by our timeline to produce these recommendations, and strive to be candid about what we learned and what we didn't have time to fully explore. That asymmetry should not be taken as a signal of prioritization. Some of these areas (capacity building) are easier to research than others (affordability). Wage subsidies, one of the most popular ideas about workforce stabilization in our community outreach, emerged late in our process.

One Way to Allocate \$22.25M in ARPA Funds Across 5 Priorities

- *\$2.6M for Retention Bonuses*— One of the leading ideas to encourage and retain the existing workforce is retention bonuses. An investment of this size would fund retention bonuses of \$1,000 (twice yearly, for two year), for the 650⁹ workers currently employed at licensed centers. If new staff is hired as a result of the capacity expansion efforts described below, the total program cost would increase in proportion to the amount of new capacity added.
- *\$7M for Attracting a Community Development Financial Institution (CDFI)*— ARPA funds administered by a CDFI could be used to replicate the success LIIF had in Washington DC.¹⁰ Assuming the same rate of return, this investment should yield 4,117 new child care slots, roughly three-quarters of the projected need for 2025.¹¹
- *\$7M to Address the Benefits Cliff*— Child care subsidies from the Division of Child, Youth and Families (DCYF) are only available to families with income 200% of federal poverty level. However, we heard from a number of families who are ineligible for help, but still find it difficult to afford the child care they need. The subsidy levels will be adjusted substantially by the Fair Start for Kids Act, but the changes do not go into full effect until 2024. The City of Seattle is funding a pilot with ARPA dollars to implement those changes early,¹² and Whatcom County could do the same. Assuming this program provides full subsidies for families who are not eligible for any support today, this investment could make care accessible to 480 children for a year.
- *\$2M for Family Resource Centers*— Conversations at both the state and local levels acknowledge the good Family Resource Centers could accomplish.¹³ The demands of COVID have stalled local efforts, but ARPA funds could be used to secure two or more facilities within Whatcom County for this purpose.
- *\$3M for Coordinating Infrastructure*—All of the initiatives listed would be easier to achieve with a dedicated department or office within the County Government to design programs, administer funds, convene stakeholders, and attract additional investments. While this is an ongoing expenditure, which makes its ARPA eligibility uncertain, the yearly cost would be modest. This level of investment could sustain such a department for 4 years. Other groups

⁹ Estimated by David Webster of Opportunity Council based on the licensed capacity in Whatcom County.

¹⁰ <https://www.liifund.org/news/post/liif-exceeds-goal-in-bringing-1k-child-care-slots-to-d-c/>

¹¹ <https://whatcomcounty.us/DocumentCenter/View/58373/COVID-19-Community-Health-Impact-Assessment-July-2021>

¹² <http://www.seattle.gov/education/for-parents/child-care-and-preschool/child-care-assistance-program>

¹³ <https://www.childwelfare.gov/topics/preventing/prevention-programs/familyresource/>

within our community have worked to envision what such a unit could accomplish, and how it could be sustainably funded for the long-term. Rather than duplicate their efforts, we would just acknowledge that the existence of such a department would make any ARPA-funded projects more effective & efficient.

Implementation

Our research identified many additional local efforts working to address this urgent problem. In addition to the Task Force's continued involvement, we recommend ongoing planning with organizations such as The Whatcom Child Care Coalition, The Center for Child Care Retention and Expansion, and the Healthy Whatcom Early Learning and Child Care team. Communications with the Task Force and these organizations, along with outreach to child care providers and to families with young children, will be essential in creating the programmatic details necessary for implementation.

Concluding Remarks

The most lasting investment we can make as a community is an investment in our people. The proposed Resolution recognizes this, by making child care the top priority for Whatcom County's ARPA funds. We recommend the County Council broaden the scope of this investment, and take action to stabilize and grow the child care workforce as your first priority.

We understand the appeal of investing in physical buildings that could serve as a tangible and permanent legacy. At the same time, any child care investment strategy must center the child care workforce crisis or it will not succeed. Over the past year and a half, approximately a dozen licensed child care operators have shut their doors, and classrooms at functioning centers often go unused due to staff shortages. Whenever a teacher gets sick, a dozen families have to scramble to make arrangements, as there are no substitutes to fill in. Employers are losing some of their best workers, because there is no one to look after the kids.

It is important to recognize that there are a lot of unanswered questions about investing in the workforce. Who, how, and how much? Our Task Force, along with numerous community partners, are prepared to take them on and offer solutions. As our County Government invests in quality child care, we know that families will be strengthened and the whole community will find benefit.

The County Council has already demonstrated leadership and challenged conventional thinking. Child care is a new opportunity for Whatcom County Government to play a significant role in supporting our entire community and the underlying supports for a healthy economy. We appreciate your bold vision, and we assure you that your constituents support your effort to prioritize child care and help families thrive in Whatcom County. Thank you for considering our recommendations.