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# Washington County Early Childcare Analysis Final Summary Report

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June 30, 2023

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## **Acknowledgment**

Washington County Health and Human Services would like to first acknowledge that this report was funded through the American Rescue Plan Act at the direction of the Washington County Board of County Commissioners. The board's ongoing support of families, early learning and care professionals in our community has been exemplary.

Next, collaborative efforts among staff from Community Action Organization's Family Stability Department and Child Care Resource and Referral Team, Early Learning Washington County/ United Way of Columbia-Willamette, and ECONorthwest resulted in critical connections and understanding, which shaped and led to the ultimate success of this report.

Additionally, we wish to acknowledge the time and thoughtfulness of early learning and care professionals who responded to surveys that provided key insights and context to the findings of this report.

Finally, we appreciate the responsiveness of our partners at local municipalities who informed the processes and policies related to the regulatory structure that make up the current child care environment.

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# 1. Executive Summary

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Washington County contracted with ECONorthwest to conduct an analysis of infrastructure and workforce needs for an expansion of early childhood care and education (ECE) for children ages 0 to 5 in Washington County, Oregon.

This report includes four sections that summarize and synthesize findings from the components of the study:

- **Population forecast and demographic analysis** – Describes the current and projected demographics and location of children in Washington County.
- **Current capacity analysis and childcare provider survey** – Describes current provider capacity and characteristics, including location. This task also included a survey of Washington County childcare providers to provide additional local context and to better understand barriers to and interest in facility expansion.
- **Gap analysis and workforce development case studies** – Describes the gap between current capacity and capacity needed under a specified system expansion in terms of infrastructure and workforce. The case studies describe efforts in other parts of the state to train, develop, and support the ECE workforce.
- **Zoning, process, and case study cost analysis** – Describes zoning, commercial space availability, development costs, and processes associated with residential and commercial childcare facility development.

## Findings and Recommendations

There is a clear consensus that the current number and type of childcare slots in Washington County do not meet the needs of families in the county, and that the available care is too expensive for many households. Meeting ambitious childcare capacity expansion goals would require a large increase in the childcare workforce as well as more-comprehensive support of existing providers.

As the County pursues its expansion efforts, it should continue to investigate alignment of current supply with need to support the best use of existing or anticipated resources. The County should also ensure that necessary supports and resources are available to childcare providers already operating in the county. Key considerations include:

- **The number of children under the age of six is expected to grow steadily in Washington County over the next decade.** In 2021, approximately 39,000 children under the age of six lived in Washington County. This number will grow to 44,000 in 2025 and about 48,000 in 2030. In 2021, about half of Washington County’s children under six were Black, Indigenous, or people of color (BIPOC) and recent demographic trends suggest that this share will increase over time.

- **Recent data indicate that Washington County has 23,979 childcare slots, inclusive of all licensed childcare and some license exempt providers.** Our analysis suggests a potential mismatch in slots by family need and age of child(ren). Existing capacity consists largely of licensed centers operating on traditional Monday to Friday schedules. In addition, providers surveyed for this project reported the greatest unfilled capacity for infants and toddlers, but simultaneously, infants and toddlers made up 73 percent of children providers reported on their waitlists, which could indicate a mismatch between available care and the needs of families.
- **Washington County will need to almost double its childcare capacity for children ages 0 to 5 to achieve a target of 0.67 slots per child in 2030.** Achieving this target would ensure that the whole county has capacity at least twice that necessary to exceed “child care desert” status. This expansion would require a similarly large expansion in the childcare workforce, which would have to grow at about four times the rate implied by occupational projections from the Oregon Employment Department. This analysis estimates the increased workforce need by provider type (center or home-based) and position (e.g., center director, teacher).
- **Findings from the Childcare Provider Survey suggest that the majority of existing Washington County providers are interested in expansion but need more support to do so.** Nearly two-thirds of providers indicated that they were interested in expanding. Survey respondents advocated for an environment that supports existing providers, rather than encouraging new providers, and described barriers to expansion such as regulatory challenges; difficulty recruiting, hiring, and retaining staff; and difficulty attracting families.
- **Washington County and jurisdictions in the county should seek to reduce regulatory barriers by updating or modifying their zoning allowances and procedures.** Jurisdiction-level focus on the following objectives could help resolve identified barriers:

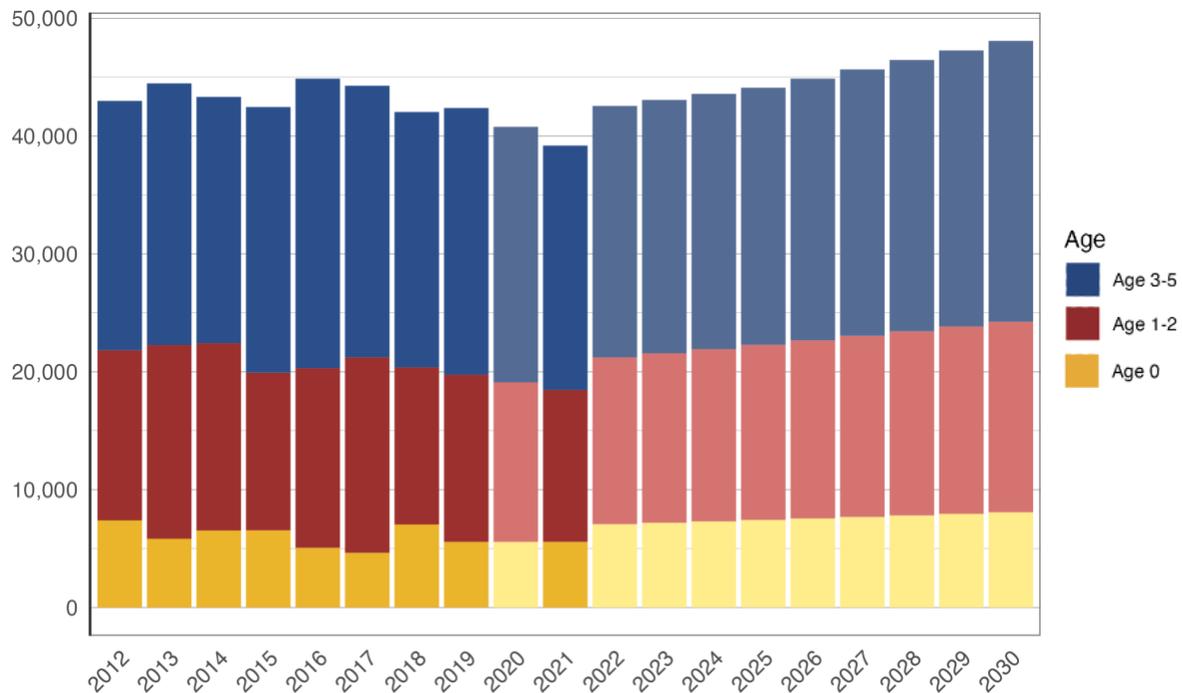
  - **Update definitions and permitted use tables** to align with the State’s definitions and requirements for childcare facilities.
  - **Remove conditional use processes** (and other restrictions for ECE facilities) that conflict with state requirements.
  - **Consider expanding allowances** for ECE beyond what the state requires.
  - **Track development review times** to identify inefficiencies and report more accurate review timelines.
  - **Create or expand local technical assistance programs** to help providers with facility design, navigating local permit processes, and/or locating opportunity spaces.
  - **Waive development fees for non-profit projects or projects that serve certain populations.**

## 2. Population Forecast and Demographic Analysis

In 2021, 39,191 children under the age of 6 lived in Washington County. From 2012 to 2021, this population varied in size, with a high of 44,871 in 2016 and a low of 39,191 in 2021. Consistently over time, approximately half of the young children in the county are ages 0 to 2 and the other half are ages 3 to 5. Exhibit 1 shows the population of children by age group over the last ten years, as well as the forecast described below.

ECONorthwest forecast population growth by age from 2022 to 2030 using county estimates from Portland State University’s Population Research Center (PRC). Based on PRC’s population forecast for Washington County, we estimate the number of children will increase to 44,101 in 2025 and 48,075 in 2030 (Exhibit 1). We assume that the age distribution of children will stay the same as in 2021.

**Exhibit 1. Young children in Washington County, by age group**



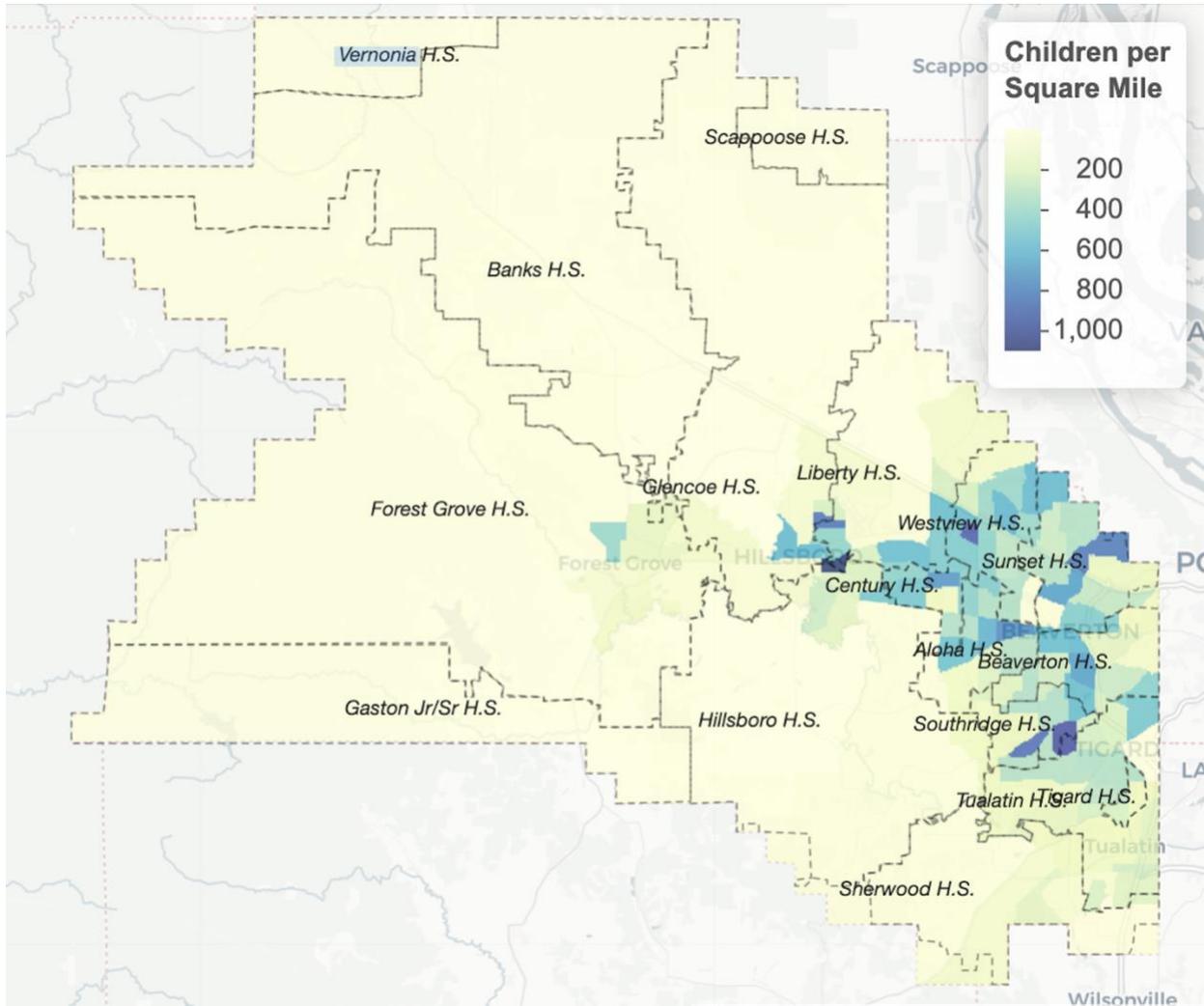
Source: U.S. Census Bureau (2012-2021),<sup>1</sup> Chun et al. (2020).<sup>2</sup> Note: Values for 2020 were calculated as the average between 2019 and 2021 to avoid using experimental weights. Values from 2022 to 2030 were projected using county population forecasts published in 2020.

<sup>1</sup> U.S. Census Bureau; American Community Survey (ACS), One-Year Public Use Microdata Sample (PUMS), 2012-2021; accessed via API (20 February 2023).

<sup>2</sup> Nick Chun et al. (2020). *Coordinated Population Forecast for Washington County, its Urban Growth Boundaries (UGB) and Area Outside UGBs 2020-2070*. Portland State University’s Population Research Center.

Exhibit 2 shows the distribution of children by Census tract (subsequent maps in this memo focus on the southeast part of the county, to display the detail among the most populated parts of the county). The highest concentrations of children (about 1,200 children per square mile) are in southeast Washington County. Beaverton, South Beaverton, Hillsboro, and Cedar Mill also have relatively high concentrations of children. Higher population density also extends along OR-8 into Forest Grove and Cornelius. Northwest and southwest Washington County have smaller concentrations of children.

**Exhibit 2. Children ages 0 to 5 per square mile in 2021, Washington County**



Source: ECONorthwest (2023).<sup>3</sup> Note: H.S.=high school (catchment areas).

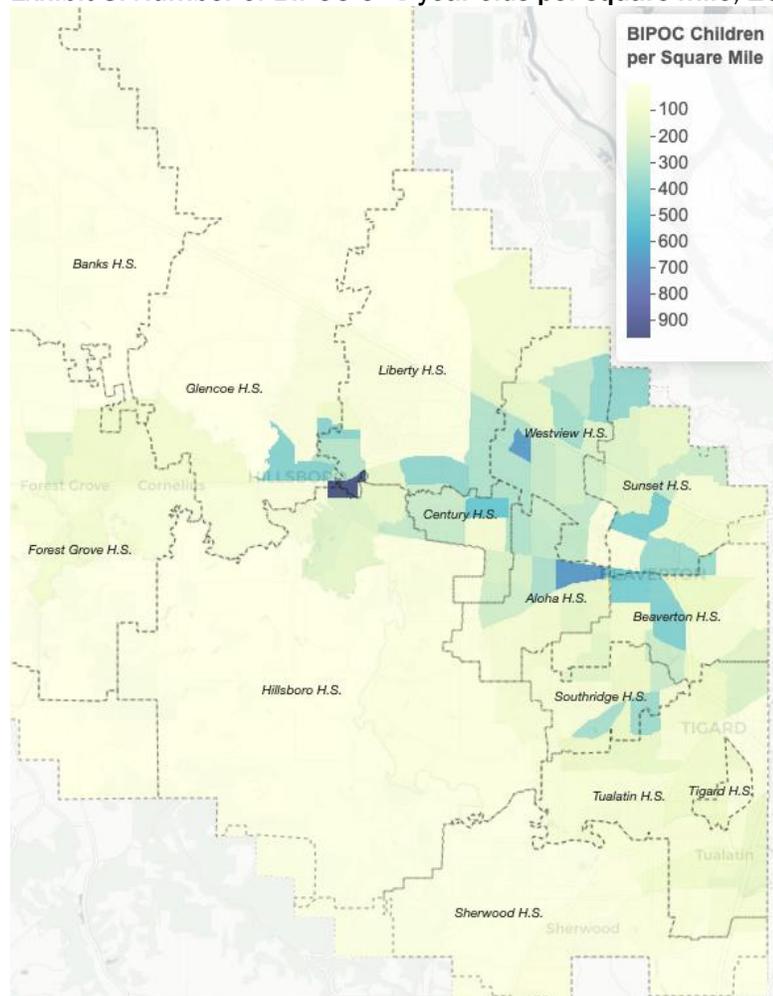
<sup>3</sup> ECONorthwest. Synthetic Population Data created using PopulationSim v0.5.1. Data from U.S. Census Bureau; Five-Year American Community Survey (ACS) and Five-Year Public Use Microdata Sample (PUMS), 2021; accessed via API (2023).

## Race and Ethnicity

In 2021, 50 percent of children were white and not Hispanic, 26 percent were Hispanic of any race, and a further 12 percent were Asian and not Hispanic. The proportion of white children and children of two or more races has declined over time, while the proportion of Asian children has increased.

Exhibit 3 shows the number of BIPOC 0-5-year-olds per square mile in each Census tract.<sup>4</sup> Tracts in eastern Hillsboro, west Tigard, west Beaverton, and the Orenco-AmberGlen area have some of the highest densities of BIPOC children. Racial and ethnic diversity has increased gradually over time and will continue to increase through the forecast period.

**Exhibit 3. Number of BIPOC 0–5-year-olds per square mile, 2021, Washington County (detail)**



Source: ECONorthwest (2023).<sup>5</sup> Note: H.S.=high school (catchment areas).

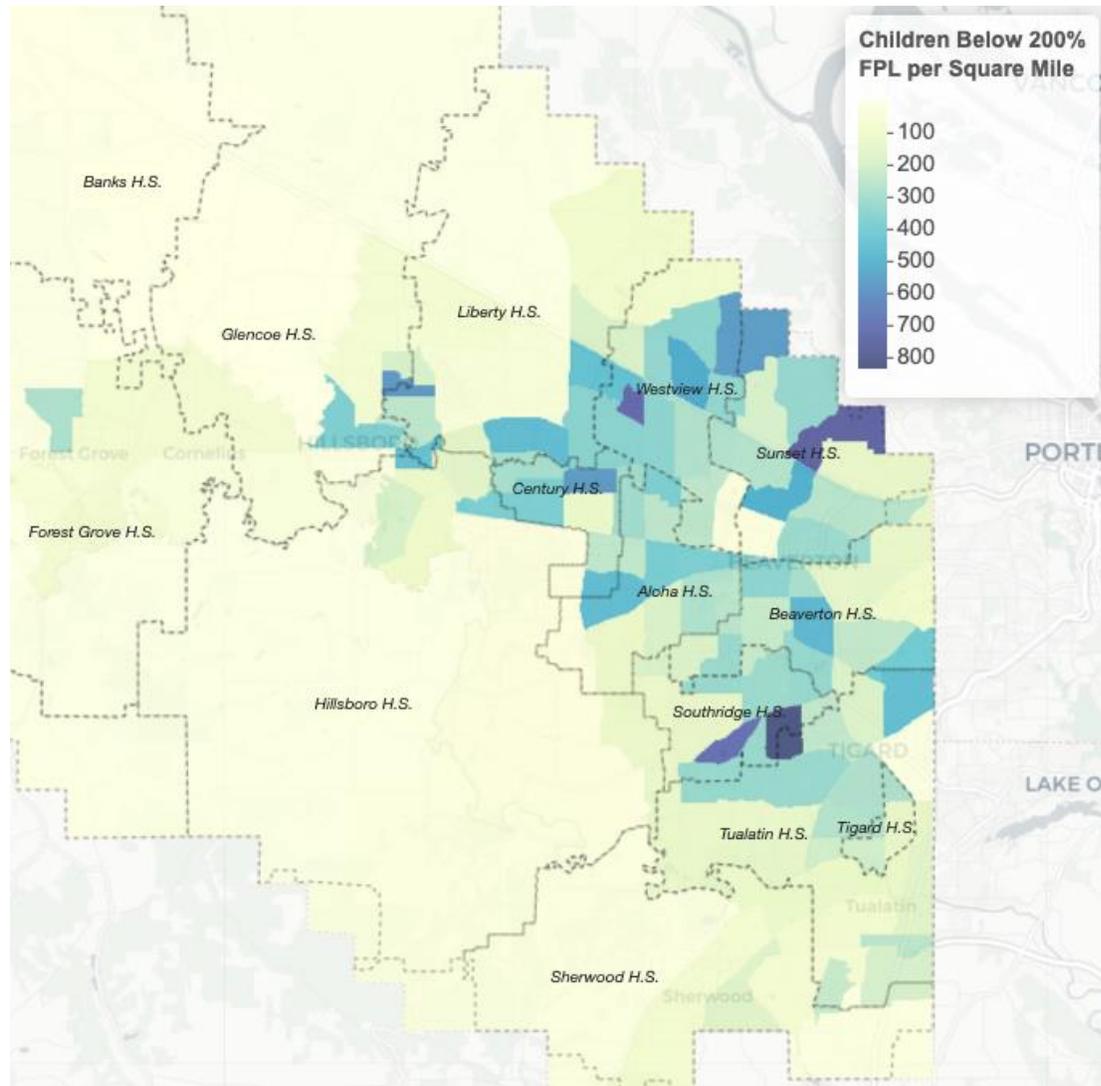
<sup>4</sup> “BIPOC” in this memo includes the following Census race/ethnicity categories: Hispanic (of any race), American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian and Pacific Islander, Two or More Races, and Some Other Race.

<sup>5</sup> ECONorthwest, Synthetic Population Data.

## Household Income

In 2021, 21 percent of children under 6 lived at or below 200 percent of the federal poverty level (FPL) in Washington County.<sup>6</sup> The number of children below this threshold has decreased by half since 2013. Exhibit 4 shows the distribution of these children in Washington County (number per square mile by tract). Areas with the highest numbers of low-income children per square mile include Jack Park in Tigard, Cedar Mill, Orenco-AmberGlen, and north Hillsboro.

**Exhibit 4. Number of 0–5-year-olds per square mile living below 200 percent of the federal poverty level, 2021, Washington County (detail)**



Source: ECONorthwest (2023).<sup>7</sup> Note: H.S.=high school (catchment areas).

<sup>6</sup> U.S. Census Bureau; American Community Survey (ACS), One-Year Public Use Microdata Sample (PUMS), 2012-2021; accessed via API (20 February 2023).

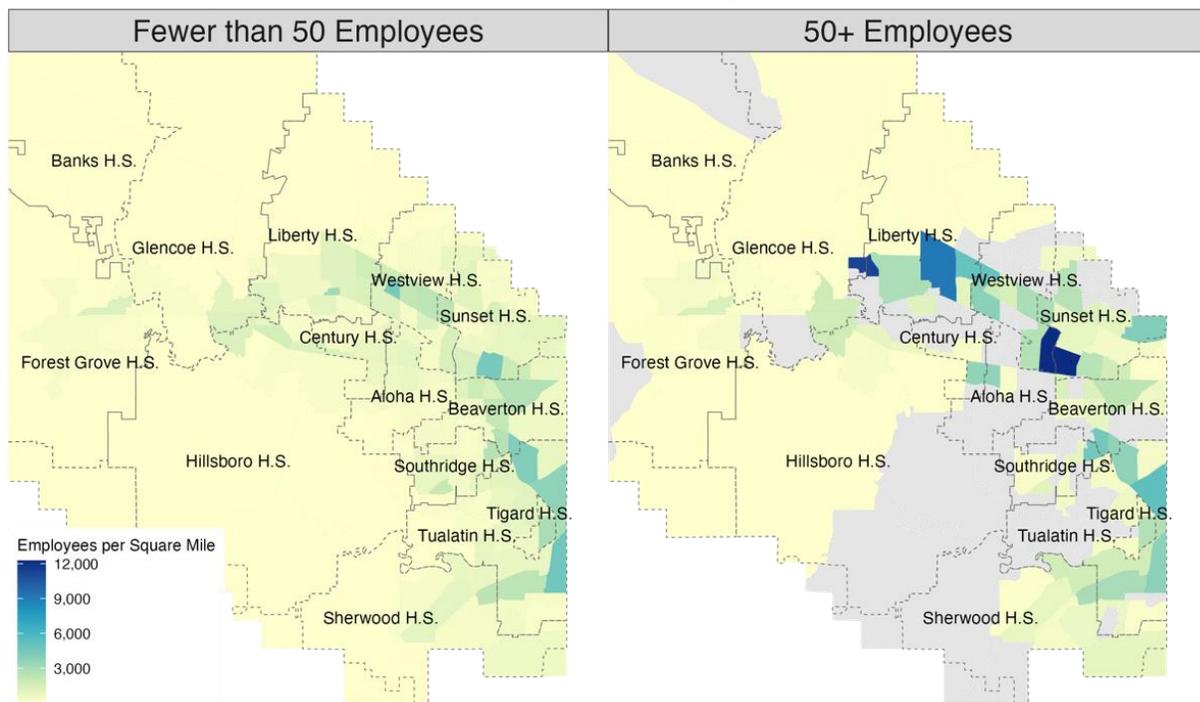
<sup>7</sup> ECONorthwest. Synthetic Population Data.

## Job Cluster Analysis

ECONorthwest used data from the 2021 Quarterly Census of Employment and Wages (QCEW) to identify clusters of employment in Washington County. These data can identify areas where demand for childcare might be higher than expected based only on residential population counts. Areas of the county with higher employment density suggest potential need for childcare for the children of parents or guardians who prefer to use childcare near their place of employment. The highest concentrations of jobs are, not surprisingly, near urban centers, for example, Orenco, downtown Beaverton, the Tigard-Metzger area, and eastern Tualatin.

Larger employers may be more likely to provide company-sponsored childcare options; areas with relatively more small businesses might need different types of childcare options (e.g., more home-based providers). Exhibit 5 shows the concentration of employees by business size in county Census tracts.<sup>8</sup> Smaller businesses (those employing fewer than 50 people) are more concentrated along Washington County's eastern border near Portland and along US-26. Employment in large businesses (those employing more than 50 people) is more common in north Hillsboro, northwest Beaverton, and West Haven-Sylvan.

**Exhibit 5. Employment density by size of business, Washington County (detail)**



Source: QCEW (2021).<sup>9</sup> Note: Some businesses were removed from the analysis to comply with QCEW's data reporting rules.

<sup>8</sup> Size categories were chosen in part to allow a reasonable amount of detail in the maps while complying with OED confidentiality requirements.

<sup>9</sup> Oregon Employment Department. Data from the Quarterly Census of Employment and Wages, Washington County, Oregon. (2021).

The type of childcare needed may vary based on industry-specific attributes; thus, the distribution of employment by industry can help identify potential need for childcare with specific characteristics, as employer needs for labor and worker characteristics vary across industries. For example, those employed in professional services industries are more likely to need full-day weekday care (e.g., a provider open Monday-Friday from 7:30 am to 6:00 pm), whereas those employed by the construction, health care, or food service industries may need childcare at different hours or days of the week depending on work shifts.

Professional services firms employ the most people in Washington County followed by the construction and manufacturing industries and the trade, transportation/warehousing, and utilities industries. Construction and manufacturing tend to employ people in large businesses of 500+ employees while recreation, accommodation, and food services consists of more numerous, smaller businesses. Businesses with large employee bases such as those in professional services and construction and manufacturing may have a more-concentrated need for childcare, but this need may be more likely to be met by employers.

Construction and manufacturing employ a sizable share of the Washington County workforce and are more concentrated in northern Hillsboro and Tualatin. Healthcare and social assistance are highly concentrated in the West Haven-Sylvan area. Professional services businesses also employ a large share of the county workforce, and these jobs are most concentrated in urban centers. Recreation, accommodation, and food services businesses are evenly spread across the county.

### 3. Current Capacity Analysis and Childcare Provider Survey

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Washington County requested that ECONorthwest estimate current ECE capacity within the county. For the purposes of this analysis, ECE programs include prekindergarten programs (Head Start and Early Head Start, Oregon PreK [OPK], and Preschool Promise), relief nurseries, and childcare providers (licensed family homes and licensed centers). While the study as a whole focused on childcare for children ages 0 to 5, this section provides a comprehensive assessment of childcare capacity in the county regardless of a child's age. Findings from this analysis include the following:

- **The majority (51 percent) of Washington County's childcare providers are licensed home-based providers, but most of Washington County's 23,979 slots (66 percent) are supplied by licensed center-based providers.** While less numerous, Washington County's licensed childcare centers are far larger than other types of providers, with an average licensed capacity of 72 slots, compared to an average licensed capacity of 13 slots for a licensed home.
- **Much of Washington County's childcare is provided by centers offering care Mondays through Fridays during traditional working hours.** While licensed centers

provide two-thirds of Washington County’s licensed childcare capacity, they are less likely to offer care during non-traditional hours, such as on weekends, early mornings, or late evenings, than are home-based providers.

- **Washington County providers operate at about 82 percent of licensed capacity. A survey administered to Washington County providers indicated that infant and toddler slots were the least utilized type of slot among survey respondents.** Previous research has highlighted a need for additional infant/toddler slots in Washington County and providers surveyed for this study commented on infant/toddler slots being in high demand.<sup>10</sup> However, surveyed providers also reported the greatest number of potential openings among their infant/toddler slots (when comparing enrollment to licensed capacity). At the same time, among providers who reported having a waitlist, 73 percent of waitlisted children were infants/toddlers. These findings may signal the presence of issues such as a potential mismatch between provider offerings and parent needs and/or a lack of advertising opportunities for providers.
- **Most survey respondents (66 percent) were interested in expanding their businesses but expressed the need for reduced regulatory barriers and increased supports for existing providers.** Providers highlighted a myriad of challenges and barriers to expansion and continued operation, including burdensome regulatory requirements, challenges around staffing, issues covering operating expenses, and difficulty advertising their businesses to families. Providers also expressed that COVID-19 had damaging and lingering effects on their businesses and on the industry as a whole.

## Childcare Capacity in Washington County

Washington County had a total of 23,979 licensed childcare slots and 755 active providers as of the end of 2022 (not limited by age). This count includes slots for license exempt facilities, accounting for 20 percent of the total, but it is not inclusive of all unregulated or unlicensed childcare in the county because not all of these providers are required to report to the state.<sup>11</sup>

Licensed home-based providers are the most common type of childcare provider in the county (51 percent of all providers). However, the majority of slots are provided by licensed centers (66 percent of all slots).

On average, about 18 percent of childcare slots were reported to be open as of the most recent data available at the end of 2022 (see Exhibit 7), with licensed home providers having a higher share of openings (28 percent) than licensed centers (16 percent).

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<sup>10</sup> The county is considered a childcare desert for children ages 0–2. See Megan Pratt and Michaella Sektan (May 2023). *Oregon’s Child Care Deserts 2022: Mapping Supply by Age Group and Percentage of Publicly Funded Slots*. Oregon State University and Oregon Child Care Research Partnership.

<sup>11</sup> In the FCCO data (described in this section), all provider types, including license exempt providers, have licensed capacity (licensed slots) assigned. For the purposes of this study, licensed capacity is of most interest (relative to desired capacity) because it better indicates the level of service that is possible given current infrastructure levels.

Fractured data systems and definitional differences lead to variation in estimates of childcare supply. The analysis described in this memo was as inclusive as possible, reporting on available data for license exempt providers, slots available to children of any age (except where noted), and information on publicly available and subsidized slots.

ECONorthwest explored a range of data sources to quantify childcare capacity in the county, including the following:

- **Find Child Care Oregon (FCCO) data** – The FCCO database includes data on all childcare and early education providers that are required to or voluntarily report to the state. It includes information on licensed capacity, ages served, and program information, including hours and specialty care offered.
- **Oregon Department of Human Services Employment-Related Daycare (ODHS ERDC) records** – ECONorthwest requested confidential ERDC data from ODHS to better understand the availability of subsidized childcare in Washington County. ODHS tracks childcare providers registered through ODHS and reports the number of households and children served through ERDC each month.
- **Childcare Provider Survey** – ECONorthwest and the County collaborated to design and administer a survey of childcare providers in Washington County to collect richer data on child enrollment and qualitative data about challenges and barriers providers face and their interest in expansion.
- **Washington County’s Early Childhood Education (ECE) Sector Plan Reporting (December 19, 2022)** – The County’s 2022 ECE Sector plan was developed in accordance with Oregon’s comprehensive state system plan for early childhood, prenatal to age five, Raise Up Oregon (RUO). The plan compiles information on publicly provided childcare slots in the county by region, program, and subsidy status.

For various reasons, available data provide an incomplete picture of capacity. For example, state reporting is voluntary for some providers.

## Childcare Capacity in Washington County

Based on the FCCO data, there were 23,979 active childcare slots in Washington County and 755 active providers in 2022. Licensed centers account for less than one-third of all providers but account for two-thirds of all childcare slots in Washington County. Centers have an average

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## Key Terms

**License Exempt Providers:** Includes Recorded Programs, such as preschool programs that operate less than four hours a day, and regulated subsidy providers, such as family friends providing care, and other programs with limited hours.

**Licensed Providers:** Providers that must be licensed through the state include Registered Family Child Care, Certified Family Child Care, and Certified Child Care Centers.

**Home-based Provider:** Providers that care for children within their homes. Maximum licensed capacity for Registered Family Child Care providers is 10 children and 16 children for Certified Family Child Care.

**Center-based Provider:** Care provided outside a family home where licensed capacity is determined by floor space and number of staff.

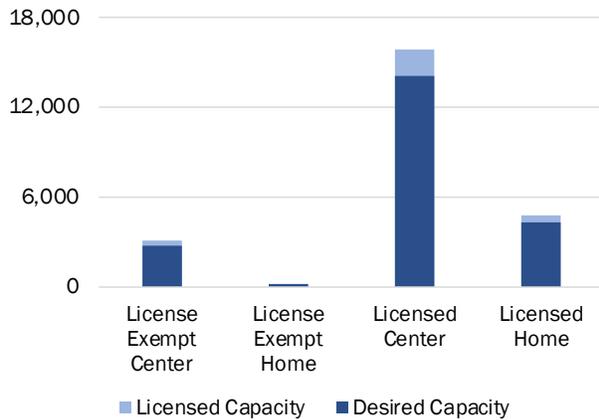
Source: Oregon Department of Education Early Learning Division.

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licensed capacity of nearly 72 slots while licensed home providers have an average of 13 slots. Average provider size was 32 slots overall.

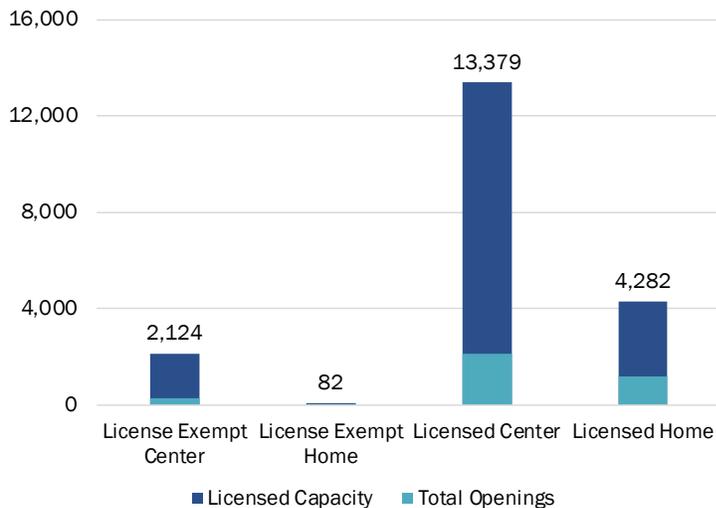
Providers reported, on average, desiring enrollment at 89 percent of their licensed capacity (see Exhibit 6) and had enrollment equal to about 82 percent of their licensed capacity (see Exhibit 7). License exempt centers and license exempt homes (for which data were limited) had enrollment rates of 87 percent and 42 percent, respectively. Licensed centers and licensed homes had enrollment equal to 84 percent and 72 percent of their capacity, respectively.

**Exhibit 6. Licensed capacity compared to desired capacity, Washington County, 2022**



Data source: FCCO data. Note that licensed providers are not allowed to enter a desired capacity that is higher than their licensed capacity.

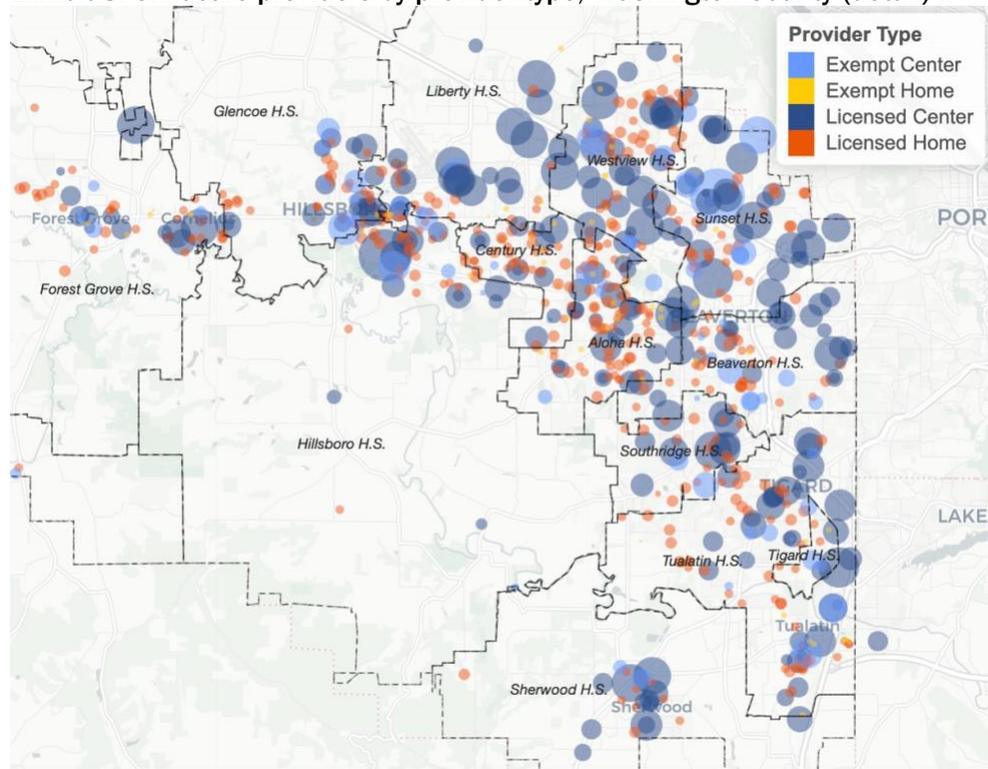
**Exhibit 7. Reported childcare openings, Washington County, 2022**



Data source: FCCO data. Note: Openings are not recorded for all providers each year. For this reason, ECONorthwest combined the last three years of data. Between 2020 and 2022, FCCO collected openings data on 573 providers, or approximately 76 percent of all providers in Washington County.

Exhibit 8 shows the distribution of childcare providers across the county. Most of the county’s childcare capacity is concentrated in the eastern half of the county around population centers such as Beaverton and Hillsboro.

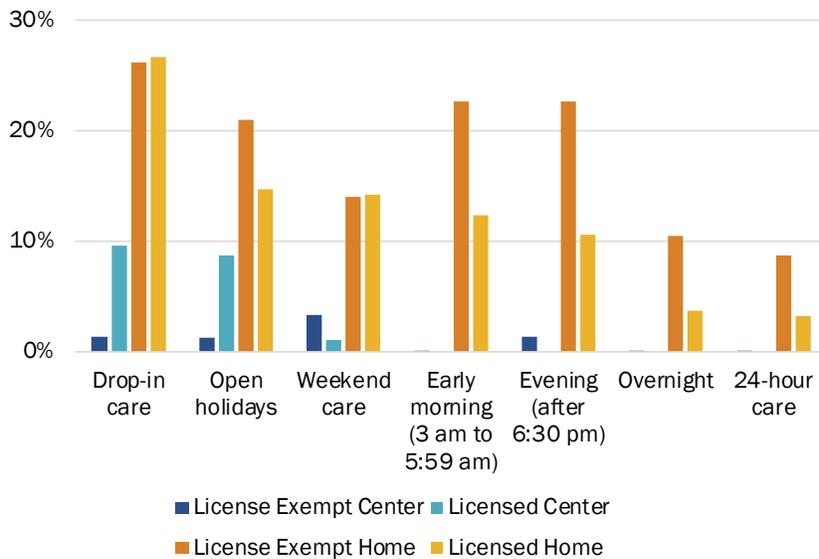
**Exhibit 8. Childcare providers by provider type, Washington County (detail)**



Source: FCCO data. Note: Circle size represents licensed capacity.

Schedule and slot-type offerings also vary by provider type, as shown in Exhibit 9. Center-based providers (which provide the majority of Washington County’s slots) were much less likely to offer childcare outside of regular hours than were home-based providers in 2022.

**Exhibit 9. Share of slots by schedule and provider type, Washington County, 2022**



Data source: FCCO data.

## Publicly Provided Childcare in Washington County

Private providers account for most of the County’s childcare capacity and rely primarily on family-paid tuition. Most local and state initiatives, meanwhile, are focused on increasing childcare capacity through the provision of publicly funded slots.<sup>12</sup> Washington County reports publicly funded slots to the Early Learning Division (ELD) per Raise Up Oregon (RUO) — the state’s comprehensive system plan for early childhood (prenatal to age five) — requirements. In total, the County reported having 2,247 publicly funded slots: 2,056 slots for preschool-aged children and 191 slots for infants/toddlers, totaling nearly one-fifth of total capacity (across all ages). The County funds more than ten times the number of slots for preschool-aged children as it does for infants and toddlers.

## Childcare Provider Survey

ECONorthwest and the County collaborated to design and administer a survey of Washington County childcare providers to gain more detailed insight into provider capacity, the challenges of operating a childcare business, and the interest and barriers of providers in expanding their businesses. The survey was available in English and Spanish and was distributed to approximately 700 provider email addresses, generating 168 complete or partial responses. Just under a third (29 percent) of respondents took the survey in Spanish. Because all questions were optional, the completeness of survey responses varied. This section presents key findings from the childcare provider survey.

Home-based providers made up the majority of survey respondents. Nearly two-thirds (64 percent) of respondents provided childcare within their homes (compared with 59 percent of providers in the county based on FCCO). Respondents’ childcare facilities provided a total of 3,617 slots (about 15 percent of total licensed capacity in the county). Slots for preschool-aged children made up about 58 percent of all slots among survey respondents (see Exhibit 10). About a fifth of slots (21 percent) among respondents were subsidized slots, similar to County-reported subsidized slots as a share of total capacity identified in the FCCO data.

On average, providers reported enrollment at about 84 percent of their licensed capacity (see Exhibit 11). Despite a stated need for additional infant and toddler capacity in survey open-ended responses, providers reported their infant and toddlers slots had less uptake than their slots for preschool-aged children. Enrollment for preschool-aged children exceeded 90 percent of licensed capacity, while enrollment for infants and toddlers stood at 66 percent and 76 percent of licensed capacity, respectively. Patterns were similar for subsidized slots.

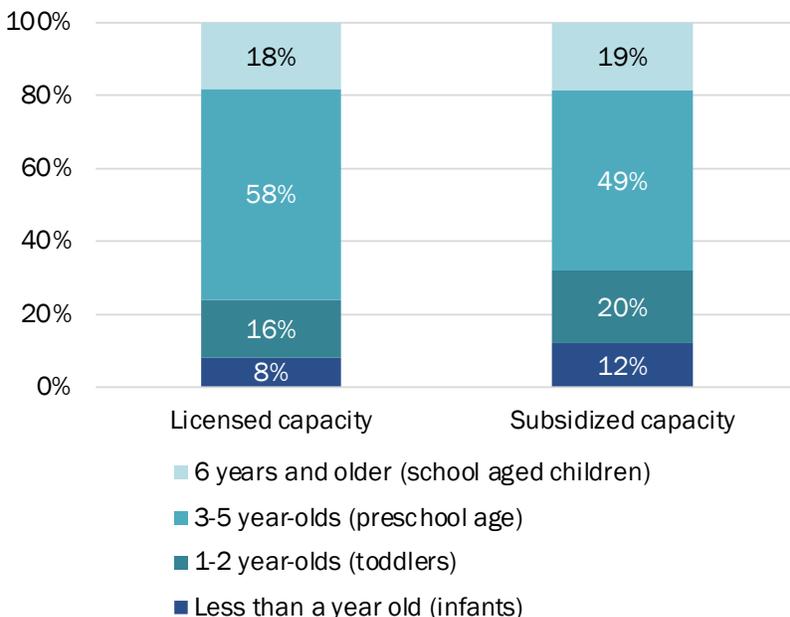
On average, survey respondents indicated that they desired enrollment of 93 percent of their desired capacity (similar to the 89 percent reported for providers in the FCCO data). Providers desired to be closest to their licensed capacity for infants (98 percent) and preschool-aged

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<sup>12</sup> See “Public Funding Helped to Increase Available Child Care Slots in Oregon,” <https://oregonearlylearning.com/public-funding-helped-to-increase-available-child-care-slots-in-oregon/>

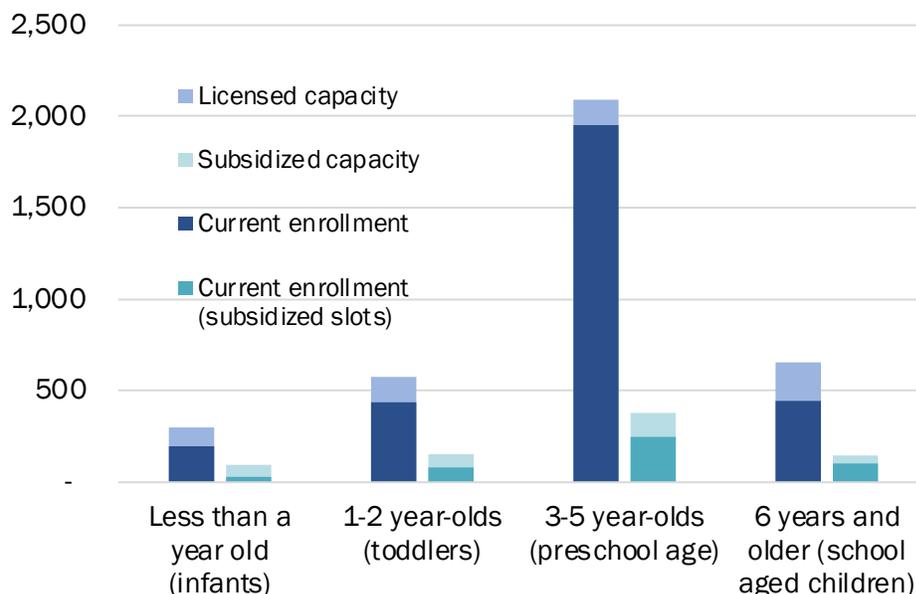
children (95 percent). For toddlers, providers reported wanting to be at 89 percent of licensed capacity and 87 percent of licensed capacity for school-aged children.

**Exhibit 10. Slots by age as share of respondents' childcare capacity**



Data source: Washington County Childcare Provider Survey.

**Exhibit 11. Current enrollment in comparison to total licensed capacity, provider childcare slots**



Data source: Washington County Childcare Provider Survey.

Findings from the provider survey concerning weekend care and care available outside of traditional hours agree with findings from the FCCO data. A small fraction of providers indicated they offered care on weekends (4 percent) or outside regular hours (8 percent). Most

providers that selected the “Other” category offered care outside traditional hours occasionally or on holidays.

To collect additional information about potential childcare need, the survey asked providers about waitlists. In all, 42 percent of providers indicated that they had a waitlist and 54 percent indicated that they did not have a waitlist; 4 percent chose not to answer the question. Of those that responded to the survey, center-based providers were more likely to have waitlists than home-based providers. Overall, 73 percent of waitlisted children were infants and toddlers. Considering that providers also reported lower uptake of infant/toddler slots, this finding could indicate a mismatch between available care and family needs.

### Barriers to Start-up and Operation and Interest in Expansion

When asked about what was difficult about starting or running their childcare business, providers indicated that the biggest challenges were covering start-up/and or operations costs; recruiting, retaining, or hiring staff; and attracting families to their programs.

Barriers varied by provider type. Center-based providers reported their greatest barriers as recruiting, retaining, and hiring staff. Providers operating license exempt recorded programs reported that their greatest barrier is attracting families to their programs. The second greatest challenge these providers reported was covering start-up and operations costs. For home-based providers, covering start-up and operations costs was the greatest barrier to running their business while other providers reported their greatest challenge was attracting families to their programs.

For recruiting, hiring, and maintaining staff, providers overwhelmingly answered that it was difficult to provide competitive pay and benefits. Many also commented that the labor pool was too small to find and retain qualified staff. Most providers attributed their struggle in attracting families to the difficulty of and expense of advertising and outreach. Others noted they are not able to provide care for an age group where care is demanded (i.e., infants) or at times parents demand care due to staffing challenges, the inability to meet licensing requirements, or the limited profitability associated with younger children.

Nearly two-thirds of providers indicated an interest in expanding services, most commonly by increasing their licensed capacity at a particular site. Among providers that specified a different expansion interest, many indicated they would like to open a second location, a center, or commented on why they are interested in expanding their licensed capacity.

### Open-ended Survey Responses

Providers were invited to expand on their responses through open-ended questions. The answers to these questions provided additional nuance concerning the challenges providers face and also supplied additional detail about providers’ interests in expansion, and their concerns about the industry generally. Providers shared many details concerning barriers to expansion, particularly regarding regulatory challenges; difficulty recruiting, hiring, and

retaining staff; and difficulty attracting families. A sample of open-ended responses is provided below:

- “The rules and regulations for daycare are constantly changing and the cost to make those changes can be expensive. The cost of living has increased causing supplies and food costs to go way up. The cost to run my business has increased by 20 percent in the last year.”
- “The regulations around hiring are extremely difficult. Background checks need to be processed within 72 hours, qualifications for teachers need to include nanny, Sunday school, and other applicable experience. Regulations make it impossible to hire and onboard staff effectively.”
- “It is difficult to factor in marketing costs to spread the word about our program. It would be nice if there were more preschool/childcare fairs in the area to attend.”
- “Infant Toddler care is in very high demand. We would like to open a program that is dedicated to children 2 months to 3 years. However, with such low teacher to child ratios the cost would be much more than what ERDC is offering for CF programs. To offer high quality care and a living wage to staff we [would] have to charge more than \$2,000 per child which is about [a] \$350 gap from what ERDC pays.”

## 4. Gap Analysis and Workforce Development Case Studies

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The goals for this task were to (1) quantify the gap between current capacity and capacity needed, circa 2030, under a scenario that reflects a system expansion sufficient to ensure that all regions of the County have at least 0.67 licensed childcare slots per child ages 0 to 5; and (2) describe initiatives in other parts of Oregon that Washington County should consider as it seeks to ensure a robust talent pipeline for the childcare workforce.

### Gap Analysis

To conduct the gap analysis, ECONorthwest relied on data collected and analyzed in prior tasks, as well as additional information presented in reports from Oregon State University’s Oregon Childcare Research Partnership, including the 2019 *Early Learning Workforce Study* and 2022 reports on childcare supply and childcare deserts.<sup>13</sup>

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<sup>13</sup> Oregon Center for Career Development in Childhood Care and Education and Oregon Child Care Research Partnership (2021, May). *Oregon Early Learning Workforce: Seven Years Beyond Baseline Comparison of 2012 and 2019*. Portland State University and Oregon State University.

## Scenario Definition and Approach

The modeled expanded service scenario reflects a childcare system in which licensed capacity is at least 0.67 slots per child in every county Census tract. In the scenario, additional slots relative to current capacity are assigned to tracts by type of provider (center, home based) such that each tract's total capacity (after expansion) has a distribution of slots by provider type similar to the current distribution across the county as a whole.

ECONorthwest calculated the gap in slots, additional slots by tract and provider type, and additional workforce needed for 2022 and for 2030. The calculations proceed with the following steps for each year:

1. Estimate population of children ages 0 to 5 in each Census tract (2030 estimates equal 2022 estimates plus forecast countywide growth in this population)
2. Calculate current licensed capacity by provider type and Census tract
3. Calculate additional licensed slots by type needed in each Census tract to reach at least 0.67 slots per child (tracts with a higher ratio have no additional need)
4. Estimate additional workforce need, by provider type and position, to provide the needed additional capacity

## Current Conditions and Need Under the Expanded Scenario

Exhibit 12 shows current population and license capacity information for the county. Exhibit 13 provides the distribution of licensed slots by provider type. This distribution is used in step (3), described above, to distribute additional slots by provider type. Exhibit 14 displays the estimated additional childcare workforce that would have been needed in 2022 to achieve the capacity described in the scenario.

**Exhibit 12. Current population, slots, and additional slots needed to meet scenario requirements, 2022, Washington County**

Age Group	Population	Current Slots	Additional Slots Needed (2022)
0-2	19,301	4,977	6,748
3-5	22,003	9,714	7,693
<b>Total</b>	<b>41,304</b>	<b>14,691</b>	<b>14,442</b>

Source: ECONorthwest

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Oregon Child Care Research Partnership (2023, April). *2022 Estimated Supply of Child Care and Early Education Programs in Oregon*. Oregon State University.

Megan Pratt and Michaela Sektan (2023, May). *Oregon's Child Care Deserts 2022: Mapping Supply by Age Group and Percentage of Publicly Funded Slots*. Corvallis, Oregon: Oregon State University, College of Public Health and Human Sciences.

**Exhibit 13. Distribution of licensed slots by provider type, Washington County**

Provider Type	Share of Slots 0-5
Licensed Center	66%
Licensed Home	20%
License Exempt Center	13%
License Exempt Home	1%
<b>Total</b>	<b>100%</b>

Source: ECONorthwest

**Exhibit 14. Additional workforce needed to accommodate additional capacity, Washington County, 2022**

Provider Type	Position	Additional Employees Needed (2022)
Licensed Center	Aide	620
Licensed Center	Director	148
Licensed Center	Teacher	1,477
Licensed Home	Assistant	355
Licensed Home	Provider	315
License Exempt Home or Center	All	107
<b>Total</b>		<b>3,023</b>

Source: ECONorthwest

**Current Conditions and Future Need Under the Expanded Scenario**

Exhibits 15 and 16 are similar to those above, but showing additional need based on 2030 population estimates. For 2030, the additional need accounts for 95 percent of current (as of 2022) licensed capacity, suggesting the need for a similarly large expansion in the county's childcare workforce. As a point of reference, occupational projections produced by the Oregon Employment Department imply an anticipated increase in the tri-county childcare workforce of only about 25 percent (projections for Washington County alone are not available). Exhibit 17 maps the additional need by Census tract (circle size is proportionate to additional capacity needed).

**Exhibit 15. Current population, slots, and additional slots needed to meet scenario requirements, 2030, Washington County**

Age Group	Population (2030)	Current Slots	Additional Slots Needed (2030)
0-2	20,723	4,977	7,246
3-5	23,624	9,714	8,260
<b>Total</b>	<b>44,347</b>	<b>14,691</b>	<b>15,506</b>

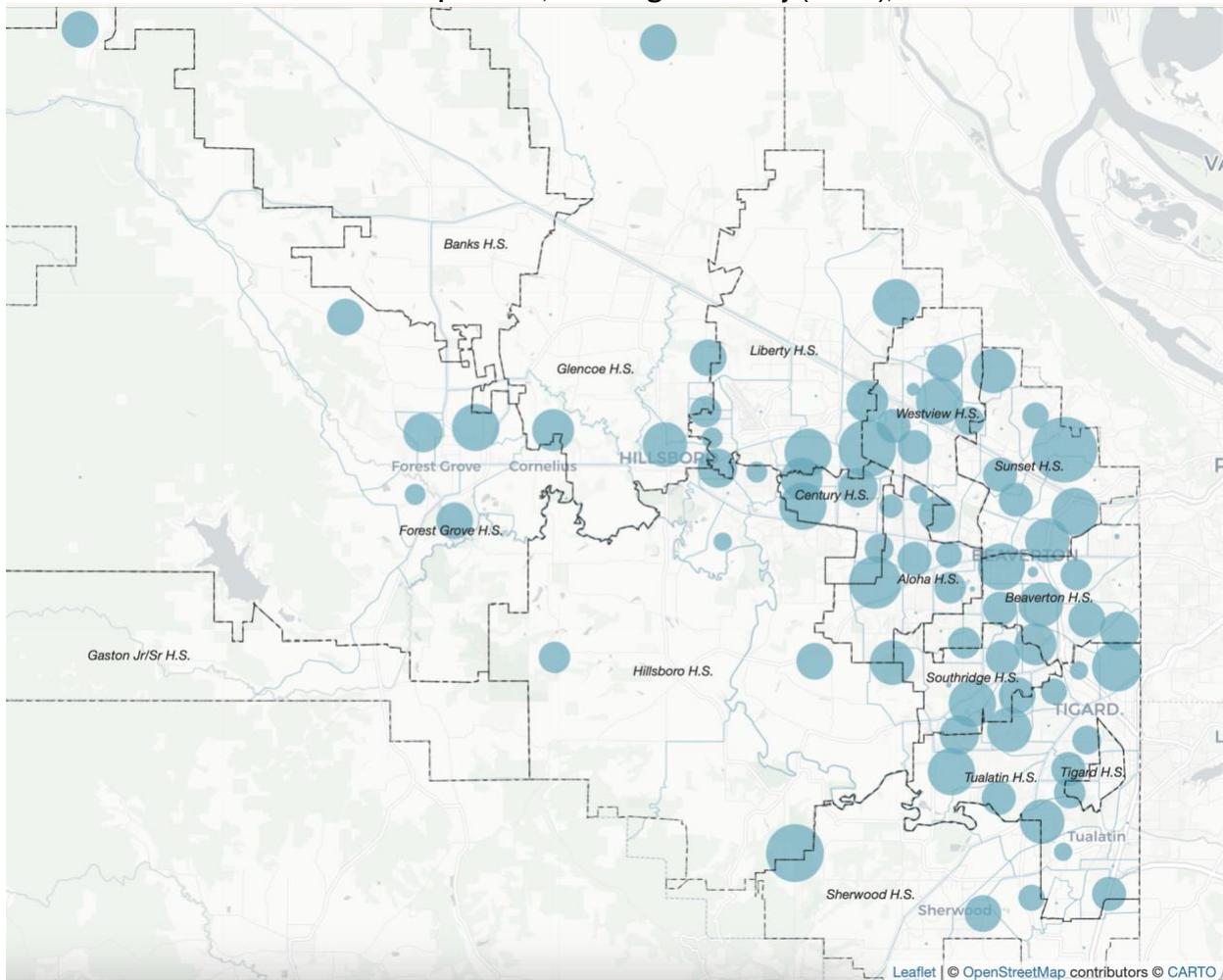
Source: ECONorthwest

**Exhibit 16. Additional workforce needed to accommodate additional capacity, Washington County, 2030**

Provider Type	Position	Additional Employees Needed (2030)
Licensed Center	Aide	115
Licensed Center	Director	666
Licensed Center	Teacher	158
Licensed Home	Assistant	1,586
Licensed Home	Provider	381
License Exempt Home or Center	All	339
<b>Total</b>		<b>3,246</b>

Source: ECONorthwest

**Exhibit 17. Additional slots needed per tract, Washington County (detail), 2030**



Source: ECONorthwest

## Case Studies

### Case Study 1: Central Oregon

- **Description:** Central Oregon Community College’s Early Child Care Business Accelerator Program is a 3-month program that leverages the preexisting small business development center (SBDC) in Bend and partners with the childcare resource and referral entity (CCR&R). The program provides the necessary skills and knowledge for individuals in pursuit of becoming Registered Family or Certified Family providers.
- **Highlights:**
  - 1:1 coaching sessions with advisors.
  - Courses offered in both English and Spanish.
  - Option to gain college credit and transition to college pathway.
  - Opportunity for students to receive \$5,000 start-up early child businesses grant upon program completion.
- **Impact:**
  - 80 percent completion rate.
  - 33 of the 51 program graduates have received \$5,000 grant.
  - Added 315 childcare slots in Central Oregon.
- **Funding:**
  - Originally funded through ARPA funds; currently relying on funding from the Deschutes County’s Small Business Development Network and self-funding through tuition costs. Seeking permanent funding sources.

### Case Study 2: Clackamas Community College

- **Description:** Clackamas Community College’s (CCC) Early Childhood Education and Family Studies (ECEFS) program has been operating for 20 years. Through this program students can earn a 1-year certificate and continue on to a 2-year associate of applied science degree, which includes 90 credits.
- **Highlights:**
  - One of only two programs within Oregon—the other being at PCC—that is accredited by the Commission on the Accreditation of Early Childhood Higher Education Programs of the National Association for the Education of Young Children (NAEYC).
  - Only program in the country with a Spanish Language Early Childhood program (established two years ago).

- Fully remote courses with evening course offerings (6pm or later), and weekend courses.
- All course textbooks can be found online and are free through the college's open education resources.
- **Impact:**
  - With 200 students currently enrolled in the Spanish coursework, CCC has seen enrollment increase by 500 percent in the last couple of years.
- **Funding:**
  - The main funding source is tuition/fees (\$123 per credit). Other funding sources including Grow Your Own Teacher Pathway, Early Learning Higher Education Consortium, Oregon Community Foundation, Betty Grey funds, the Latino Partnership Program, and Oregon Child Development Coalition.

### Case Study 3: Coos/Curry/Douglas County Apprenticeship Program

- **Description:** The Early Childcare Education (ECE) Apprenticeship tri-county program relies on key partnerships to offer a combination of paid on-the-job trainings, related instruction online, one-on-one mentorship, and incremental wage increases for apprentices.
- **Highlights:**
  - A total of 693 hours of online training in early education, human growth and development, family and community systems, program management, math, and writing courses.
  - Opportunity to acquire 3,072 hours of on-the-job paid work experience through the two partner employers (South Coast Head Start and United Community Action Network Head Start).
  - 1:1 mentorship throughout the program.
  - Little to no cost, and access to scholarships and grants.
- **Impact:**
  - 6 apprentices' education fully funded.
- **Funding:**
  - Initially funded through U.S. Department of Labor's Employment and Training Administration; currently funded by ARPA through spring 2025.

## Case Study 4: Latino Early Childhood Education and Care Consortium, Mid-Willamette Valley Communities

- **Description:** The Latino Early Childhood Education and Care (ECEC) Consortium was established in 2022 and aims to address the dearth of culturally relevant early care resources for the region’s Latino community—including approximately 7,000 Latino 0-4-year-olds—through horizontal integration of existing resources centered on the Latino community.
- **Highlights:**
  - Completed Phase I and II of their strategy: 1) evaluate needs and review available resources to meet needs, and 2) identify strategies and systems required to deliver best-in-class early learning and care.
  - 5-year vision to establish 300 more dual-language educators and 150 high-quality providers serving an incremental 1,500 children by 2028.
  - Currently implementing Phase III of the initiative, including partnering with Clackamas Community College (CCC) to provide opportunities for future Latino educators to receive Child Development Teaching Certificates (CDA) or Associate of Applied Science Degrees (AAS) in Early Childhood Education.
- **Impact:**
  - Two cohorts of 22 future educators have been enrolled in the CCC Spanish-based CDA-AAS program. From the first cohort, 14 received their CDA and 6 received their AAS. The second cohort began their studies in April 2023.
- **Funding:**
  - Key funders include the Oregon Community Foundation, the Ford Family Foundation, DELC, and private foundations (e.g., the Willamette Valley Wine Foundation).
  - DELC will be a key source of funding for scholarships and support of early learning and care providers. Providers will receive a major portion of their funding through DELC programs like Employment Related Day Care and Oregon Preschool Promise.

## 5. Zoning, Process, and Case Study Cost Analysis

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Oregon’s Early Learning Division (ELD) administers the State of Oregon’s childcare licensing requirements and rules. In Oregon, there are two primary types of licensed childcare: childcare centers (center-based providers) and family childcare homes (home-based providers). A

Certified Center (CC) is usually a larger business with multiple employees operating in a commercial building. A family childcare home serves fewer children and is typically located in the primary residence of the provider, with care and business operations taking place within the home.<sup>14</sup> The analysis conducted for this study considered conditions for both center-based and home-based providers.

Childcare facility requirements are mandated at the state level but providers must also adhere to local processes, codes, and regulations when opening or operating a childcare facility. The specific requirements applicable to an ECE provider depend on the number of children they plan to serve and the type of space they will occupy.

Permitting processes of both city and county jurisdictions are known to be lengthy and complicated, even for experienced applicants such as developers and architects. ECE providers typically lack the level of expertise that can help with navigating the process more efficiently. This section summarizes local complexities and barriers providers can face when looking to open new facilities.

## Legislative Requirements for Local Zoning of Childcare Facilities

Recent legislation seeks to streamline local processes for ECE zoning allowances. House Bill 3109 (ORS 329A.440) became effective on January 1, 2022, and implemented several changes related to both childcare centers and family childcare homes.<sup>15</sup> The bill implemented several new regulations that:

- Require local governments to allow residential dwellings located in areas zoned for **residential or commercial** uses to be used as **family childcare homes**.
  - Prohibit local governments from imposing on family childcare homes land use regulations, special fees, or conditions that are more restrictive than those imposed on other residential dwellings in the same zone.
- Require local governments to allow **childcare centers** as a permitted use in all areas zoned for **commercial or industrial** use, except areas specifically designated by the local government for heavy industrial use.
  - Prohibit local governments from imposing land use regulations, special fees, or conditions on childcare centers in an area zoned for commercial or industrial use that are more restrictive than those imposed for other uses in the same zone.<sup>16</sup>

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<sup>14</sup> ELD issues two types of family childcare home-based licenses, Registered Family (RF) and Certified Family (CF), that influence how many children can be served and various space requirements.

<sup>15</sup> “Childcare center” means a childcare facility, other than a family childcare home, that is certified under ORS 329A.280 (when certification is required). “Family childcare home” means a childcare facility in a dwelling that is caring for not more than 16 children and is certified under ORS 329A.280 (when certification is required) or is registered under ORS 329A.330. [https://www.oregonlegislature.gov/bills\\_laws/ors/ors329a.html](https://www.oregonlegislature.gov/bills_laws/ors/ors329a.html)

<sup>16</sup> A local government may impose reasonable conditions upon the establishment or maintenance of a childcare center in an area zoned for industrial uses. “Reasonable conditions” includes, but is not limited to, siting restrictions for

While these legislative changes limit a local government’s ability to place additional restrictions on childcare facilities, particularly home-based facilities, state land use policies are incongruent with those governing childcare licensing. State administrative rule (OAR 414-350-0000) indicates that licenses can only be obtained by Certified Family Child Care (CF) homes if they are operating in a single-family dwelling. This rule does not apply to smaller capacity Registered Family Child Care (RF) homes but limits the potential for home-based care in apartment buildings or any larger providers in attached housing.

## Design and Development Process

ECE operators face severe challenges related to financing the physical construction of all types of facilities. No dedicated state or federal funding exists to support ECE facilities development, requiring providers to search for capital from more-generic sources like small business loans or grants from private individuals or foundations. ECE operates on tight margins, so qualifying for traditional forms of financing can be difficult.<sup>17</sup>

As part of the development process, ECE providers must also navigate complex and time-consuming design and permit processes with their local jurisdiction. This often occurs without the technical expertise needed for efficient navigation, and without the financial resources to hire an experienced consultant. Long land use, permitting, and construction timelines can add substantial time and cost to a development project, putting further strain on under-resourced providers. The roughly estimated timeline for the development process ranges from 25–44 months, not including the time required for additional processes such as conditional use approval and permit review.

## Local Zoning Implications

Because House Bill 3109, the state legislation discussed above, only became effective in early 2022, many cities in Oregon have yet to update their permitted use tables and procedures to reflect new requirements, which can create administrative challenges for both city staff processing applications and providers researching the feasibility of opening a new center or home-based care facility. This section explores how local zoning codes can both differ from current state requirements and present additional challenges for developing ECE facilities.<sup>18</sup>

### Definitions for ECE Uses

In the jurisdictions examined, local zoning codes do not fully incorporate the specific definitions outlined by Oregon’s ELD for center and home-based facilities, making it challenging to

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properties designated on the Department of Environmental Quality’s statewide list of contaminated properties as having known or suspected releases of hazardous substances.

<sup>17</sup> *Co-Locating Early Care and Education Facilities with Affordable Housing in Oregon*, Low Income Investment Fund and ECONorthwest, 2022.

<sup>18</sup> Findings in this section are based on an analysis of four jurisdictions: Beaverton, Hillsboro, Tigard, and Washington County.

interpret jurisdictions' permitted use tables. In addition, jurisdictions may use terms in their permitted use tables that are either undefined or not clearly defined in terms of identifying the type of facility allowed.

Unclear terminology on childcare uses may not pose significant barriers for providers who wish to establish new childcare centers, but they can create confusion for providers doing their own research and complicate matters for staff trying to determine if a specific use is allowed on a particular property. While such issues can usually be resolved with a phone call or email to city staff, many cities in Oregon have experienced a surge in development activity over the past decade, leading to a reduction in staff capacity to handle miscellaneous queries from individuals with questions about facility development.

### Special Procedures and Development Timelines

While recent legislation limits the ability of local governments to place additional restrictions on ECE facilities in certain zones, jurisdictions still maintain some ability to subject ECE facilities to special procedures or restrictions if they regulate other uses in the zone in the same way. Conditional use permits are one common restriction placed on ECE facilities and are the most significant land use barrier for new ECE facilities.

Conditional use permit packages require substantial effort to prepare and can have lengthy timelines relative to other permit processes. Land use procedures such as conditional use often have what is referred to as a "land use clock," a term describing the timeline and procedural steps for a land use application (e.g., Beaverton's and Washington County's codified 120-day timelines for conditional use). The clock starts once an applicant submits a land use proposal and ends when the permit is either approved or denied. However, codified timelines for conditional use permits do not account for the time the land use clock stops during the development process. When the clock stops and starts again will vary by jurisdiction, but it's most common for the clock to stop when the jurisdiction completes a review round and returns the application back to the applicant to address comments and revise plans. While it is difficult to know exactly how long a conditional use process might take, it is likely to add months to overall development timelines when the process is required. Additionally, small businesses and ECE providers may experience longer approval times due to their unfamiliarity and inexperience with conditional use and development processes.

### General Development Timelines

ECE facilities undergo routine levels of permitting, such as site plan review and building permits, in addition to the conditional use process (in some cases) that acts as an extra level of review in the development process. An average timeline for an ECE facility is difficult to estimate because it will vary depending on factors such as whether it is a home or a center, the complexity of the site and/or building, the size, and whether the project is allowed "by right." However, a reasonable timeline estimate range for a new ECE project is 1 to 5 years, from first touchpoint with the city to final inspections. On the shorter end (1 year) would be home-based

facilities with no or few complications; the longer end (5 years) would be for a new-construction center. Tenant improvements for a center in an existing or nearly finished new construction project may take only 1 to 2 years, assuming no conditional use permit is required.

To estimate the time required for a new facility to obtain necessary permits and begin operations, ECONorthwest contacted planning staff in Beaverton, Hillsboro, Tigard, and Washington County and inquired about current typical permit processing timelines. Each jurisdiction responded to the request a bit differently but none had the information readily available nor indicated that it closely tracks review timelines.<sup>19</sup>

## Permitted Uses By Right

The Oregon jurisdictions ECONorthwest reviewed have not yet fully revised their codes to comply with updated law based on HB 3109, leading to confusion regarding the permit process and the level of scrutiny ECE facilities might face. ECONorthwest reviewed local zoning codes to determine where and under what circumstances ECE facilities are allowed, and where local code appears out of compliance with state law. Key findings include the following:

- Childcare facilities may be allowed outright in some cases, but definitions in local zoning codes may not align with the state’s definitions of ECE facilities. This is especially problematic when the definitions include incongruent capacity thresholds, which could artificially limit the type of facilities allowed locally.
- As the state now requires childcare centers to be allowed outright in industrial zones unless the zone is designated as “heavy industrial,” jurisdictions could choose to designate their industrial zones as such and prohibit childcare centers within them or subject them to conditional use processes or special standards.
- Some codes still allow childcare broadly but only as an accessory use and still subject to conditional use processes. In cases where a jurisdiction subjects other uses in the same zone to a conditional use process, the jurisdiction can continue subjecting ECE facilities to that same process and still be in compliance with state regulations.

## Market Analysis

ECE facilities (centers, specifically) can often be found in mixed-use developments, housed in ground-floor retail spaces, or in stand-alone commercial space. ECONorthwest used CoStar to identify trends in rent and vacancy and barriers that providers could face when looking to lease a new space.

Commercial market trends indicate a strong retail market in Washington County (see Exhibit 18). As of early 2023, triple net (NNN) rents were \$21.97 per square foot and vacancy rates were

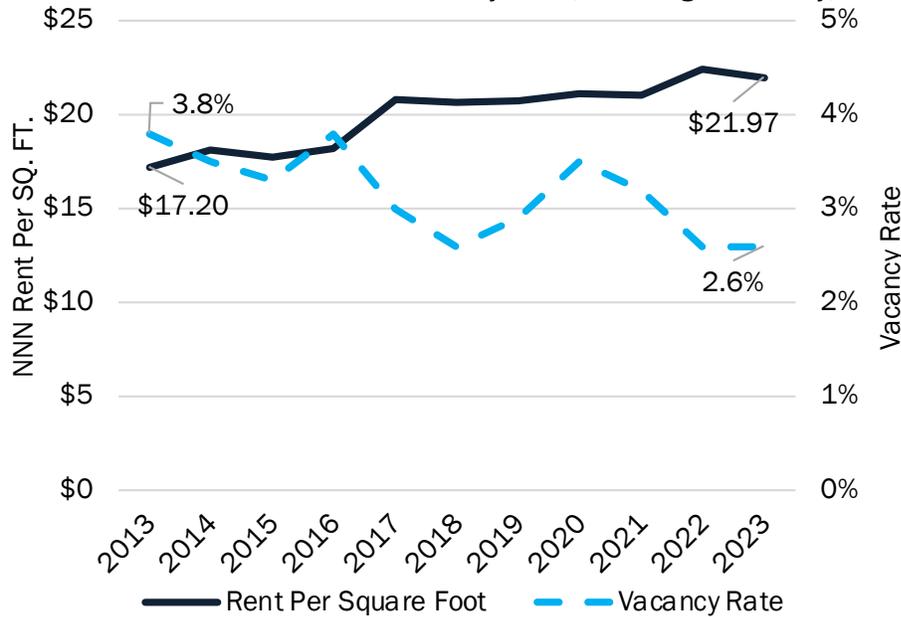
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<sup>19</sup> Unpredictable and excessive permitting timelines have been at the forefront of housing development conversations across communities along the west coast for several years. Jurisdictions have been inundated with development applications and review times have increased as regulations have become more complex and challenging to navigate.

at a low of 2.6 percent.<sup>20</sup> In addition, nearly 97 percent of the 1.8 million square feet of retail space delivered between 2013 and 2023 was leased in the market, indicating an ongoing demand for retail space in the area. While data for day care centers are less robust than for the retail market overall, available data indicate strong market demand. As of 2023, the vacancy rate for day care center space was just 1.5 percent.<sup>21</sup>

Exhibit 18 shows triple net (NNN) retail and vacancy rates in Washington County from 2012 to 2023. Retail rents in Washington County have remained relatively stable in recent years. From 2017 to 2023, NNN rents rose 7 percent, or \$1.18 per square foot. Retail vacancy rates fluctuated from 2013 to 2023 but have fallen since 2020, most likely due to the COVID-19 pandemic. Rates look to have stabilized over the last two years. However, vacancy rates were low over the entire period, with the lowest rate being 2.6 percent in early 2023.

**Exhibit 18: NNN retail rents and vacancy rates, Washington County, 2012-2023**



Source: CoStar

## Recommendations

The State of Oregon has taken several steps toward reducing land use barriers for ECE facilities, but work remains at the local level to ensure compliance with state requirements, to create more

<sup>20</sup> A triple net lease (triple-net or NNN) is a lease agreement on a property where the tenant pays all the expenses of the property, including real estate taxes, building insurance, and maintenance. These expenses are in addition to the cost of rent and utilities.

<sup>21</sup> Because day care centers are a small submarket on CoStar, this data point should be interpreted cautiously. CoStar defines vacant space as “all space not currently occupied by a tenant, regardless of any lease obligation that may be on the space.” Based on this data set, the vacancy rate for day care centers has remained consistently low (< 2%) in the study area over the last decade.

accessible processes, and to perhaps even incentivize ECE development in areas of greatest need.

Many jurisdictions have yet to update their zoning allowances and procedures to reflect state law. Providing clear and objective standards for ECE facilities will create a more accessible and predictable process, which can reduce time and cost for new projects, especially those with little financial leeway. Jurisdiction-level focus on the following objectives could help resolve barriers:

- **Update definitions and permitted use tables** to align with the State’s definitions and requirements for childcare facilities.
- **Remove conditional use processes** (and other restrictions for ECE facilities) that conflict with state requirements.
- **Consider expanding allowances** for ECE beyond what the state requires.
- **Track development review times** to identify inefficiencies and report more accurate review timelines.

Another category of barriers is those associated with finding commercial space that meets care-related needs (e.g., sufficient outdoor space) and state requirements, and with finding existing space that could be repurposed (like restaurants) that does not present significant financial obstacles. The following actions could help the County (and its cities) address these barriers by easing the burden for providers looking to lease and improve existing commercial spaces for new care facilities:

- **Create or expand local technical assistance programs to help providers with** facility design, navigating local permit processes, and/or locating opportunity spaces.
- **Waive development fees** for non-profit projects or projects that serve certain populations.

Finally, providers face substantial barriers to developing new-construction facilities—the most time-consuming and expensive method of expanding ECE capacity—and cannot run CF home-based care programs in certain types of housing units. The County and cities therein can help relieve some of the financial and other burdens providers face through the following actions, though they could require substantial resources (e.g., land donation, direct financial assistance) and may be challenging to achieve:

- **Hire a regional coordinator** to assist providers with navigating state rules, local requirements, and grant applications.
- **Request that the state update childcare licensing regulations** to allow Certified Family (CF) Child Care Homes in apartments and denser housing developments.
- **Identify and donate** (or sell at below-market price) surplus, publicly owned land suitable for ECE facilities.