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WASHINGTON'S CHILD CARE SYSTEM UNDER STRAIN DUE TO COMBINED IMPACT OF LOW STATE SUBSIDY REIMBURSEMENT RATES, LONG-TERM EFFECTS OF RECESSION AND INCREASED MINIMUM WAGE

TACOMA, WA – Feb. 22, 2017 – Washington's child care and early learning system is currently under tremendous strain due to the cumulative impact of years of low state subsidy reimbursement rates combined with the long-term effects of the Great Recession and the newly increased minimum wage. Nearly 60% of child care programs in WA report the increased minimum wage significantly increases operating costs, with over 50% reporting wage increases for more than half of their staffs, according to a new survey conducted by Child Care Aware of Washington (CCA of WA). Most programs, 72%, say they will increase the rates families pay to try to make ends meet.

CCA of WA conducted the survey earlier this month asking providers about the impact of WA's increased minimum wage on their child care programs. Almost 80% indicated the increase will raise operating costs either significantly or somewhat, and some fear it will force them to close their doors. The impact of the increased minimum wage is intensified for programs that care for the most vulnerable children, because these programs rely on WA's child care assistance program, Working Connections Child Care (WCCC), which in many cases only covers between 50 – 70%, or even less, of the true cost of providing care. For years the state's reimbursement rates for child care centers has not kept pace with costs, causing providers to rely on private pay families to make up the difference.

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“We choose to serve all families, regardless of their ability to pay full price. However, the amount of coverage we receive for WCCC is so poor that it makes a harmful challenge for us. We receive about 40% of what the true cost of care is. I'm worried we will need to limit our number of [subsidy] families in the future if something doesn't change,” said one center director who took the survey.

At the same time the number of child care providers in WA has declined by 22% since 2011, according to CCA of WA's [2016 Child Care Data Report](#), released today. Most of this decline has been in family home child care (FCC) programs, primarily due to the Great Recession that hit Washington later than most of the rest of the country. FCC programs have not yet rebounded to pre-recessions levels. Overall, child care capacity has declined only 1% because FCC programs typically serve fewer children than centers. However, the decline in capacity is greater in some rural areas. More than 150,000 children in WA receive care from licensed child care providers.¹

“Washington State needs to invest more in our child care and early learning system. It provides an essential service to our state's economy, allowing parents to work and preparing our youngest children for success in school. Currently, families are paying more on average for a year of child care than the cost of a year of state college tuition. We are working with our partners to support increased state investment in child care and early learning to benefit every child,” said Robin Lester, chief executive officer of CCA of WA.

Overall, child care is expensive in Washington compared to median incomes. WA is the **3rd most expensive** state in the country for care of infants in FCC programs, and the **6th most expensive** for care of infants in centers. For single mothers, the financial picture is even bleaker, as child care for an infant in a center costs more than 50% of the state median income for this group.² Most parents simply cannot afford to pay more.

Some key findings of the CCA of WA 2016 Child Care Data Report:

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- The cost of child care relative to family incomes in WA has risen in the past six years. Since 2009, the median household income increased 1%, while the median cost of child care has increased for all age groups, ranging from an increase of 4% for toddler care in FCC programs, to a 32% increase for school-age child care in FCC programs.
- For almost all types of child care for all age groups, rate increases in 2016 outpaced the inflation rate of 1.3%. Median costs for caring for infants, toddlers and preschoolers in centers increased by about 5 – 6% in the last year, and for school-age children the increase was 7%. In FCC programs, costs increased nearly 6% for infant care, 3% for toddler care and 7% for school-age child care.
- Statewide since 2011 there has been a net loss of more than 1,600 child care providers. Since 2015 there has been a decline of 225 licensed providers, however overall capacity has increased by approximately 3,300.
- FCC providers represent about 20% of statewide child care capacity, centers make up 66% and school-age programs make up 14%.

One of the highlights of the new data report is that as of Dec. 31, 2016 there were 3,609 child care providers enrolled in Early Achievers, Washington’s Quality Rating and Improvement System, representing approximately 71% of licensed providers statewide and 75% of capacity. More than 75,000 children are being cared for in Early Achievers programs.³

CCA of WA tracks child care data in all 39 counties in WA. You can find data on your county on our website here: <http://wa.childcareaware.org/about-us/data>.

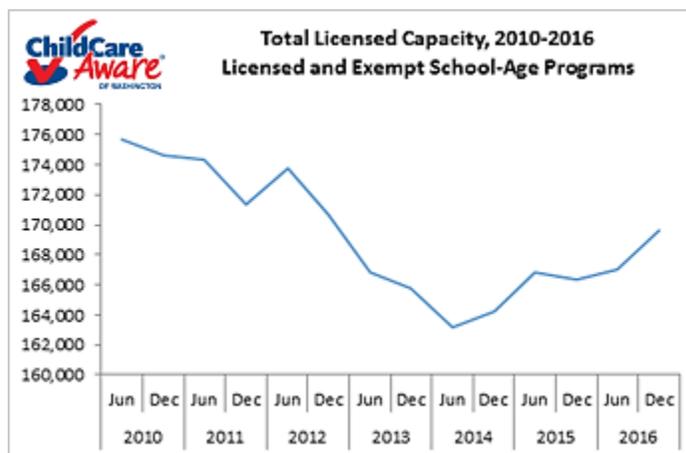
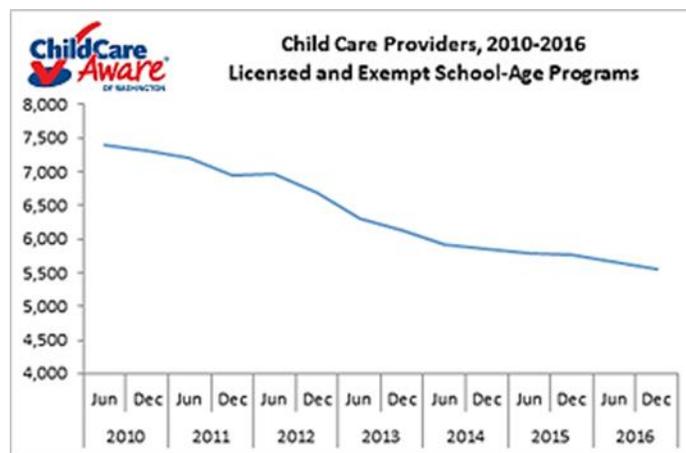
Child Care Aware of Washington is a non-profit, 501 (c) (3) organization dedicated to connecting families to high-quality, licensed child care and early learning programs across the state. We also provide scholarships

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to early learning professionals. We are committed to ensuring that each and every child in Washington has access to the high-quality child care and early learning they need to succeed in school and life. For more information, please visit our website at <http://wa.childcareaware.org>.

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Notes

1. In Spring 2014 there were an estimated 157,047 children in licensed child care programs in WA. [WA 2014 Child Care Survey](#): & Economic Sciences Research Center at Washington State University
2. Child Care Aware of America: [2016 Parents and the High Cost of Child Care Report](#)
3. These numbers do not include providers that allocate 75% or more of their capacity to Head Start or ECEAP slots, because CCA of WA does not serve these sites. School-age providers are not eligible for Early Achievers at this time.