

A proposal to quickly address the child care shortage

BY MICHAEL SIPE

Central Oregon has long suffered from an acute shortage of child care services. The situation has worsened due to COVID-related regulatory and staffing upheavals. The lack of safe and affordable child care has a major adverse impact on parents and children, and in the workplace. The problem is well-recognized; the question is, "How do we fix it?"

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

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difficult business.

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

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

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

The toughest problem for an operator is the \$2 million to \$3 million cost of land acquisition and construction of a facility to highly regulated standards. It's virtually unsolvable with-



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out government cooperation. Cities, counties, and the state have land that could be allocated for child care sites. I propose the state funds the building of first-class facilities to state safety standards and retains ownership. Taxpayer money will then have been invested in tangible, real property assets that will serve countless children for decades to come.

The state has the money to do this. It's a question of priorities. Just this year, at least \$500,000,000 was allocated to projects of much lower pri-

ority than the health, education and safety of Oregon kids. That money could have built up to 250 centers within two years to serve tens of thousands of kids.

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

design and staffing. Carefully managed centers could operate sustainably at a modest profit, assuming attention is paid to the following points.

The child-to-provider ratio should be relaxed slightly. Intern and apprenticeship programs should be employed to provide staffing relief. This could free money to increase teacher pay. Cost breaks on utilities and insurance would also help. Child care providers need statutory liability waivers limiting lawsuit exposure to instances that legitimately harm or jeopardize a child. Providers who are wrongly accused of child abuse, or sued unsuccessfully, should have the right to recover attorney fees. In a high-exposure business like child care, reining in frivolous lawsuits and career-ending false claims will encourage more people to enter the business.

We must make our children a top priority and take strong action immediately, including steps like outlined above, to address the child care shortage. Oregon families, and a vibrant future for our region, depend on it.

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