



DECEMBER 2022

UNSTABLE FOOTING

Child Care Funding Crisis in Idaho — REPORT

INTRODUCTION

Safe, affordable and high-quality child care has a positive impact on the early development of children and allows caregivers to earn a paycheck to support their family. However, Idaho is one of the only states that does not invest public dollars into child care - leaving the industry vulnerable to inconsistent funding and straining providers across the state.¹ Too many Idaho families with young children are left without quality child care and are unable to work due to the shortage. Nearly half of Idahoans live in communities that are considered "child care deserts," or areas that lack sufficient child care options to meet the needs of young children.²

Idaho First Steps Alliance works to develop and promote public policies and investments to support providers that offer critical child care services and meet the unique developmental needs of infants, toddlers and their families. We are working to secure funding that stabilizes the industry and supports the sustainable growth of child care spots across the state.

IDAHO'S CHILD CARE INDUSTRY

Before the pandemic, the increase in demand for safe, affordable, high-quality child care had the industry under strain. Mandatory closures caused by COVID-19, workforce shortages and decreasing profit margins have brought the industry to the brink of collapse. Throughout the pandemic, the state's child care system has relied on federal emergency relief funding to remain stable. Beginning in March 2020, the United States Congress allocated additional funding to states through the Child Care and Development Block Grant (CCDBG) and created the Child Care Supplemental Stabilization fund to immediately address the crisis across the nation. Without these funding streams, early estimates projected Idaho could have lost over half of its child care supply due to the pandemic.³

Idaho's Department of Health and Welfare (DHW) wisely and efficiently responded to the pressing need as the pandemic negatively impacted child care businesses. Utilizing funding from the federal government, DHW created two grant opportunities that supported both child care providers and their workforce. First, the **Idaho Child Care Grants** provide monthly payments to eligible licensed and/or certified providers who applied to help cover costs like rent, utilities, supplies, payroll, hazard pay, and health and safety measures. Secondly, the **Wage Enhancement Grants** provide \$300 monthly bonuses for child care workers; without the monthly wage enhancements, workers earn roughly \$11 per hour on average in Idaho.⁴

Idaho First Steps Alliance published a series of briefs highlighting the fragile ground our early childhood education system sits on including *State of Idaho's Child Care*, *Stabilizing Idaho's Child Care Industry*, *Idahoans Need More Child Care Capacity* and *Child Care is Essential for Working Families*.

In JANUARY 2022, WHAT YOU NEED TO KNOW ABOUT CHILD CARE IN IDAHO found:

- Idaho is one of only a handful of states in the U.S. that does not provide state funding for their early childhood education system.
- Due to lack of state funding, the federal Child Care Development Block Grant (CCDBG) is the core funding mechanism for Idaho's broken child care system.
- The Idaho Child Care Program, funded through CCDBG, provides assistance to low-income working families with children under the age of 13, or over when the child has a disability, through partial payments for child care.



Click the image to open this policy brief



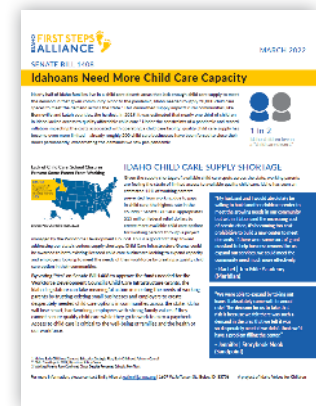
Click the image to open this policy brief

In JANUARY 2022, THE PANDEMIC SIGNIFICANTLY HARMED CHILD CARE IN IDAHO found:

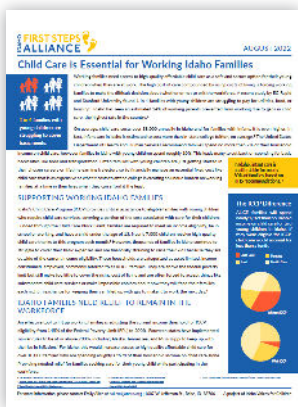
- At the start of the pandemic, it was estimated that Idaho would lose over 27,000 child care spots.
- Congress passed three relief packages infusing federal dollars into the child care system to prevent collapse: the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriation (CRSSA) Act and the American Rescue Plan Act (ARPA).
- Idaho's Department of Health and Welfare utilized the additional federal funding to create the Idaho Child Care Grants and Wage Enhancement Grants as a mechanism to stabilize the state's child care industry.

In March 2022, IDAHOANS NEED MORE CHILD CARE CAPACITY found:

- In 2019, it was estimated nearly one-third of Idaho children face a potential child care need. This supply shortage affects rural communities like Bonneville and Latah counties the hardest.
- Half of Idahoans live in communities without sufficient child care options, contributing to roughly 14 percent of working parents exiting the workforce due to lack of care for their young children.
- Idaho Senate Bill 1408, signed into law in 2022, appropriated \$15 million from the ARPA State Recovery Fund to expand child care capacity by 2,000 spots.



Click the image to open this policy brief



Click the image to open this policy brief

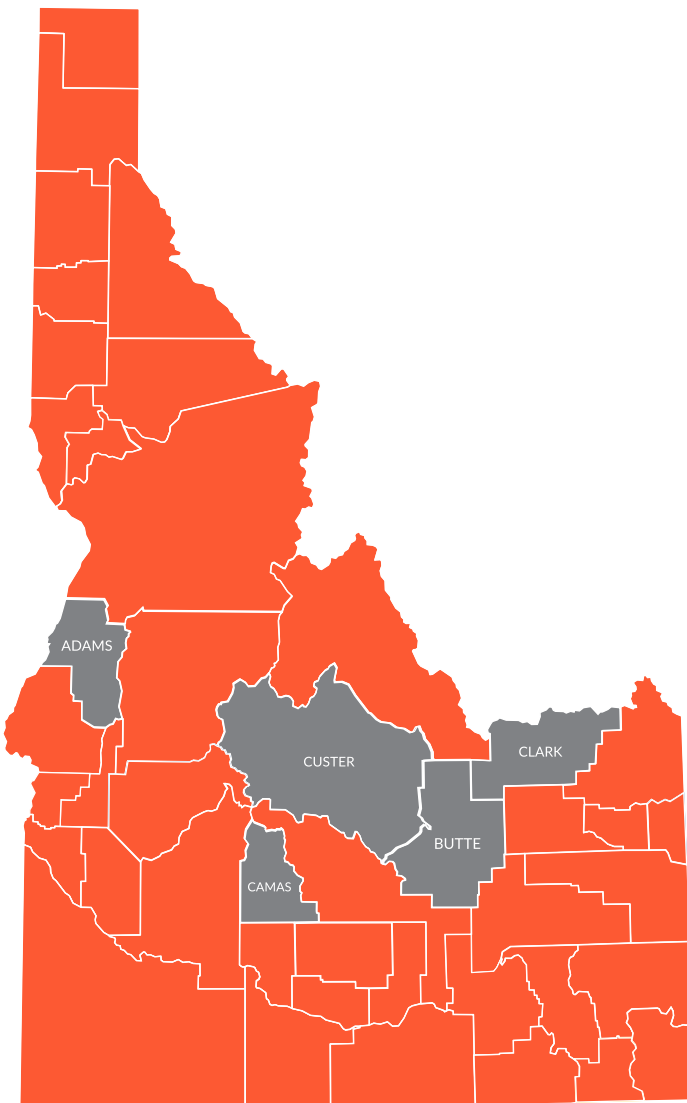
In AUGUST 2022, CHILD CARE IS ESSENTIAL FOR WORKING FAMILIES found:

- 1 in 4 families with young children are struggling to pay for basic necessities such as food, housing, and medical care.
- The United States' Department of Health and Human Services recommends families spend no more than 7 percent of their household income on child care in order to avoid straining their monthly budgets. In Idaho, child care costs exceed this national recommendation for 80 percent of families.
- Idaho has the lowest income eligibility threshold for families seeking assistance through programs like the Idaho Child Care Program.

WHEN RELIEF FUNDING RUNS OUT FOR CHILD CARE

Since 2020, Idaho has distributed both the Idaho Child Care Grants and Wage Enhancement Grants. Today, nearly eight out of ten child care businesses have relied on these grants to keep their doors open. These grants have made it possible for small business owners to survive the volatility of the economy in the face of rising costs on basic care necessities for infants and toddlers and retain their workforce in the face of competition from places like fast food chains and big box stores. Last year, an estimated 91 percent of child care providers reported experiencing workforce shortages, adversely affecting their ability to serve their communities.⁵

Prior to the pandemic, child care workers in Idaho had a median hourly wage of \$10.08.⁶ A single parent with one child needs to make \$23 an hour to meet the rising cost of living.⁷ Idaho's child care business owners cannot afford wage increases without overburdening families with higher tuition rates that are already steep. Today, the Wage Enhancement Grants have been shown to be an effective retention tool for experienced staff that directly contribute to the quality of care for families. However, these essential grants are set to expire on June 30, 2023, leaving providers panicked in the face of a looming funding cliff that could result in loss of staff and threaten providers' ability to remain open.



IN IDAHO...

972 of Idaho's 1247 child care providers utilized these programs across **39** of the 44 counties.

- There are 65,803 infants and toddlers.⁸
- Nearly one-fifth of grant funding went to child care providers in rural communities.⁹
- 65 percent of mothers work.¹⁰
- Infant care costs more per year than in-state tuition at a four-year public institution.¹¹
- For a family of four, child care cost more on average than housing.¹²

THE IMPACT OF GRANT FUNDING IN IDAHO

The share of child care providers, by county, that participated in either the Idaho Child Care Grants or Wage Enhancement Grants from March 2020 to present.

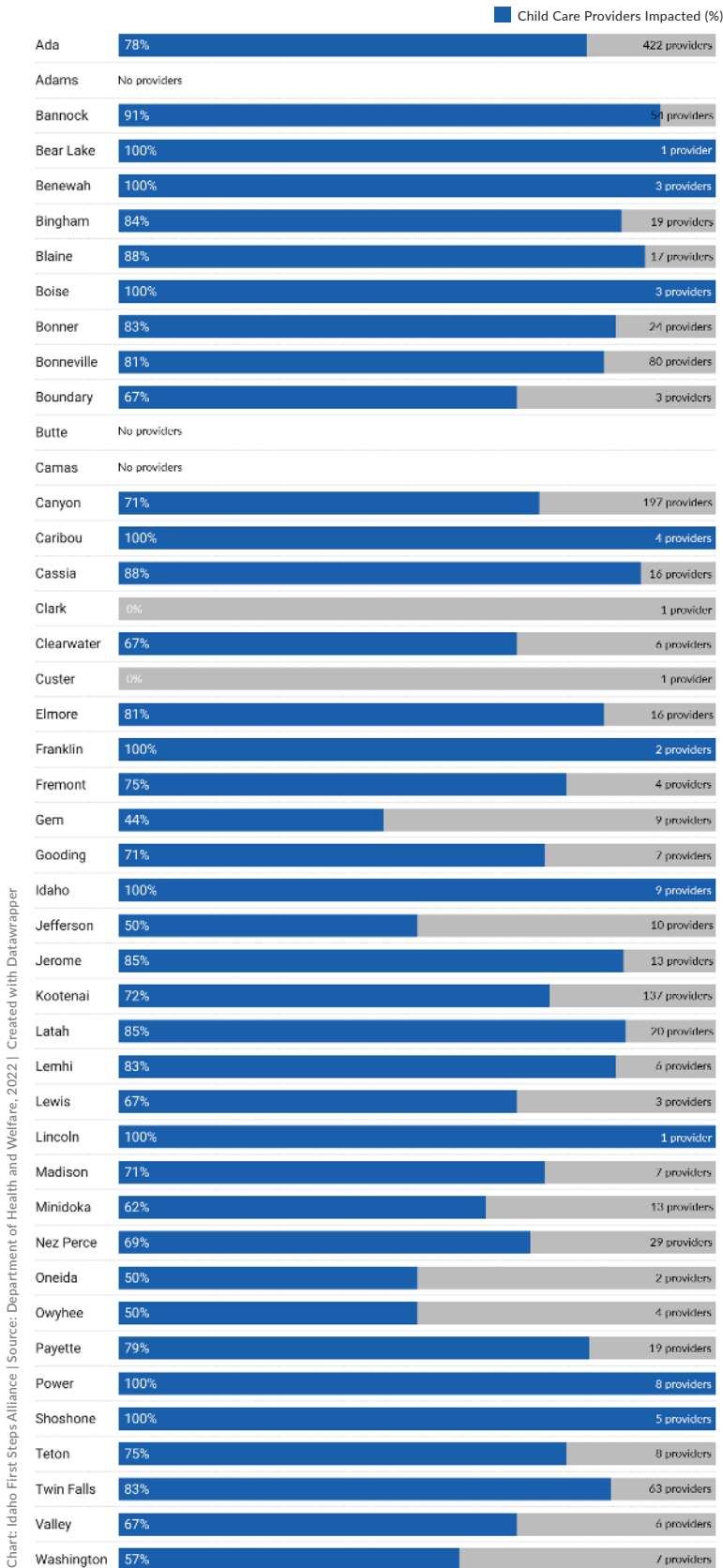


Chart: Idaho First Steps Alliance | Source: Department of Health and Welfare, 2022 | Created with Dataviz

KEY TAKEAWAYS

- Nine counties (Bear Lake, Benewah, Boise, Caribou, Franklin, Idaho, Lincoln, Power and Shoshone) saw **EVERY provider receive grant funding**.
- In **Canyon County**, there is a shortage of nearly 3500 child care spots leaving a third of families in need of care.¹³ Throughout the pandemic, 14% of Idaho's emergency relief went to support these programs.
- **83 percent of child care providers in Bonner County** utilized grant funding.
- **331 of the over 400 providers in Ada County** utilized grant funding to remain open.
- **24,110 child care spots were saved** by these grants.¹⁴
- **Up to 41,000 children in Idaho** were impacted by these grants.¹⁵

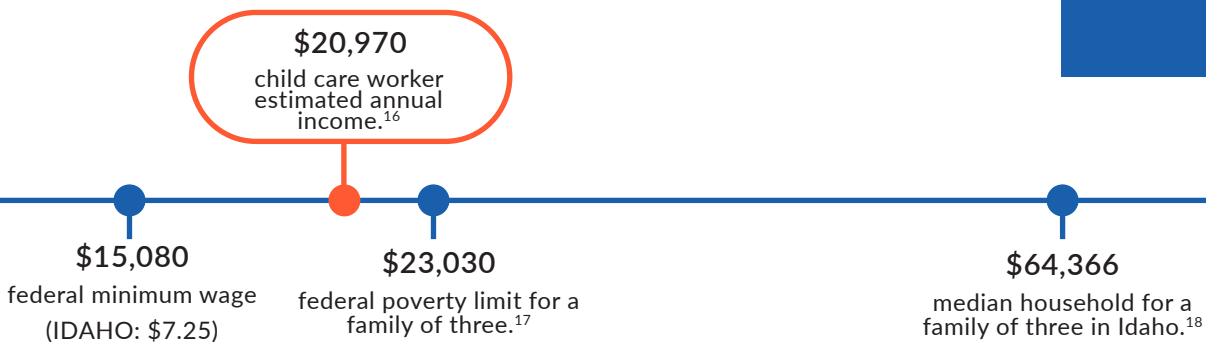
CHILD CARE EMPLOYEE SURVEY

Idaho First Steps Alliance asked providers to share a short 11 question survey with their staff to understand the full impact Wage Enhancement Grants have had on their workforce. Our survey received 244 responses ranging from multiple locations across Idaho and 39% of respondents have been in the field for five or more years.

KEY FINDINGS

- 53% of child care employees reported being the primary earner in their household.
- 129 child care employees (53 percent) make \$1250 or less monthly.

CHILD CARE WORKERS HOURLY RATE IN IDAHO: \$10.08
ANNUAL INCOME: \$20,970



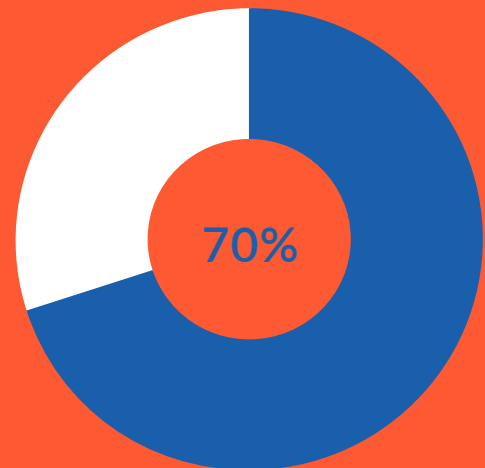
“There is no real way to prepare for the conclusion of the grants and wage enhancement programs. In short, we will go back to making less than minimum wage and possibly lose good quality employees because we cannot afford to pay them a living wage.”

- Glenda (Jerome)

WHEN ASKED...

“Have you considered leaving your current job in order to earn more money?”

- 70% of child care employees said “Yes”.
- Reasons for remaining in early childhood education varied between passion for the work, supporting their communities, and the increase in pay provided through the Wage Enhancement Grant program.



POLICY RECOMMENDATIONS

Child care is essential to a strong state economy, the financial security of working families, and the healthy development of young children. Communities across Idaho depend on a robust and functioning industry that offers high-quality child care options to families. Yet the industry is not financially sustainable and parents cannot afford to pay any more of their earnings to child care. Without immediate state action and smart public investments, the child care industry will not survive. Idaho First Steps Alliance calls on the state's elected officials to prioritize the child care industry and the needs of working families with young children during the 2023 Legislative Session by implementing the following policy recommendations:

1. ENSURE MORE WORKING FAMILIES HAVE ACCESS TO AFFORDABLE, HIGH-QUALITY CHILD CARE



Idaho child care businesses are dependent upon tuition payments from families to remain open. On average, families with young children spend one-tenth of their household income on child care; which is more than experts recommend as financially sustainable.¹⁹ Caregivers with low-incomes that make below 145 percent of the Federal Poverty Level (FPL) are eligible to receive assistance through the Idaho Child Care Program (ICCP).²⁰ ICCP helps cover a portion of the cost of child care for nearly 7,000 children each month.²¹ However, inflation, rising gas prices, and rapidly increasing housing prices are squeezing family budgets and outpacing wage growth. More and more families are unable to afford child care yet make too much to qualify for ICCP. Idaho should increase the current income threshold for ICCP from 145 percent to 175 percent to alleviate some of the financial burdens facing families today and reinforce Idaho's commitment to prioritizing working families.

2. EXPAND CHILD CARE AVAILABILITY IN IDAHO COMMUNITIES



Last year, Governor Brad Little and the Idaho Legislature approved \$15 million in funding for the Idaho Workforce Development Council to facilitate the new Child Care Expansion Grant program. Eligible applicants include both existing licensed child care businesses looking to expand capacity as well as employers looking to meet the needs of their workforce by creating a new quality child care option in their community. The creation of the Child Care Expansion Grants has received significant interest throughout Idaho. The total amount requested by grant applicants in just the last six months is over double the available appropriations from the Idaho Legislature. The grant interest shows significant need across the state to aid child care business owners and local employers in their effort to expand and meet the needs of their growing communities. The Idaho Legislature should continue investing in the Child Care Expansion Grants and support the program's long-term success.

3. CONTINUE SUPPORTING THE CHILD CARE WORKFORCE



A qualified and stable workforce is essential to the success of the child care industry and the healthy development of young children. Without competitive pay for staff, child care businesses lose experienced teachers to better paying jobs. After the pandemic, the private sector fully recovered and added additional jobs. The child care industry, however, experienced only a 76 percent employee return rate after the pandemic.²² These significant losses to the child care workforce are creating a crisis for businesses, and if the Wage Enhancement Grants end abruptly in the coming year, the industry will likely collapse. Without a properly staffed workforce, child care businesses cannot legally operate and the quality of care will suffer. The Idaho Legislature must approve the continued use of federal relief funding and allow the Department of Health and Welfare to continue administering the Wage Enhancement Grants after June 2023.

COMMENTS FROM PROVIDERS

Providers from across Idaho share their perspectives regarding the uncertainty they face if the funding for both the Idaho Child Care Grants and Wage Enhancement Grants expire in June 2023.

“As we are nearing the end of the wage enhancement grant, I already have staff asking me what’s going to happen and if they need to start looking for something else.”

- Katie (Chubbuck)

“When the wage enhancement grant ends, we will have to raise each child’s tuition... to maintain the current pay rates for our employees who are receiving the wage enhancement grant.”

- Jennifer (Sandpoint)

“The possibility of losing employees to higher paying jobs will increase, and as it is now, we have trouble finding good job applicants to maintain adequate staffing. If we can’t staff, we will be faced with closing our doors. The wage enhancement bonus has worked as an incentive when hiring.”

- Kathi (Boise)

“I have watched childcare providers open and close about every 2 years in our town, because the cost to stay open is so high, that they are always on the edge of closing.”

- Jessie (Salmon)

“The parent need in our community is enormous. We have a very extensive waitlist at all 3 of our centers. Very simply put, if we raise our tuition to the point of making it unaffordable for some families, then they won’t be able to afford to have both parents to continue in the workforce. I also feel like I need to share that we would’ve been willing to open a new childcare center to offer more seats for families however the local market and the economy are making that very undesirable.”

- Rachel (Meridian)

REFERENCES

1. [Moseley-Morris, K. \(2021\). 'A broken system': Idaho child care providers say they need more help to keep costs down. Idaho Capitol Sun.](#)
2. [Hamm, K., Malik, R. \(2017\). Mapping America's Child Care Desert. Center for American Progress.](#)
3. [Jessen-Howard, S., Workman, S. \(2020\) Coronavirus Pandemic Could Lead to Permanent Loss of Nearly 4.5 Million Child Care Slots. Center for American Progress.](#)
4. Idaho Department of Health and Welfare. (2022, Sept.) Child Care Grants.
5. [National Association for the Education of Children. \(2021\). State Survey Data: Child Care at a Time of Progress and Peril. Idaho.](#)
6. [Center for the Study of Child Care Employment. \(2019\). State Ranked by Median Hourly Wage of Child Care Workers, Actual & Adjusted for Cost of Living. \(Appendix Table 2.4\) \[Data set\] University of California, Berkeley.](#)
7. [Center for the Study of Child Care Employment. \(2019\). Child Care Worker Wage Gap With Living Wage, by State. \(Appendix Table 2.9\) \[Data set\] University of California, Berkeley](#)
8. [State of Babies Yearbook. \(2022\). The State of Idaho's Babies. \[Data set\]. Zero to Three](#)
9. [Wolkenhauer, S. \(2018\). The Future of Rural Idaho. \(Figure 1: Urban and Rural County Types, 2015\). Idaho Department of Labor.](#)
10. [State of Babies Yearbook. \(2022\). The State of Idaho's Babies. \[Data set\]. Zero to Three](#)
11. [Child care costs in Idaho. \(2020\). Child care costs in the United States. \[Infographic\]. Economic Policy Institute](#)
12. [Child Care Affordability in Idaho. \(2021\). Catalyzing Growth: Using Data to Change Child Care. \[Infographic\]. Child Care Aware](#)
13. [Child Care Expansion Grant. \(2022\). Child Care Gap by County. \[Data set\]. Idaho Workforce Development Council](#)
14. [Kashen, J., Malik, R. \(2022\). More Than Three Million Child Care Spots Saved by American Rescue Plan Funding. The Century Foundation.](#)
15. [Administration for Children & Families. \(2022\). Idaho ARP Child Care Stabilization Fact Sheet. United States of America.](#)
16. [Early Childhood Education in Idaho. \(2022\). \[Data set\]. First Five Years Fund.](#)
17. [Health & Human Services Poverty Guidelines for 2022. \(2022\). \[Table\]. Office of the Assistant Secretary for Planning and Evaluation.](#)
18. [State Median Income \(SMI\) by Household Size for Optional Use in FY 2021 and Mandatory Use in LIHEAP for FFY 2022. \(2021\). \[Table\]. Administration for Children and Families.](#)
19. [Campbell, M., Smith, L., Suenaga, M. \(2020\). Demystifying Child Care Affordability. Bipartisan Policy Center.](#)
20. Idaho Department of Health and Welfare. (2021)
21. The Federal Poverty Limit (FPL) for a family of three at 145 percent is \$33,394 annually, compared to \$40,303 for a family at 175 percent.
22. [Coffey, M., Khatter, R. \(2022\) The Child Care Sector Will Continue To Struggle Hiring Staff Unless It Creates Good Jobs. Center for American Progress.](#)

APPENDIX

TABLE 1

Gaps in Child Care by County - IDAHO (2021)

County	Child Care Gap	Percentage
Ada	2050	10.1%
Adams	60	84.5%
Bannock	1010	25%
Bear Lake	200	64.6%
Benewah	240	60%
Bingham	1170	46.6%
Blaine	640	56.7%
Boise	43	46.2%
Bonner	280	24.1%
Bonneville	1750	31.8%
Boundary	120	60.6%
Butte	53	100%
Camas	25	100%
Canyon	3450	33.5%
Caribou	130	54%
Cassia	720	56.5%
Clark	40	100%
Clearwater	9	5%
Custer	78	100%
Elmore	240	20.4%
Franklin	390	70.4%
Fremont	380	86.1%

County	Child Care Gap	Percentage
Gem	230	38.7%
Gooding	490	70.6%
Idaho	200	36.3%
Jefferson	1040	66%
Jerome	510	39.7%
Kootenai	58	0.9%
Latah	290	23.7%
Lemhi	94	36%
Lewis	67	37.4%
Lincoln	81	71.6%
Madison	1120	69.2%
Minidoka	450	45.9%
Nez Perce	330	17%
Oneida	64	47%
Owyhee	280	59.3%
Payette	79	9.8%
Power	120	59.5%
Shoshone	65	17%
Teton	380	66.2%
Twin Falls	1390	32.6%
Valley	320	76.4%
Washington	200	49.3%

Note: In Idaho, 74,670 children have a potential need for child care but the supply of child care slots is only 55,850. This leaves a 28 percent gap in supply impacting an estimated 20,910 families who lack access to child care. Long-term economic impacts range from \$695.4M to \$1.1B; equating to between \$33,260 and \$50,720 per child care gap.

Reprinted from Idaho Workforce Development Council, 2021.

TABLE 2.A

Types of Child Care Available in Idaho by County (2021)

County	Types of Care			Total
	Group	Center	Family	
Ada	73	182	16	422
Adams	0	0	0	0
Bannock	24	25	5	54
Bear Lake	0	1	0	1
Benewah	1	2	0	3
Bingham	5	10	4	19
Blaine	6	11	0	17
Boise	1	1	0	2
Bonner	2	17	5	24
Bonneville	19	39	22	80
Boundary	0	1	2	3
Butte	0	0	0	0
Camas	0	0	0	0
Canyon	74	63	60	197
Caribou	0	2	1	3
Cassia	2	8	6	16
Clark	0	0	1	1
Clearwater	2	4	0	6
Custer	0	1	0	1
Elmore	2	10	4	16
Franklin	1	1	0	2
Fremont	3	0	1	4
Gem	2	5	2	9
Gooding	1	5	1	7
Idaho	0	6	0	6
Jefferson	3	4	3	10
Jerome	3	7	3	13
Kootenai	28	84	25	137
Latah	4	13	3	20
Lemhi	2	4	0	6
Lewis	0	3	0	3
Lincoln	1	0	0	1
Madison	1	5	1	7
Minidoka	2	5	6	13
Nez Perce	4	16	9	29
Oneida	0	1	1	2
Owyhee	1	1	2	4
Payette	4	13	2	19
Power	3	2	3	8
Shoshone	2	2	1	5
Teton	2	6	0	8
Twin Falls	12	35	16	63
Valley	3	3	0	6
Washington	4	2	1	7
TOTAL	267	600	357	1254

Note: Reprinted from the Department of Health and Welfare Child Care Market Rate Survey, 2021.

TABLE 2.B

Total Child Care Relief Grant and Percentages by County (2022)

County	# of Providers	Providers Impacted	Percentage
Ada	422	331	78%
Adams	0	0	0%
Bannock	54	49	91%
Bear Lake	1	1	100%
Benewah	3	3	100%
Bingham	19	16	84%
Blaine	17	15	88%
Boise	1	3	150%
Bonner	24	20	83%
Bonneville	80	65	81%
Boundary	3	2	67%
Butte	0	0	0%
Camas	0	0	0%
Canyon	197	139	71%
Caribou	3	4	133%
Cassia	16	14	88%
Clark	1	0	0%
Clearwater	6	4	67%
Custer	1	0	0%
Elmore	16	13	81%
Franklin	2	2	100%
Fremont	4	3	75%
Gem	9	4	44%
Gooding	7	5	71%
Idaho	6	9	150%
Jefferson	10	5	50%
Jerome	13	11	85%
Kootenai	137	99	72%
Latah	20	17	85%
Lemhi	6	5	83%
Lewis	3	2	67%
Lincoln	1	1	100%
Madison	7	5	71%
Minidoka	13	8	62%
Nez Perce	29	20	69%
Oneida	2	1	50%
Owyhee	4	2	50%
Payette	19	15	79%
Power	8	8	100%
Shoshone	5	5	100%
Teton	8	6	75%
Twin Falls	63	52	83%
Valley	6	4	67%
Washington	7	4	57%
TOTAL	1254	972	78%

Note: Data provided by the Department of Health and Welfare, 2022.

APPENDIX A

Child Care Employee Survey - Questions

1. Location (City, ID)
2. How long have you worked in early childhood education?

Less than a year	One to two years	Three to four years	Five or more years
------------------	------------------	---------------------	--------------------

3. Are you a part-time or full-time employee?

Part-time	Full-time
-----------	-----------

4. **Optional:** If you are part-time, can you please share why?
5. Are you the primary earner in your family?
6. Without the addition of wage enhancements, what would be your monthly take-home pay? (0: \$500 or less, 1: \$501 - \$875, 2: \$876 - \$1250, 3: \$1251 - \$1625, 4: \$1626 - \$2000, 5: \$2001 or more)

0	1	2	3	4	5
---	---	---	---	---	---

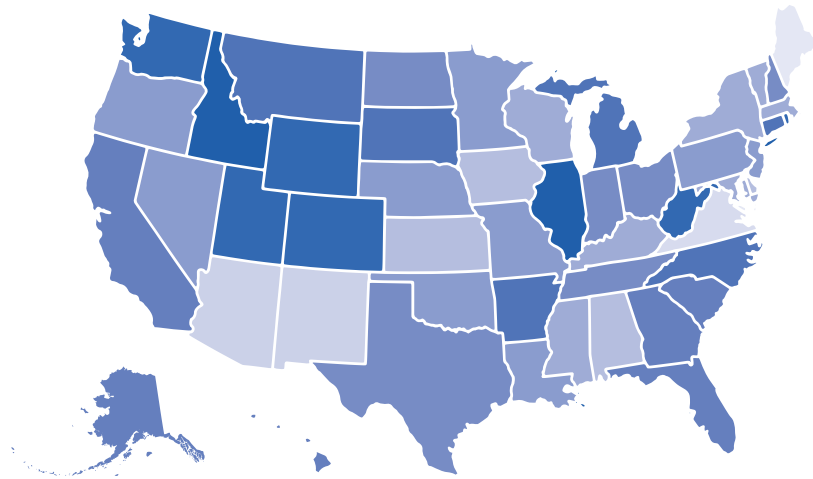
7. Have you considered leaving your current job in order to earn more money?

Yes	No
-----	----

8. **Optional:** If yes, what has motivated you to stay?
9. Describe what the monthly wage enhancements have meant to you since you started receiving them:
10. Do we have permission to share your comments, exactly as written, with legislators in order to support child care investments in Idaho?
11. **Optional:** If you would like to be contacted in the future regarding your response, please provide us with your email address for follow up:

APPENDIX B

Lack of Child Care and School Closure Prevent Some Parents From Working (2022)



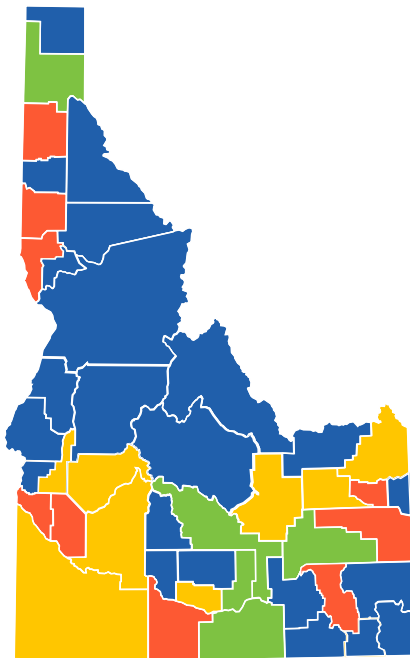
United States average of parents not working: 6%



Note: Reprinted from Pew Charitable Trust, 2022.

APPENDIX C

Urban and Rural County Types (2015)



<p>Urban: Areas where the largest city have more than 20,000 residents.</p>		Ada, Bannock, Bonneville, Canyon, Kootenai, Latah, Madison, Nez Perce, Twin Falls
<p>Commuting: Rural counties where 25 percent of the working population commutes to urban counties for work.</p>		Boise, Butte, Elmore, Fremont, Gem, Jefferson, Jerome, Owyhee
<p>Rural Center: Areas where the largest cities have between 7,500 and 20,000 residents.</p>		Bingham, Blaine, Bonner, Cassia, Minidoka
<p>Open Rural: Areas where the largest city is below 7,500 and the working population does not commute.</p>		Adams, Bear Lake, Benewah, Boundary, Camas, Caribou, Clark, Clearwater, Custer, Franklin, Gooding, Idaho, Lemhi, Lewis, Lincoln, Oneida, Payette, Power, Shoshone, Teton, Valley, Washington

Note: Reprinted from "The Future of Rural Idaho," Idaho Department of Labor, 2018.