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Child care industry's looming fiscal cliff will be a disaster for working parents in Idaho

Two critical child care programs are set to end next fiscal year, placing child care providers on a path to endure a drastic funding cliff unless Idaho lawmakers take action.

BOISE, Idaho — A new report released today by Idaho First Steps Alliance details the growing uncertainty Idaho's child care industry faces as grant programs administered by the Idaho Department of Health and Welfare are set to expire on June 30, 2023. Nearly eight out of ten child care business owners have used these programs to keep their doors open since the early months of the pandemic.

In a series of policy recommendations to respond to this "fiscal cliff", the group identifies an easy first step lawmakers can take: approve the remaining relief funding requested by the Department and keep the child care grant programs going beyond June of 2023.

"If Idaho fails the child care industry at this point in time, we're looking at serious economic consequences due to parents being forced to leave the workforce, employers scrambling to run businesses short staffed, and hundreds of child care providers, who are small businesses, closing," Emily Allen, Policy Associate with Idaho First Steps Alliance, said. "Idaho lawmakers must take action to support families during the 2023 Legislative Session."

Idaho families with young children need access to safe, affordable, quality child care while they earn a paycheck, but increases in demand are straining the already overburdened industry. As one of only a few states that does not dedicate state funding for an early childhood education system, the Idaho child care industry is dependent on tuition from parents and federal dollars to remain afloat.

Since the onset of the pandemic, Congress has prioritized stabilizing child care businesses nationally through funds included in relief acts. In Idaho, those dollars were used by the Department of Health and Welfare to create the Idaho Child Care Grants and Wage Enhancement Grants, which allow child care providers to offer \$300 monthly stipends to staff,

offset additional health and safety costs, and maintain fixed business expenses like rent or mortgage payments. According to the data released by Idaho First Steps, these programs have impacted over 900 of Idaho’s 1,245 child care providers touching all but five counties in the state. Today, these critical funding programs are set to expire June 30, 2023.

“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 Kestle, owner of Glenda’s Daycare in Jerome said. “I am in this career field because of my love for children, but it is hard to make ends meet in a world with constant price increases and no way to increase child care costs enough to cover our expenses.”

Prior to the pandemic, child care workers earned \$10.08 per hour, leaving many under the federal poverty line. In comparison, Idaho ranks last to our neighboring states in compensation for our early childhood workforce. While the Wage Enhancement Grants have offered the workforces a monthly \$300 bonus, many child care business owners are uncertain how they will continue to pay staff at this level once these dollars run out. A survey conducted by Idaho First Steps Alliance found 70 percent of child care workers have considered leaving the profession entirely with low pay cited as the leading reason.

Idaho Child Care Wages Are Not Keeping Pace with Neighboring States

Regional Average Salary Comparison for 2019

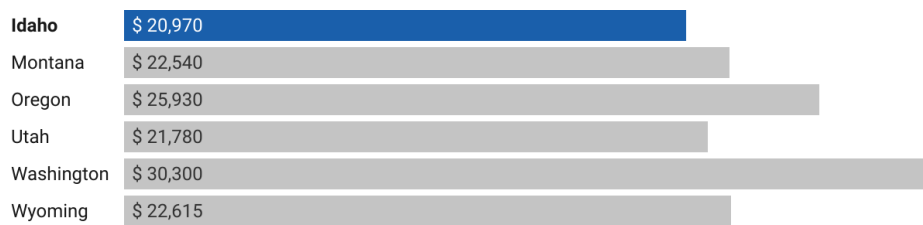


Chart: Idaho First Steps Alliance • Source: Center for the Study of Child Care Employment • Created with Datawrapper

“Our rates are currently higher than all the other centers in our area, and many parents are struggling to pay tuition. We’ve looked at our profit and losses to see where we can cut costs to lower tuition for parents, however, we have not found an area of spending that would not significantly reduce the quality of care for our children by doing so,” Jennifer Stoneman, Regional Director of Storybook Early Learning Centers in the Sandpoint area said. “When the wage enhancement grant ends, we will have to raise each child’s tuition another \$150 per child per month, to maintain the current pay rates for our employees who are receiving the wage enhancement grant.”

Families simply cannot take on the extra financial load. In Idaho, however, infant care could cost more than tuition at a four-year public institution. Families with two young children will spend more on child care than housing in nearly every county.

Prioritizing infants, toddlers, and their families is the first step to a robust Idaho. Idaho First Steps Alliance, a network of early childhood policy advocates across the state, calls upon our elected officials to respond immediately and implement policies that meaningfully support families with young children.

The full report can be read here: [Unstable Footing: Child Care Crisis in Idaho](#)

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About First Steps Alliance

First Steps Alliance works to develop and promote a statewide public policy agenda that advocates for investment in a system of public and private providers that offer critical services supporting the unique developmental needs of infants, toddlers and their families. The coalition consists of members across Idaho, including parents, providers, nonprofits and early learning experts. The First Steps Alliance is a project of Idaho Voices for Children; visit idahofirststeps.org to learn more.