# Santa Clara County $\underbrace{\underbrace{\delta}}_{\overline{\mathbf{v}}}$ Office of Education

## Santa Clara County Early Care and Education

## FACILITIES STUDY FINAL REPORT -EXECUTIVE SUMMARY-

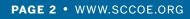
Prepared for the Santa Clara County Office of Education



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## **EXECUTIVE SUMMARY**

In 2018, the Santa Clara County Offce of Education (SCCOE) developed and published an Early Learning Facilities Study (ELFS) containing a county-wide needs assessment and an estimate of the cost of developing Preschool facilities to meet the unmet need for care for three- and four-year-old children. During the subsequent five years, there have been considerable changes in the early care and education (ECE) landscape in Santa Clara County, necessitating an updated and more comprehensive approach. This Early Care and Education Facilities Study (ECEFS), performed on behalf of the SCCOE, provides data and strategies to meet our communities' anticipated need for ECE facilities. This study comprises two sections: (i) a county-wide ECE facilities needs assessment, cost estimate, and financing options, and (ii) a broader discussion of facilities planning and design, summaries of various ECE case studies of policies and program efforts, and a set of recommendations for addressing the existing unmet need and developing an ECE facilities infrastructure in Santa Clara County. Meeting Santa Clara County's ECE facilities needs will require a multi-faceted collaboration engaging as many organizations, agencies, and individuals as possible with an interest in ECE, either directly or indirectly.

#### ECE Supply and Demand

**Santa Clara County's total population will grow by 5.7% from 2023 to 2028, while the number of children 0 to 4 years old will only grow by 2.4%** The population now totals 2.05 million and will increase to 2.17 million by 2028. Total employment is 1.14 million currently and will increase to 1.18 million, or by 3.4%, in the next five years. Children 0 to 4 years old number about 130,000 currently and will increase to approximately 133,000 by 2028.

	2023	2028	Net Change	% Change
Total Population	2,053,745	2,170,127	116,382	5.7%
Total Employees	1,143,636	1,182,667	39,031	3.4%
Children 0 to 4 Years Old	130,001	133,145	3,144	2.4%
Children 0 to 4 as % of Total Population	6.3%	6.1%		-0.2%

#### Table S-1 Santa Clara County Demographics

By 2028, the total unmet need for ECE spaces in Santa Clara County will decrease from 25,000 spaces to 17,000 spaces. All of the unmet need will be for Infant/Toddler spaces. By 2028, given demographic shifts, new development and growth, and the continued implementation of TK in Santa Clara County, there will be an unmet need for about 18,900 Infant/Toddler spaces offset by a small surplus of 1,900 Preschool spaces.

#### Table S-2 Estimated Surplus or Shortage by Year - Santa Clara County

Age Group	Shortage of Spaces - 2023	% of Demand Met - 2023	Shortage of Spaces - 2028	% of Demand Met - 2028
Infants/Toddlers	(19,448)	28%	(18,828)	32%
Preschool Children	(5,624)	89%	1,857	104%
Total Surplus/ (Shortage)	(25,072)	69%	(16,970)	77%

*In 2028, every locality in Santa Clara County will continue to have an unmet need for Infant/Toddler spaces and only four (Gilroy, Monte Sereno, San Jose, and Santa Clara) will have an unmet need for Preschool spaces.* While total unmet needs will have fallen by almost one-third by 2028, unmet needs for Infant/Toddler care will have fallen by only 3%.

#### Table S-3 2028 Surplus / (Shortage) of Spaces

	# of Infant/ Toddler Spaces	% of Infant/ Toddler Demand Met	# of Preschool Spaces	% of Preschool Demand Met	Total Shortage /(Surplus)	% of Total Demand Met
CAMPBELL	(427)	43%	1,097	201%	669	136%
CUPERTINO	(290)	54%	829	171%	540	130%
GILROY	(328)	47%	(368)	75%	(696)	67%
LOS ALTOS	(279)	26%	625	260%	345	145%
LOS ALTOS HILLS	(56)	0%	47	169%	(9)	93%
LOS GATOS	(185)	38%	754	250%	569	171%
MILPITAS	(449)	62%	2,135	223%	1685	158%
MONTE SERENO	(18)	0%	(18)	0%	(56)	0%
MORGAN HILL	(209)	54%	0	100%	(209)	87%
MOUNTAIN VIEW	(1,337)	28%	48	102%	(1,289)	68%
PALO ALTO	(807)	45%	1,748	194%	997	129%
SAN JOSE	(9,968)	28%	(5,236)	78%	(15,203)	61%
SANTA CLARA	(1,936)	22%	(690)	84%	(2,626)	62%
SARATOGA	(21)	89%	783	333%	763	247%
SUNNYVALE	(1,603)	38%	1,889	160%	286	105%
UNINCORPORATED	(916)	6%	(1,802)	6%	(2.718)	6%
Countywide	(18,828)	32%	1,857	104	(16.970)	77%

#### **Cost Estimate and Financing Options**

The estimated overall cost to provide the approximately 19,000 Infant/Toddler spaces required to meet the unmet need in Santa Clara County in 2028 is \$596 million, including administration costs. The average cost of construction for new center-based childcare spaces varies by building type from \$40,500 for spaces in new portable buildings to \$73,800 per spaces for spaces in converted existing commercial buildings. The estimated cost per space for a new FCCH is \$900 per child. Converting existing Preschool classrooms to Infant/Toddler classrooms is estimated at \$3,000 per space. The overall cost will vary depending on the exact mix of building types. Using a mix of 15% new center construction, 30% FCCH, 10% new or existing commercial space, 12% expansion of existing centers, 15% portable buildings, and 18% Preschool to Infant/Toddler space conversion for the purposes of cost modeling results in an average cost of \$31,000 per space and a total cost of \$596 million.

A 0.15% sales tax or \$124 parcel tax would generate suffcient funds to meet this need. Using bond financing to fund 100% of the estimated unmet need for Infant/Toddler care would require an annual repayment of \$60.3 million for 20 years. A 0.15% sales tax – approximately \$34 per resident per year - generates an estimated \$67 million per year. The additional \$6.7M raised by the tax could be used to subsidize the cost of care for families or increase provider income. A parcel tax set at \$124 per parcel would fund the annual bond repayment while adding 1.4% to the average cost of a residential parcel in Santa Clara County.

**Additional financing tools could be used to address new or ongoing demand.** Developer impact fees can be used to address demand for Infant/Toddler facilities created by new development but cannot be used to address

existing deficits. Given the expected growth in the overall population and Infants and Toddlers, a fee of \$334 per unit would meet the growth in demand. Additional sources of facility funding could include community benefits programs and development agreements.

#### **ECEFS Survey Findings**

**Approximately 16% of center-based providers and 36% of FCCH reported wanting to expand to serve more children.** Among providers who responded to the survey, 36% of FCCHs and 16% of center-based providers expressed a desire to expand. Among FCCH, 38% expressed interest in serving more children aged 0 to 2 years old and 24% expressed interest in expanding from a small FCCH to a large FCCH. Approximately 39% of FCCH owners would like to open a childcare center.

The most common barriers to expansion were reported as lack of financing, lack of affordable real estate options, and the public permitting process. Lack of financing is a bigger challenge for FCCHs (66%) than childcare centers (37%) that are considering expansion. Childcare centers often (42%) mentioned other challenges not specifically listed in the survey; several mentioned the lack of qualified staff. FCCHs listed the lack of expertise in managing projects as the third most important challenge (16%).

Among partner survey respondents, 42% stated that the availability of childcare has impacted their **personal ability to work**. Many of these respondents explained that they left their jobs and careers for years in order to take care of their child(ren).

Among partner survey respondents who manage staff or employees, 59% endorsed that the availability of childcare has impacted their staff in the last five years. The lack of childcare has resulted in missed work from a few days to several weeks and impacted the ability of employers to recruit staff. Employees reported having to turn down promotions due to the lack of childcare.

*Quality, affordability, and availability of ECE were all ranked as important to partners.* When asked to rank certain issues regarding ECE in terms of their importance to employees and staff, quality ranked first (most important to 89%), followed by affordability (76%). Availability, accessibility of care, and health and safety ranked closely together, with approximately 66% each as the most important.

**Locally funded grants were identified as the most likely financing instrument.** Among all the organizations and partners surveyed, local grants were considered the most likely instrument to support expanded access to childcare.

#### **Facilities Planning and Design Recommendations**

**Support cities in implementing new laws that make it easier to open and operate FCCHs in residential areas.** Both large and small FCCHs are now allowed as of right, and business licenses can no longer be required by cities. Information should be provided to all cities in Santa Clara County to support the implementation of this new law. FCCHs must still apply for a license to operate and comply with all State requirements (see Appendix F for more information).

*Facilitate co-location of FCCHs and childcare centers in housing developments.* Onsite childcare facilities have substantial benefits for residents of low-income and market-rate residential developments. Progress made towards encouraging ECE facilities in housing developments should be expanded and existing resources shared to facilitate these efforts.

**Facilities design should intentionally support child development, program quality, accessibility and inclusion for children with disabilities, and climate resilience.** High-quality facilities can support, while lowquality facilities detract from, the positive outcomes associated with children's engagement in ECE. New facilities, which may serve children for decades, should embody design features that facilitate quality programs. These features should include accessibility for children with disabilities to promote inclusive education practices. Young children are especially vulnerable to the effects of climate change and ECE facilities should be designed to be resilient to extreme heat, poor air quality, and other expected impacts. There are existing resources that can be used to inform facility design.

#### **ECE Policy and Program Summaries**

There are a variety of different approaches and opportunities that could be included in a comprehensive ECE facilities development plan for Santa Clara County. The ECEFS includes summary descriptions and key findings of a number of these to inform discussions leading to such a plan.

- Provision of facilities training and technical assistance to ECE providers, as called for in the countywide Early Learning Master Plan.
- Palo Alto's in-depth survey of families to determine the assets, resources, and challenges facing the Palo Alto's families and children generated excellent feedback regarding the needs of ECE providers as well as families.
- South San Francisco (SSF) provides an example of a local government leader in the provision of childcare. The SSF operates childcare programs run through the Parks and Recreation Department, has a Childcare Development Impact Fee, and recently completed a comprehensive Childcare Master Plan.
- Build Up San Mateo provides a model for a countywide effort to facilitate the development of new ECE facilities. This includes advocacy work, preparation of briefs on key topics supporting both policymakers and providers and administering grants programs supporting new facilities.
- CHIPS The Federal Grant Program provides a current mechanism to encourage large semiconductor companies to provide childcare for their employees as part of the grant award.
- California's Infrastructure Grant Program is an example of public funding supporting the (i) minor renovation and repair, and (ii) major renovation and construction of non-LEA-operated childcare facilities.
- Large hospitals are major employers and provide examples of on-site, employer-sponsored childcare. Across the country and locally, hospitals and large employers support the childcare needs of their employees in a variety of ways.
- Mission Driven Finance's CARE project, implemented in three locations including San Diego, is an innovative ECE financing program that supports the development of FCCH by buying homes, leasing them to FCCHs, and allowing FCCH owners the possibility of earning home equity over time.
- Strengthening Paid Family Leave (PFL) and addressing inequities in implementation reduces the demand for ECE facilities by allowing parents to stay home with their newborn Infants.
- Hiring childcare coordinators in cities, as continues to exist in Palo Alto and Redwood City, helps to facilitate development of childcare in their communities through working directly with planners, developers, ECE providers, and LEAs.

#### **Findings and Recommendations**

#### 1. Prioritize developing facilities for children ages 0 to 2.7 years (Infants and Toddlers).

In 2028, there will be unmet demand for 19,000 Infant/Toddler care slots and no unmet demand for Preschool slots countywide. The comparative lack of access to care for Infants and Toddlers, the ongoing rollout of universal TK, and the decline in the number of Preschool-age children, requires partners to build new or convert existing facilities to serve these younger children.

#### 2. Local public funding is necessary to address the need for Infant/Toddler facilities.

The cost of providing ECE facilities to serve 19,000 Infants/Toddlers is estimated to be close to \$600 million.

This cost is substantial and will require public funds. The options of a special sales tax or countywide parcel tax would require significant effort but are within the county's fiscal capacity.

- **3.** New and converted ECE facilities must support quality practices, allow inclusive access for children with disabilities, and be climate resilient. ECE facilities, including FCCH, are part of the community's infrastructure and should be designed in alignment with existing best practices to support the healthy development of all children.
- 4. Addressing the facilities needs of the ECE community in Santa Clara County requires building a sustainable, multi-sector infrastructure of resources and expertise. There needs to be a network of dedicated ECE facilities staff across various organizations in the county implementing a variety of strategies, programs, and policies to ensure that access to facilities is not a constraint on access to care.



### Santa Clara County Early Care and Education

### **FACILITIES STUDY FINAL REPORT**

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