San Mateo County's Quarter-Century Crisis:

The Vanishing Dream of Affordable Child Care And A System At Its Breaking Point

By Supervisor Jackie Speier and

THE JACKIE SPEIER FOUNDATION

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A MESSAGE FROM JACKIE

I have spent nearly my entire life in San Mateo County. I've served this community on the Board of Supervisors, in the State Assembly and Senate, and for over 15 years in Congress. The decision to return to the Board of Supervisors was not about politics—it was about purpose.

As a widowed single mother with an infant and a toddler, I once stood where so many young families stand today—trying to build a life, hold a job, and raise children with care, love, and dignity. I understand the sleepless nights, the financial juggling, and the sinking feeling that you're still falling behind no matter how hard you work.

Back then, it wasn't easy. Today, it's nearly impossible.

What's happening to working families in San Mateo County is nothing short of an economic armageddon—child care costs now rival housing and college tuition. Waitlists extend for months. Providers are stretched to their limits, and parents—especially mothers—are forced to choose between their careers and their children.

This is not sustainable. It is not moral. And it is not who we are.

We cannot afford to let this child care crisis deepen. We must invest in the future we want: one where children thrive, parents work without fear, and our economy grows from the bottom up and the middle out.

This isn't just about policy; it's about values. It reflects our commitment to one another as a community. I won't stop fighting until we deliver the care and support that every family in San Mateo County deserves.

Jackie

Jackie Speier
San Mateo County Board of Supervisors

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Our Choices for This Report

Terminology: Why We Use "Child Care" Instead of "Early Childhood Education"

We use the terms "child care" and "child care services" instead of "early childhood education" to ensure clarity for a broad audience. Although professionals often refer to child care services as early childhood education (ECE), research and previous public funding measures have indicated that many associate that term with kindergarten or K-12 education. To avoid confusion and align with the language most commonly used by families, the general public, and journalists, we use "child care" to refer to all early learning and care services for children of child care age.

Scope of Report: Child Care Worker Wages

This report does not include a dedicated section on child care worker wages, not because wages are unimportant, but because they are so important that they deserve a comprehensive focus. We fully acknowledge that low salaries are one of the child care system's most urgent challenges. This compensation crisis fuels workforce shortages, limits program expansion, and drives experienced professionals out of the field. Throughout, we reference wages in the context of staffing challenges and provide examples from other counties and states working to improve compensation through public investment and cost-of-care models. In developing this analysis, we intentionally focused on funding flows, access gaps, and system-level coordination — foundational elements for implementing effective workforce solutions. The absence of a wage section indicates the project's scope rather than a disregard for its urgency. We fully support initiatives to increase child care wages.

Scope of Report: Child Care Shortage and Workforce Impact on Women

This report does not detail the impact of the child care shortage on women in the workforce, though we recognize it as a significant issue. The lack of accessible child care has well-documented consequences for gender equity, career advancement, and economic participation, particularly for mothers.

Composite Family Experiences: The examples in the report utilize real financial data, systemic information, and actual child care costs. Financial stress and debt are profoundly personal and challenging issues. To protect privacy while conveying the full emotional and economic toll of the child care crisis, we present composite profiles based on factual information, which helps readers grasp the impact of the child care crisis on families.

Executive Summary

There can be no better revelation of a society's soul than how it treats its children."
——Nelson Mandela

San Mateo County's 25-Year Child Care Crisis: The Disappearing Hope for Affordable Care and a System on the Verge of Collapse.

For more than 25 years, San Mateo County has grappled with a chronic child care crisis. Supply fails to meet demand, and costs have skyrocketed beyond what families can afford. Despite considerable investments from both the public and private sectors, the situation has worsened rather than improved.

Currently, the county has a deficit of nearly 9,000 child care spaces. There are significant shortfalls in infant care, with only 69% of the need met, and care for school-age children, at 74% of the demand. Nearly 42,000 children in San Mateo County are eligible for subsidized child care but only 18,500 spots are available leaving a deficit of nearly 23,000 spots.

Child care costs consume a substantial portion of family budgets, forcing many San Mateo County parents into overwhelming financial decisions. The financial strain on parents, workforce shortages, and an inefficient child care system have resulted in the County's annual loss of $775 million in economic productivity.

This report examines the underlying factors contributing to the child care crisis, highlights successful strategies from other regions, and presents recommendations to transform San Mateo County's child care system into a sustainable, accessible, and efficient one.

Executive Summary

The Scope of the Crisis

San Mateo County's child care crisis is not new, but it has become increasingly urgent and unsustainable. Families are trapped in a system where long waitlists, unaffordable costs, and a severe shortage of care options have become the norm. Despite years of significant investment, these challenges have only intensified, placing greater strain on the county's economic stability and social well-being.

Key Findings:

child care represents an economic and workforce crisis:

- Families earning middle-class wages struggle to afford child care, with costs nearing mortgage payments.
- 81% of parents report that child care issues impact their work.
- 60% have reduced their work hours.
- 46% have exited the workforce.
- Child care shortages disproportionately affect women, resulting in a 15% decline in female workforce participation.
- Businesses incur annual losses of $350,000 per company due to child care-related staffing challenges.
- Despite spending $66 million annually on child care,16 of 27 ZIP codes in San Mateo County are classified as child care deserts, and shortages persist year after year.

A Fragmented, Inefficient System

San Mateo County's child care system functions like a series of disconnected networks, resulting in duplicated efforts, administrative inefficiencies, and complicated family eligibility barriers. Families must apply through agencies with inconsistent rules, while providers encounter redundant licensing and compliance demands.

Executive Summary

Proven Solutions Exist:

- New Mexico has implemented universal child care through a sustainable funding model and strong public-private partnerships, demonstrating that even low-income states can make child care accessible.
- Michigan's Tri-Share Program allocates child care costs among employers, employees, and the state, lowering expenses for middle-class families and boosting workforce participation.
- Santa Clara, Alameda, San Francisco, and Santa Cruz counties have successfully consolidated child care oversight into single agencies, reducing administrative costs and enhancing access.
- Voters in both red and blue states have overwhelmingly endorsed new taxes, bond measures, and other funding sources for child care services.

A New Vision for San Mateo County

San Mateo County possesses the economic strength to address its child care crisis; however, achieving this demands a bold, systemic overhaul instead of mere incremental fixes. We make the following recommendations:

Establish the San Mateo County Child Care Investment Initiative

- Establish a countywide Early Childhood Trust Fund to finance child care expansion sustainably.
- Create an equitable system for all in the region.
- Create an up-to-date fiscal mapping system for all expenditures.
- Adopt a blended public-private funding model incorporating state, federal, and employer contributions.
- To expand child care capacity, increase the utilization of underused public spaces (e.g., schools, libraries, and office buildings).

Consolidate and Streamline Child Care Administration

- Create a centralized system where families can apply for all programs in one portal.
- Reduce duplicative regulations and align provider licensing and reporting across agencies.
- Establish a unified workforce initiative to stabilize wages and address staffing shortages.
- Implement technology-driven enrollment and subsidy management systems.
- Encourage corporate child care investment programs via employer tax incentives.
- Integrate workforce-centered child care solutions, such as Michigan's Tri-Share model, into local efforts.

Executive Summary

Projected Impact of Child Care Investment Initiative

By establishing the Child Care Investment Initiative —a universal child care strategy that enhances administrative oversight and utilizes innovative funding models, San Mateo County can:

✔ Reduce the child care gap by up to 20,000 spaces, ensuring at least 90% of demand is met by 2032.
✔ Eliminate administrative duplication, redirecting funds to expand access and enhance services.
✔ Lower child care costs and ease financial strain for families—especially middle-income households.
✔ Stabilize and grow the child care workforce, decreasing turnover and increasing the supply of trained providers.
✔ Boost workforce participation, particularly among women, mitigating the annual economic losses caused by the child care crisis.
✔ Support local businesses by helping to reduce child care-related employee absenteeism and low productivity, while cutting employer-related child care costs—aid in retaining skilled workers in San Mateo County.
✔ Leverage public-private partnerships to expand access without placing the full financial burden on taxpayers.

Conclusion:

San Mateo County, the epicenter of innovation, possesses the wealth, economic strength, and political will to establish one of the most effective child care systems in the nation. The current model is failing families, employers, and providers; the crisis will worsen without intervention. By learning from successful models in New Mexico, Michigan, and other states, consolidating fragmented services, and investing in scalable, technology-driven solutions, San Mateo County can transform child care into a sustainable, accessible, affordable service that benefits families, businesses, and the broader economy. The time for incremental change has passed—San Mateo County must take bold action to repair its broken child care system.

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Part 2: Dangling on the Edge of A Financial Cliff: How Child Care Costs Are Breaking The Family Budget

A Crisis Spanning Generations

When today's college graduates were in diapers, San Mateo County was sounding the alarm about the child care crisis. The challenges families faced in 1999—those initial six to twelve-month waitlists and increasing costs—persist and have intensified. A child born in 1999 could now be a parent facing even greater difficulties in securing care for their infant.

In 2015, there was a documented need for 11,000 additional child care spaces (*The San Mateo County Child Care Partnership Council*). Today's shortage is even more severe, with projections indicating that by 2032, the County will be unable to meet 34% of the demand, underscoring how this crisis could persist for an entire generation (*The San Mateo County Office of Education, 2023).*

"The parents of a child born today face the same child care challenges that existed before their birth."

The scope of the current crisis is stark: San Mateo County has only 32,865 licensed child care spaces, indicating a shortage of 17,200 spaces for all age groups. The situation for infants and toddlers is particularly dire, with licensed spaces available for just 8% of those needing care *(SMC Child Care Needs Assessment 2022*).

The financial implications are staggering. San Mateo County's GDP accounts for approximately 4.56% of California's total GDP. Given the state's estimated $17 billion annual economic loss from child care shortages (incurred from absenteeism, decreased productivity, and parents leaving the workforce or reducing hours), we estimate that San Mateo County loses roughly $775 million per year (*https://www.strongnation.org/articles/2400-letter-to-congress-invest-in-child-care*). The annual productivity loss could have funded 30 to 40 promising startups in the innovation-driven county ecosystem. It's like watching a potential new Meta or Google disappear every year due to child care challenges.

The Numbers Say The Child Care Crisis Is Better—Families Know It's Not

The Promise of Universal Pre-K and the Realities of Access

The introduction of Universal Pre-Kindergarten (UPK) through Transitional Kindergarten (TK) aims to address the shortage of child care services by providing publicly funded early education to all four-year-olds by 2025–26. Soon, new reports will be released indicating a substantial increase in available slots, thereby reducing the shortages in San Mateo County. On paper, the expansion of TK alleviates the child care shortage. Incorporating four-year-olds into the public school system decreases the number of required child care slots. However, this numerical improvement does not necessarily translate into tangible benefits for all families. While this initiative is commendable, its practical impact on alleviating the child care shortage remains complex. It may be premature to declare victory.

Universal Pre-K and Challenges Faced by Families:

1. **Limited After-School Care:** The absence of extended care options limits the effectiveness of TK for families needing coverage beyond standard school hours. This situation poses challenges for working parents who require full-day care and may account for why the rise in enrollments has not progressed as swiftly as anticipated.

2. **Inadequate Facilities and Location:** School facilities may lack appropriate accommodations for younger children, such as suitable bathrooms and diapering stations. While this issue will eventually be resolved, in the short term, it can deter parents from enrolling their children. Many parents find that they do not have pre-K options near their homes or workplaces, which may limit enrollment growth.

3. **Impact on Existing Child Care Providers:** The expansion of TK also impacts private child care providers. Many preschools rely on the enrollment of four-year-olds to balance their budgets, as this age group allows for higher child-to-teacher ratios. With more four-year-olds attending TK, private providers may face financial strain, which could lead to program closures and fewer options for families.

The Middle-Class Squeeze

The economic implications of this crisis have intensified. A 2022 survey by FM3 Research found that 81% of San Mateo County parents with children under five reported that child care issues affected their work, with 60% stating they had to reduce their work hours. Over a year, this impact is equivalent to losing $1600 weekly in earnings due to child care issues; it amounts to working Thursdays and Fridays each week for free. Nearly 46% of families simply give up and leave their jobs altogether. San Mateo County has yet to crack the code on the child care crisis. The following profiles illustrate the all-too-typical circumstances of families in the region.

Balance Sheet Lives: Walking A Financial Tightrope

Sarah and Michael live in San Carlos, and even with two incomes, the numbers barely add up at the end of each month. Their combined salaries of $280,000 seem more than comfortable at first glance. However, the financial reality tells a different story. After federal taxes, California state taxes (among the highest in the nation), Social Security, health insurance premiums, and modest 401(k) contributions, their monthly income amounts to $11,578.

Their modest home consumes a substantial portion of their income:

- Mortgage payment (principal and interest): $5,389
- Property taxes (1.45% rate): $1,813
- Homeowner's insurance: $400

Total costs and monthly housing expenses amount to $7,602, representing 65.7% of their income. The financial strain increases due to child care expenses. Their infant daughter Emma's daycare costs $2,602 monthly, while care for their 2-year-old son Lucas amounts to $2354. These expenses total $4,956 monthly, constituting 42.8% of their monthly income. Costs continue to rise:

- Family car payment: $550
- Utilities: $400
- Groceries for a family of four: $1,200
- Diapers for Emma: $100
- Healthcare premiums through Sarah's employer: $400
- Car insurance: $150
- Gas: $300
- Internet: $80
- Cell phones: $160

These expenditures (with no funds allocated for clothing or emergencies) total $15,898, resulting in a monthly deficit of $4320. Despite their substantial salaries, they will end each year with a $51,840 deficit—an unsustainable financial situation. To make ends meet, they face nearly impossible choices: depleting savings, relying on credit cards, cutting retirement contributions, and eliminating discretionary spending. They have considered relocating to a less expensive area, which would entail longer commutes and less time with their children.

They have also considered having one of them stay home to care for the children —a decision that could save them $52,068 annually in child care costs. Forfeiting an income in a time when housing, healthcare, and groceries are relentlessly expensive would worsen their deficit. They've cut back as much as possible—foregoing home repairs and never dining out—but the basic math doesn't add up, resulting in financial pressure that influences nearly every decision they make. The writing is on the wall, they say. They will need to sell their home, seek new jobs, and leave California for a location with lower housing and child care costs. It's a heartbreaking reality: not driven by irresponsibility or overspending, but by basic arithmetic in a high-cost region.

Public Service— Private Struggle

Maria and Mario have spent most of their lives in San Mateo County. Maria is an elementary school teacher, and her husband, Mario, is a veteran police officer. They own a modest two-bedroom condo in San Mateo, where they live with their two young children, ages 2 and 3. Together, they earn $216,414 per year. After taxes, their monthly income is $12,290.46. The funds deposited into the family bank account do not cover what is going out:

Gross Monthly Income:
- Maria (Teacher): $5,784.50
- Mario (Police Officer): $12,250.00
- Combined Monthly Gross: $18,034.50

Monthly Tax Deductions:
- Federal Income Tax: $3,228.28
- California State Tax: $1,136.12
- Social Security: $1,379.64
- Total Taxes: $5,744.04 (31.85% of gross income)

Monthly Income: $12,290.46

Monthly Housing Costs:
- Mortgage (Principal & Interest): $5,046.43
- Property Tax: $1039.58
- Homeowners Insurance: $200.00
- Total Monthly Housing: $6,286.01

Family Expenses:
- child care for Two Toddlers: $4708
- Groceries: $1,200.00
- Health Insurance Premiums: $500.00
- Utilities: $250.00
- Internet: $80.00
- Car Payment (1 vehicle): $450.00
- Car Insurance: $200.00
- Gasoline: $300.00
- Cell Phones: $150.00
- Miscellaneous (clothing, entertainment): $300.00

Total Monthly Expenses: $14,424.01
- Monthly Income: $12,290.46
- **Monthly Deficit: $2133.55**

Parents can't afford to pay more. child care providers can't afford to charge less. Workers can't afford to stay.

Despite earning over $200,000 annually, Maria and Mario face a monthly deficit of $2133.55. Their situation resembles trying to run up a down escalator – no matter how fast they go, they still move in the wrong direction. The cost of child care alone rivals college tuition. Like many colleagues, they have considered moving out of the area and commuting to work. However, that would mean less time with their children and higher commuting expenses.

Once their children reach school age, their financial situation should improve significantly. However, the $25,602.00 in annual debt they incur could seriously harm their financial future. They will need to deplete their savings, seek additional sources of income, and consider selling their condo to rent instead. While renting might seem like a solution, let us introduce you to a renter family:

The Subsidy Cliff: When Earning More Means Getting Less

Sophia and Miguel decided to rent instead of buy because of the area's lack of affordable housing. Sophia, a healthcare administrator, earns $52,000 yearly, while Miguel, an IT specialist, makes $50,000. Their combined income of $102,000 enables them to participate in San Mateo County's child care subsidy program. After federal taxes, California state taxes, Social Security, health insurance premiums, and modest retirement contributions, their monthly income is roughly $6,000. The family rents a three-bedroom apartment in Redwood City for $4,000 monthly. Rent takes up 67% of their monthly take-home income, significantly exceeding the 30% threshold financial experts recommend as healthy. Like many dual-income households, they face substantial child care costs for their children, 9-month-old Lucia and 2-year-old Marco:

Lucia's infant care: $2,700 per month.
Toddler care for Marco: $2,216.67
Total child care Costs: $4,916.67 monthly ($59,000 annually)

The family pays around $1,560 each month for child care due to the child care subsidy, which is approximately $3,356.67 monthly, reducing their child care expenses by 68%. Even with this substantial assistance, child care costs and housing account for over 90% of their income. Their monthly expenses total $9,050, which include:

- Rent: $4,000
- Subsidized child care: $1,560
- Utilities: $350
- Groceries: $1,000
- Diapers and baby supplies: $150
- Health insurance premiums: $400
- Car payment: $450
- Car insurance: $150
- Gas and transportation: $250
- Internet: $120

The family faced a monthly deficit of $3,050 despite receiving child care assistance. Over several months, they accumulated $8,000 in credit card debt to cover shortfalls. After maxing out their credit cards, Sophia and Miguel turned to their only remaining safety net: family. Sophia's father now lives with them and pays half the rent and grocery bills. A retired construction worker relying on Social Security and taking on side jobs, he helps even though it's challenging. He draws from his modest savings, a resource he shouldn't have to rely on. Yet, in San Mateo County, he represents a growing reality: multigenerational households quietly fill the gap left by an unaffordable housing and child care system. Thanks to his assistance, their expenses have decreased to $6,550, and their shortfall is now $550 per month, contributing to an annual deficit of $6600.00. However, it's still unsustainable.

Miguel could earn an extra $500–$800 a month by consulting on weekends—but that would disqualify them from their child care assistance subsidy.

To achieve stability, the couple would need an additional $15,000 in income and a 20% reduction in housing costs—an unlikely combination as rents continue to rise. New jobs or significant promotions are not realistic short-term solutions. Sleepless nights are filled with questions:

- What if we lose the child care subsidy next year?
- What if one of us gets sick or loses a job?
- What if one of the kids needs expensive, ongoing medication?

Sophia and Miguel aren't planning for emergencies—they're living one—every day.

Behind the Paycheck: The Quiet Struggles of the Middle Class

The New Face of Financial Fragility: Six-Figure Families

Every night, after tucking their children into bed, parents like Maria, Mario, Sophia, and Miguel lie awake, staring at the ceiling, their minds racing with calculations that never add up. They've done everything society told them would lead to security—earned degrees, secured good jobs, and worked tirelessly—yet each month pulls them deeper into a quicksand of deficit spending. Their refrigerators display children's artwork alongside hidden spreadsheets of impossible math. The weight of knowing that one missed paycheck, one illness, or one car breakdown stands between them, and financial collapse steals away their sleep and peace.

> ***These are not the faces of poverty as America imagines them. They are the faces of a middle class in crisis—unseen, unheard, and on the brink.***

These are not the faces of poverty that America typically imagines; they represent the invisible crisis facing the middle class in high-cost regions such as San Mateo County. Professionals with respectable salaries drop their children off at daycare before dawn, skip their own medical appointments to afford their children's care, and smile at school functions while mentally calculating which bill they'll need to postpone this month. Despite having six-figure incomes, they are haunted by a question they never thought they would ask: "How long can we keep this up before something breaks?"

The financial reality is brutal yet straightforward for working families with young children. Monday's and Tuesday's earnings go directly to child care (37.5% of income). Wednesday through most of Friday is consumed by mortgage and taxes (49.4%). This leaves only Friday afternoon's earnings— a mere 13% of income- to cover everything else: food, utilities, transportation, healthcare, savings, and occasional small luxuries. Parents in San Mateo County aren't thriving; they are simply surviving.

WHAT CHILDCARE COSTS

ANNUAL

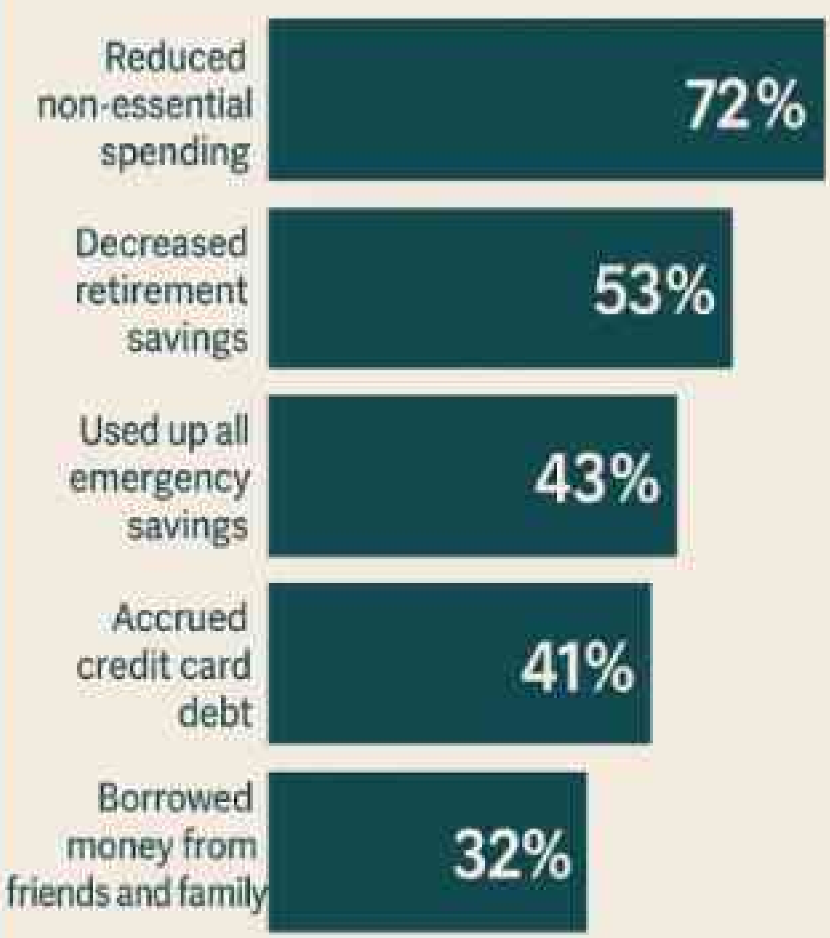
1 INFANT	1 INFANT 1 PRESCHOOLER	2 SCHOOL-AGE CHILDREN	1 INFANT 1 PRESCHOOLER 1 SCHOOL-AGE CHILD
$31,200	$59,500	$31,300	$75,100

SAN MATEO COUNTY

SOURCES Center for Women's Welfare   Silicon Valley Institute for Regional Studies

What Parents Do to Pay for Child Care

Based on responses from San Mateo County families



FM3 Research

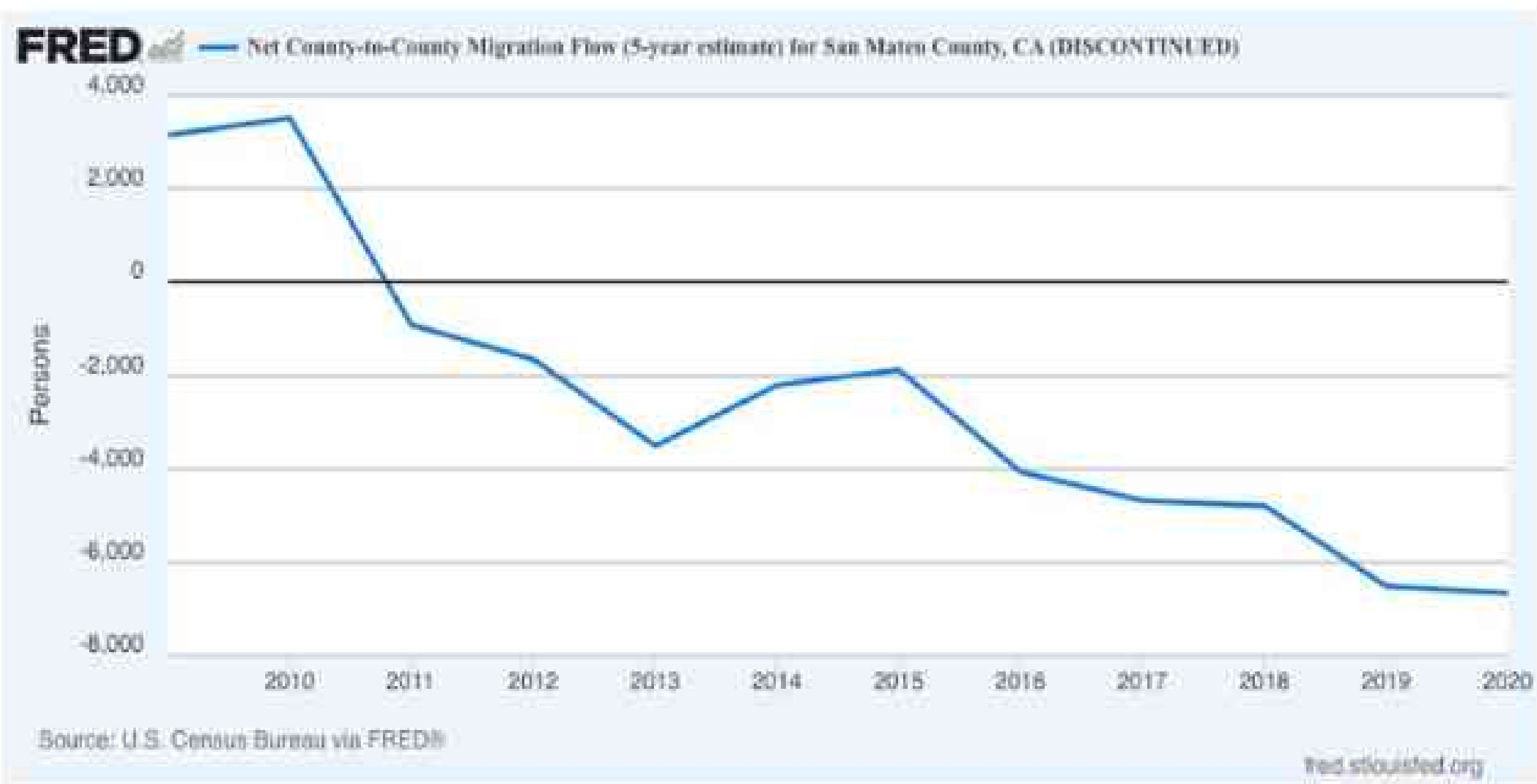
Priced Out And Moving On

What happens when families can no longer balance the math and are forced to leave the region? They take more than just their children and belongings—they take their tax dollars, spending power, and their role in the local workforce. As families relocate, communities face shrinking tax bases, declining local business revenue, and increasing labor shortages. Neighborhoods lose their balance and vitality, shifting away from family-centered life. What economists refer to as "barbell communities" remains, with concentrated wealth on one end, economic struggle on the other, and a disappearing middle in between.

In the high-cost region of San Mateo County, families aren't thriving; they are merely surviving.

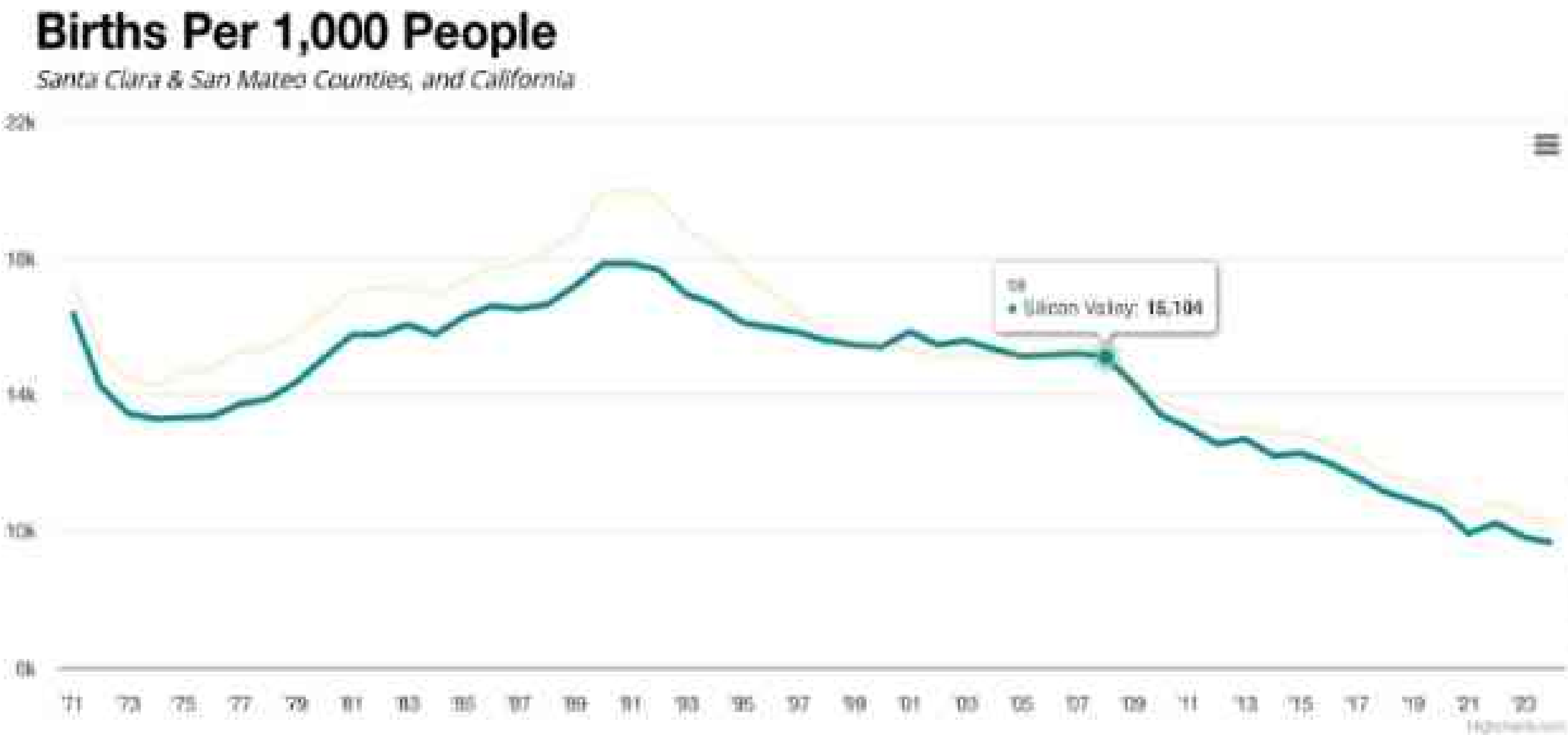
This transformation is already underway in San Mateo County, evidenced by a steady outflow of migration. Child care costs and housing expenses are driving families away and reshaping the region.

Migration Out



Declining Birth Rate

The child care crisis significantly contributes to a marked decrease in the birthrate. According to a 2023 survey by the Pew Research Center, nearly half of childless adults cite financial concerns as their primary reason for not having children. This figure is even higher in expensive counties such as San Mateo County, where the birth rate has declined for over a decade (United States Census and Kid Data.org). National data indicates that families must have at least two children to sustain a shrinking workforce, a diminished tax base, and an economic decline. If we do not find ways to relieve the strain on families, we may continue to have fewer of them



Dangling on the Edge: How Child Care Costs Push Families and Providers Off

Imagine a city where every neighborhood manages its own water system, power grid, and road crew. That's the reality of San Mateo County's child care landscape: fragmented, duplicative, and inefficient. Multiple agencies provide overlapping services, each with an administrative structure resembling a house wired with six different electrical meters. Funding—over $63 million annually—flows through disjointed channels, resulting in wasted resources and missed opportunities.

This systemic dysfunction creates a complex maze of bureaucracy and logistical challenges, particularly for low-income and single-parent families. Despite significant investments, sixteen of the county's twenty-seven zip codes—almost 60%—remain classified as child care deserts. (*SAMCEDA, Solving Child Care Shortage, 2019).*

To understand how system-level failures impact families and providers, consider these scenarios based on verified county data, where each family must navigate an average of 7.5 separate applications to secure a child care spot *(Early Childhood Care & Learning SVCF April 2024)*, often facing conflicting eligibility requirements:

- Estella, a single mother, begins her day in darkness, rising at 4:30 a.m. to start her daily journey with her two young children. The nearest child care center with subsidized slots is one hour away by public transit—a common challenge in a county where 68% of child care programs are concentrated in just 30% of the area. Her job pays her $20 per hour, which is barely enough to cover her bills; after taxes, her take-home pay amounts to $ 2,240.00 per month. Daily transportation costs consume more than 16% of her monthly income, equivalent to working nearly an entire week for free to get her children to child care and work. Estella isn't merely losing money; she's navigating an economic obstacle course where every mile traveled represents a dollar lost, and every hour spent in transit is an hour not earning, not parenting, and striving for a better future.

- A Redwood City child care provider shares a harsh reality: "What is difficult about subsidized care is that if you make a hundred dollars too much, you receive nothing. You won't qualify for any assistance. You can't have your tuition covered, not even a portion. We've had families that are cut off. They might have too much overtime on a paycheck. We must tell them, 'Wait a month, work less overtime, and come back to us.' If you make a hundred dollars too much in a month, you must pay thousands in child care. What are families supposed to do while they wait to earn less money?" (*San Mateo Daily Journal 2024*).

When $100 in overtime costs a family $3000 in child care, the system isn't broken—it's punishing.

- In Half Moon Bay, a nurse working rotating shifts illustrates another aspect of the crisis. Although spots are available, none match healthcare workers' schedules. The California Child Care Resource Referral Network (2023) indicates that only 2% of licensed centers in San Mateo County provide evening care, while 43% of the county's workforce operates non-traditional hours. This disparity between available care hours and workforce needs has a significant impact on the county's economy.

- A program director at a San Mateo child care center sees these challenges daily. "It's like a maze without a clear entrance or exit," she explains. "Last month, I watched a promising employee resign because she spent more time managing paperwork than teaching children. We're losing talented workers to administrative burdens. I completed forty-seven separate forms for five different agencies, all of which requested the same information. That's thirty-eight hours on paperwork instead of working with children. This system is breaking us."

- A single father in San Bruno describes the complexity: "I work two jobs and have three children. Each program requires different proof of income, a deposit, and various work verifications. I spent my entire lunch break for the week scanning documents and filling out forms. "

Beyond Family Impact

The economic effects extend far beyond individual families. When a parent earning the county's median income of $156,000 *(U.S. Census Bureau 2023)* leaves the workforce due to child care issues, the impacts multiply significantly:

- Lost direct income of $156,000.
- Lost tax revenue of $24,560.00
- Forfeited benefits worth $32,340.
- A staggering 20% reduction in lifetime earnings.

Nearly half of San Mateo County's workforce has nontraditional hours, yet only 2% of licensed centers offer evening care."

Pay To Wait: Waitlist Fees Spark Frustration Among Working Moms

An overlooked cost of child care is waitlist fees. As working parents scramble to secure reliable care, many encounter unexpected expenses just for the chance to be considered for a spot, without any guarantee of enrollment. Waitlist fees are unregulated, allowing providers to charge whatever they wish.

Non-refundable and Rising

Parents report fees ranging from $25 to $500, depending on the center. This amount is sometimes credited toward future tuition but is often non-refundable.

"We've paid $100 just to be put on a list — and we still don't know when (or if) a spot will open."

A Necessary Evil or Exploitative?

Many argue that fees serve a purpose: they discourage families from putting their names on numerous waitlists without genuine commitment. However, parents must apply to multiple centers to secure an available slot, and these costs can accumulate quickly.

"I get the logic behind it, but when every center charges a fee, and there's no guarantee of placement, it just feels like we're throwing money into a void."

Annual Fees Increase the Pressure

In some regions, waitlist fees are not just a one-time charge. Parents must pay annual fees to stay on the list, a practice that has surprised many.

"I paid $200 last year, and now they want another $200 just to keep us on the list. We haven't even toured the place yet."

A Broken System?

These fees reflect a strained child care system, where demand significantly exceeds supply, forcing parents to endure both emotional and financial burdens.
(Examples are from Reddit's r/workingmoms.)

Lost Revenue, Talent, and Time: The Bottom Line of a Broken System

Insufficient child care poses a financial liability for employers. Hidden costs from staff turnover to lost tax revenue accumulate quickly. A mid-sized company loses about $350,000 annually due to child care disruptions, which includes $45,000 in turnover costs, $125,000 in lost productivity, and $185,000 in recruitment and training expenses (*https://www.payactiv.com/blog/cost-of-replacing-an-employe/) and https://kpmg.com,us/en/articles/2024/septemebr-2024-the-parental work disruption).*

The consequences are staggering. Utilizing national models from the Council for a Strong America, local workforce data from the San Mateo County Office of Education, and employment statistics from the U.S. Bureau of Labor Statistics, we estimate that businesses in San Mateo County lose approximately $80.3 million annually due to child care issues.

> ***On Mondays, she goes to daycare until her grandparents pick her up. She is with my aunt on Tuesdays, while I take her to my mom's on Wednesdays and Thursdays. On Fridays, she goes back to daycare. Saturdays are spent entirely with my aunt, and Sundays are with my dad. I miss a work day if someone gets sick or has a scheduling conflict. Service Worker, Non-Traditional Hours***

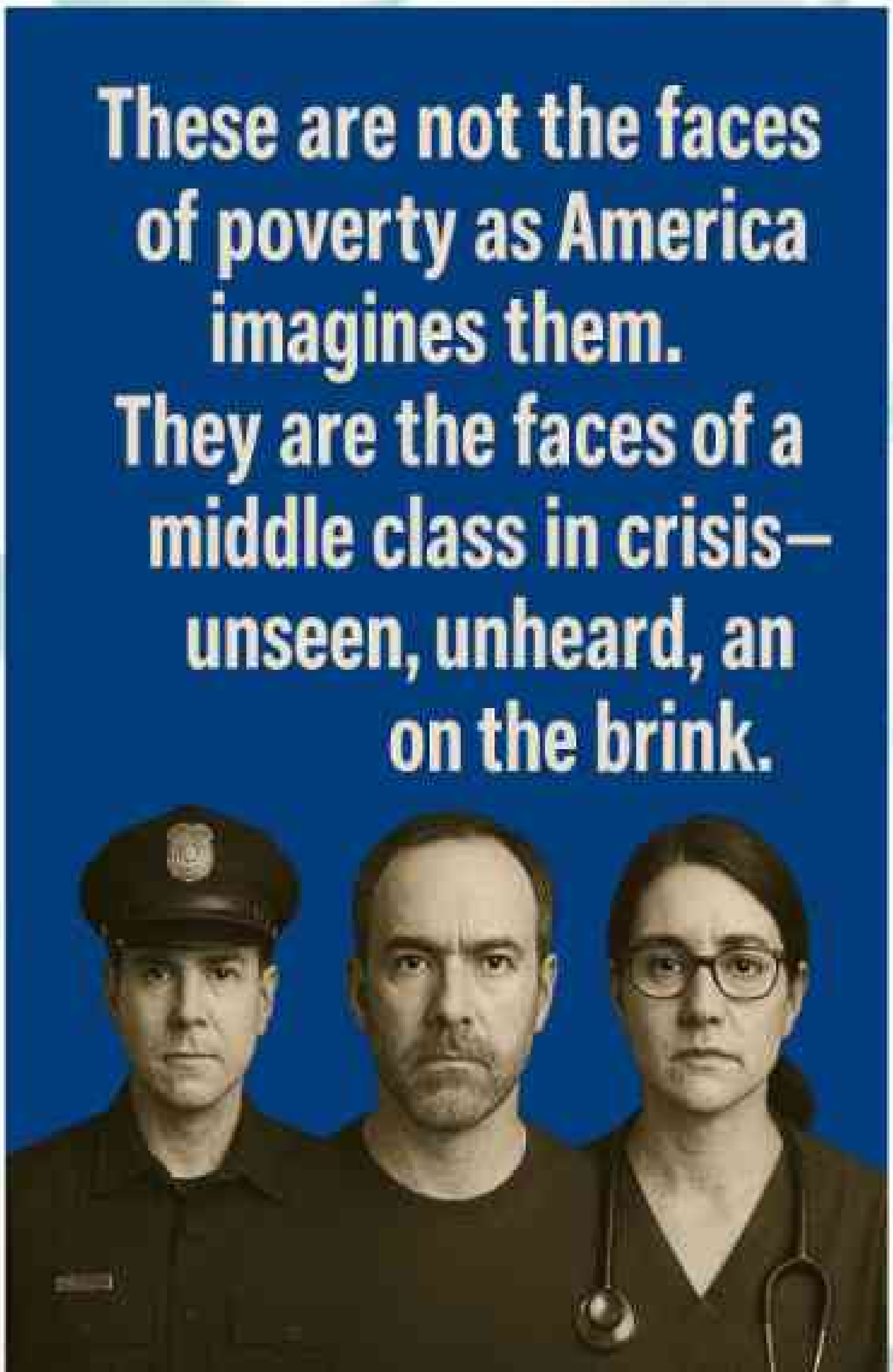
The retail, restaurant, hotel, and healthcare sectors comprise nearly 30% of San Mateo County's employment. These industries are vital to the economy, employing thousands daily. However, they face challenges due to the worsening child care crisis. child care costs often exceed $30,000 annually, making care unaffordable for most service workers. Additionally, licensed facilities rarely accommodate evening, weekend, or overnight shifts, burdening workers with young children. In the restaurant industry, 45% of employers reported being unable to fully staff dinner service, with restaurant owners particularly impacted by the nature and hours of operation. (*https://www.independentrestaurantcoalition.com/child care?*).

Employers struggle with high turnover and labor shortages. Healthcare facilities risk short-staffing, retail stores cut services, and restaurants limit hours or close, all due to child care-related gaps. Without targeted interventions for affordable, flexible child care, the County's critical frontline industries will remain unstable, undermining workers, operations, and the economy.

The economic burden is particularly severe in communities already grappling with affordability. In East Palo Alto—where the median household income is 40% below the county average—licensed child care is available for only one in every five children *(Early Learning Geographic Assessment, 2023)*. North Fair Oaks and parts of South San Francisco face similar challenges, with 67% of residents being immigrants and 32% living below the poverty level; however, there is only one licensed spot for every eight children (*U.S. Census Bureau, 2023; First 5 San Mateo County's Impact Report, 2023)*.

County officials confront a complex network of interconnected challenges: severe staffing shortages, stringent licensing requirements, restrictive zoning laws, pandemic-related closures, and limited public funding. They must navigate multiple issues simultaneously, addressing zoning restrictions that hinder new facilities, securing funding for workforce development, and establishing incentives for employers to offer child care benefits. The ripple effects extend throughout the community, and the scale of the crisis demands solutions that exceed what any single jurisdiction can likely provide.

For child care providers, the situation feels just as impossible. "We charge rates that we know strain families to the breaking point," explains Maria V., director of a family child care center in Redwood City, "but we still can't pay our teachers enough to live within an hour's drive of work." The wage for child care workers in San Mateo County is $19.45 per hour (*http://www.ziprecruiter.com/child careApril 2025*) while the MIT Living Wage Calculator indicates a single adult needs to earn at least $30.75 per hour to survive in the area.



Flying Blind: No Dashboard, No Clear Destination, and No Way To Navigate

What We Spend on Child Care in San Mateo County

When we started this project, we asked, "How much do we spend on child care in San Mateo County?" We consulted agency leaders, nonprofit directors, city officials, funders, and policy experts, but no one could provide a clear answer; most were uncertain about how to determine it.

That would never happen if we were discussing roads. Counties and cities can tell you, down to the dollar, what they spend on potholes, bridges, and resurfacing. Infrastructure spending is monitored through centralized budgets, dedicated taxes, and standard performance metrics.

> ***Regarding child care—one of the most critical forms of infrastructure for families and the economy—we're flying blind.***

But when it comes to child care—one of the most critical forms of infrastructure for families and the economy—we're flying blind. Although creating a fiscal map is beyond the report's scope, developing one is essential. The Children's Funding Network, which assists states and counties with fiscal mapping and raising funds for children's services, states that fiscal maps answer a fundamental question: WHO invests HOW MUCH money and in WHAT? Fiscal maps help state and local leaders and advocates understand the existing funding streams that support child- and youth-focused programs in their communities.

What We Can See

After extensive research, we estimate that San Mateo County receives and invests about $62–$64 million yearly in child care. This encompasses federal and state subsidies, allocations from the county and city, school-led initiatives, and employer-sponsored programs.

San Mateo County Child Care Investment Overview

Category	Estimated Annual Amount	Source
Federal Government	$25 million	Head Start, CalWORKs, CCDF
State of California	$10-15 million	CSPP, TK support, QRIS Block Grant
San Mateo County	$11-13 million	Measure K, First 5, ARPA, Bright Horizons subsidy
Cities (San Mateo, EPA)	$1-3 million	Local facility grants, city relief funds
San Mateo County Office of Education	$10 million	CSPP subcontracts, IEEEP, Big Lift
Employers (County & Private Sector)	$15–17 million	County HR subsidies, employer contributions

Total Estimated Investment: $62-64 million/year (conservative estimate — excludes school districts, philanthropy, in-kind, and capital projects)

Making Policy With Missing Pieces And Questions We Can't Answer

What We Don't Know — and Why It Matters

Our estimate might be higher or lower — we don't know. Some funding may be double-counted, while other sources are likely missing altogether. Definitions of "child care" and "early learning" vary across funding streams, possibly overlapping some services. Meanwhile, essential investments, such as school district funding, philanthropic grants, or in-kind support, might be absent.

Definitions vary, data is scattered, and no centralized tracking system exists. This uncertainty is not merely a data problem — it's a decision-making issue. We cannot address what we cannot see; without clarity, we risk creating policies misaligned with actual needs. The annual spending of $62 to $64 million remains a conservative estimate. It does not account for:

- Philanthropic and employer grants to nonprofits (e.g., Gilead, Meta).
- In-kind support (e.g., city-owned child care buildings, rent waivers).
- One-time capital investments (e.g., facility expansion via Build Up).
- Investments in the ECE workforce.
- Developmental and Inclusion Services.
- Dedicated staff time.

How can we identify the gaps if we don't know where the money is going?
These items don't always appear on spreadsheets, but they matter when looking at the overall picture of child care spending. In building future partnerships for child care services, most leaders, especially business leaders, will want to know how much money is spent annually. The follow-up question usually is, "What have the results been?"

Why Fiscal Mapping Is Urgently Needed

We are spending millions of dollars, but without a clear map or defined goals, we cannot answer the most critical questions:

- Are we reaching the families with the greatest need?
- Are we duplicating efforts in some areas while underserving others?
- Are we investing in high-quality care and long-term capacity?
- A fiscal map would provide a fragmented and reactive system with visibility, alignment, and strategy. It would:

✅ Identify all funding sources: public, private, philanthropic, and employer.
✅ Track spending by region, population, and type of care.
✅ Highlight funding gaps and inequities.
✅ Support smarter investments and better coordination.
✅ Strengthen future funding proposals by demonstrating readiness and alignment.

If we wouldn't build a freeway without a map,
we shouldn't attempt to rebuild the child care system without one.

Revisiting America's Forgotten Solutions

Caring for Rosie the Riveter's Children

Just as a skilled pilot can guide a plane through turbulent skies, America has navigated a seemingly impossible child care crisis before and emerged stronger. Like a city mobilizing for an approaching storm, America has transformed its child care landscape virtually overnight. For example, consider the nation's response during World War II when women were needed in factories to support the war effort. In just two years, 3,102 federally subsidized child care centers were established under the Lanham Act of 1940, providing care for 130,000 children. By the war's end, nearly 600,000 children had received care.

> *We pay people who watch our money 6 times what we pay those who watch our children.*

Progressive employers, such as Henry J. Kaiser, created 24-hour child care centers to support round-the-clock shipbuilding operations, demonstrating how public-private partnerships could address the child care dilemma (*Cohen & Hanft, 1943)*. The government-established child care centers during this period were not merely emergency Band-Aids; they were thoughtfully designed solutions that proved as durable as they were efficient. Remarkably advanced for their time, the centers provided services such as regular health screenings, dental check-ups, parent education programs, emergency clothing supplies, laundry services, and isolation rooms for sick children. Unfortunately, at the war's conclusion, these centers were closed, and children were sent home, marking the end of America's successful experiment in universal child care.

Reframing the Challenge

Wartime child care programs succeeded by shifting the narrative—from a private family matter to an economic necessity. Child care was positioned as vital to national defense and economic stability, demonstrating that reframing complex issues can unlock innovative solutions.

The U.S. military has long applied this approach, framing child care as critical to military readiness. As a result, it has consistently secured strong financial and congressional backing. Today, the Department of Defense operates the nation's largest and most extensive employer-sponsored child care system, serving roughly 200,000 children of service members and civilian employees. Originating in the 1940s, this framing has sustained decades of support—culminating in a $1.1 billion expansion approved by Congress in 2024.

Reframing has led to significant policy shifts such as:

- **Smoking and Seatbelt Laws:** Two of the most successful reframing examples might be the passage of the seat belt mandate and banning smoking in public spaces. Both issues were shifted from personal rights to public health and safety issues, which garnered widespread support.

- **Social Security:** Initially viewed as a government handout, the program gained lasting support when it was reframed as "earned benefits" that workers contribute to throughout their careers. The shift from "handout" to "earned" has made it politically resilient.

Reframing can transform seemingly intractable issues. For example, as we assess the economic impact of roads and bridges, child care initiatives can be framed around shared economic interests. This strategy fosters broader coalitions of support.

Why Are We Always Last?

Globally, child care is regarded as a crucial infrastructure and an investment in the future generation of citizens. For instance, in China, while more than half of Americans live in "child care deserts," the Chinese government has set an ambitious goal of establishing 50,000 new child care facilities by the end of 2025. This initiative aims to increase the availability of nursery care slots to 4.5 per 1,000 people, significantly enhancing access to child care services nationwide.

https://www.sixthtone.com/news/1006955https://english.www.gov.cn/news/202408/02/content

China's view of child care services is a shrewd strategy for global competitiveness. The business impact is stark. The Society for Human Resource Management (SHRM) 2023 Benefits Survey shows that only 4% of U.S. companies offer child care services. Corporate child care centers are not opening up; they are closing down. It's like watching a company lose its best talent because it won't invest in essential office equipment.

> ***China's plan to build thousands of child care centers is a shrewd approach to global competitiveness compared to the U.S., where corporate child care centers are closing instead of opening.***

Like a master architect designing a sustainable structure, the Nordic countries have developed child care systems that have become the gold standard worldwide. Nearly 95% of Danish children aged 1 to 5 attend state-supported daycare centers, where educators must complete specialized degrees in early childhood development (*Early Childhood Research Quarterly, 2023*). Sweden's income-based fee cap, which limits child care costs to 3% of household income, has created what researchers call "a virtuous cycle of economic growth and social equality" *(Social Policy & Administration, 2023)*. France's école maternelle system provides universal, free preschool education from ages one to three, with teachers receiving equal pay and status as primary school educators. *(Educational Policy Review, 2023)*

Part 3: Crisis As Catalyst: Innovations In Child Care

Crisis as Catalyst: Innovations in Child Care

While necessity drives innovation, crisis accelerates transformation. Significant systemic changes often emerge during periods of urgent challenge. The COVID-19 pandemic forced a radical reimagining of how we connect and care for one another. Virtual doctor's visits, once a novelty, became a lifeline. Zoom became a verb as remote work tools evolved from convenience to necessity, fundamentally changing how we collaborate. These innovations didn't merely solve temporary problems—they reshaped our expectations and behaviors in enduring ways. Crisis, it seems, doesn't just test our resilience; it catalyzes our creativity, urging us to envision and develop new solutions that often outlast the challenges that sparked them.

Examining approaches to child care services—whether from other states, counties, or countries—can inspire creative problem-solving by showcasing successful elements that can be reimagined and adapted. Like an architect who draws inspiration from various buildings to create something unique, analyzing other child care solutions can assist leaders in developing innovative programs tailored to their communities' specific needs and resources. Here are child care initiatives from across the country that are making a difference:

The Tri-Share Revolution

Michigan created and launched Tri-Share, which is now being rolled out in Indiana, New York, Iowa, Wisconsin, and North Carolina. It is under consideration in Hawaii, Vermont, and Colorado. Where states haven't embraced Tri-Share, cities and county governments have. Through Tri-Share, the cost of an employee's child care is equally shared among the employer, the employee, and the state, city, or county—a three-way split—with coordination provided regionally by a Tri-Share facilitator hub (*Mitrishare.org*).

A Michigan manufacturing employee contemplated quitting because child care costs took up nearly her entire paycheck. Thanks to the state's innovative Tri-Share program, her monthly child care payment was reduced from $800 to about $265, allowing her to keep her job while ensuring quality care for her children (*TriShare.org*).

The Tri-Share program targets "middle gap" families that earn too much to qualify for state child care subsidies but still struggle with child care costs. Income requirements range from 200% to 400% of the federal poverty level. The facilitator hubs also provide expertise that many employers lack, such as knowledge of child care regulations and subsidy requirements, and developing relationships with local providers. Acting as specialized intermediaries, the hubs simplify complexity for employers (*Mitrishare.org*).

Crisis as Catalyst: Innovations in Child Care

- **Using Tax Increment Financing:** Madison, South Dakota, established a tax increment financing (TIF) district to fund the construction of new child care centers. TIF districts are typically used for infrastructure projects like roads and sewers, but Madison recognized child care as essential infrastructure for economic development (*https://mayorsinnovation.org/2024/10/29/good-ideas-for-cities-creative-tactics-cities-are-using-to-address-the-child-care-shortage/).*

- **Converting Malls to Child Care Centers:** Mall closures leave commercial realtors and cities with unsightly properties and debt. In Williamsburg, Iowa, a local business, Bayer Crop Science, has partnered with the Williamsburg Community Child Care Center to open a new nine-thousand-square-foot facility in an outlet mall. Bayer has agreed to reserve twenty-six child care slots for its employees, regardless of whether they have a child enrolled there. This partnership not only increased child care capacity but also boosted local traffic to surrounding businesses(*https://mayorsinnovation.org/2024/10/29/good-ideas-for-cities-creative-tactics-cities-are-using-to-address-the-child-care-shortage//).*

- **Coaching and Training Programs:** Local governments invest in coaching services and targeted training designed for home-based providers, ensuring they have the essential skills and knowledge to deliver high-quality care. *(ProGov 21 Roadmap to Child Care and Wonderschools.com).*

- **Landlord-Friendly Home-Based Child Care Registries:** Care Access Real Estate (CARE) Nevada helps home-based child care providers rent new properties to allow them to serve more children and families throughout the state of Nevada (ww*w.care-nevada.org).*

- **Professional Development and Support Networks for Family Child Care:** These networks provide home-based providers with access to resources, peer support, and mentorship to help them navigate regulatory requirements and enhance service quality. (*Pro Gov 21 The Roadmap to child care).*

- **Taking Stock and Repurposing:** Municipalities in Hawaii are assessing public land and property, including schools, libraries, malls, and even underutilized convention centers, to identify sites that could accommodate free or low-cost child care centers run by private providers. The municipalities will manage all efforts required to establish child care space, which includes environmental impact assessments and traffic studies.

Sustaining and Growing Family Child Care Providers:

- **Streamline Licensing:** Many municipalities across the U.S. have streamlined the permitting process, waived fees, and expedited licensing for home-based child care providers.

- **Rebates and Insurance:** To increase supply, many cities and counties offer property tax rebates to individuals who operate licensed in-home child care businesses. Some even underwrite home insurance policies or share the costs. (*https://mayorsinnovation.org/2024/10/29/good-ideas-for-cities-creative-tactics-cities-are-using-to-address-the-child-care-shortage/*)

- **Shared Service Alliances:** A shared service alliance is a partnership between child care providers working together to share costs and deliver services in a streamlined and efficient manner; examples include Seattle's Sound child care Solutions(https://www.soundchild.org/) and Fairfax's Infant Toddler Family Day Care (*https://progov21.org/PolicyRoadmaps/Affordable-Child Care*).

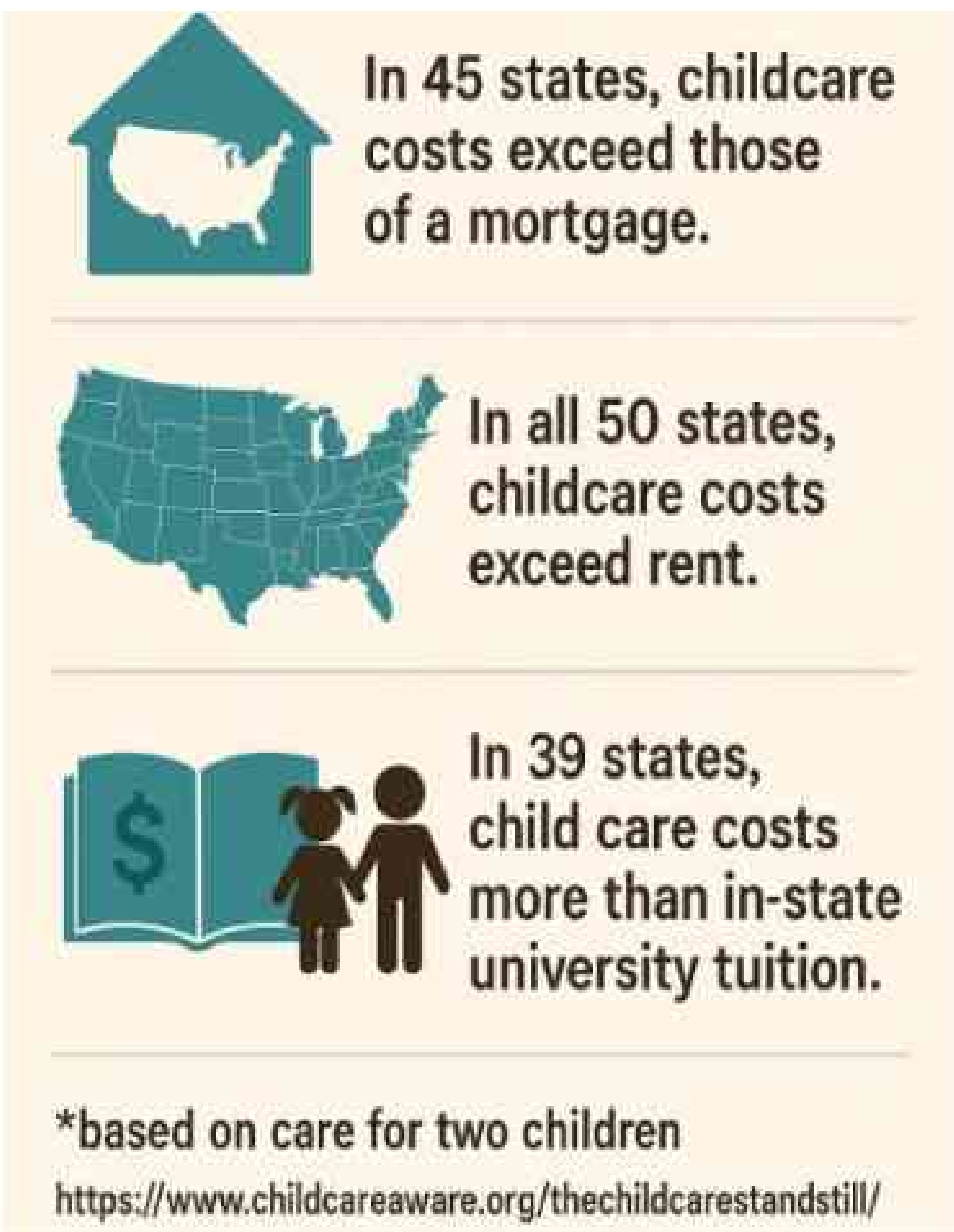
- **Financial Support and Grants:** States provide financial assistance to help new providers meet health and safety standards and enhance existing providers' services. These grants can cover facility upgrades, educational materials, and technology improvements.

Crisis As Catalyst: Innovations In Child Care

Aim for an Ambitious Goal

New York has set an ambitious goal: *to become the best and most affordable place to raise a family.* This goal establishes the standard for everything considered. In 2025, officials unveiled the following steps toward achieving it (*New York Governor's Office*):

- **Child Care Construction Fund:** A $110 million fund is allocated to build new child care facilities and renovate existing ones, addressing child care deserts and making these services more accessible.
- **Substitute Pool:** To ensure that child care facilities remain open even during staff absences, a "substitute pool" of vetted professionals will be established.
- **New York Coalition for Child Care:** This coalition will bring together business leaders, labor unions, and service providers to establish a sustainable path to universal child care.
- **Digital Portal:** A new digital portal has been introduced to assist families in quickly accessing the available child care slots in the state.
- **Child Care Assistance Program (CCAP):** This program receives $50 million in funding and supports approximately 5,500 child care seats across New York State.



Part 4: Breaking The Tax Taboo

Breaking the Tax Taboo: Why Voters Say Yes to Child Care Funding

In an era where "new taxes" are political kryptonite, child care funding measures have become the rare exception at the ballot box. Across the country —from liberal cities to conservative towns—voters are saying yes to tax measures that expand access to affordable child care. Over the past decade, 22 local and state funding initiatives went to the ballot, 20 of which passed, demonstrating a 91% success rate and raising over $1.2 billion annually. These initiatives included property taxes, sales taxes, hotel and soda taxes, payroll taxes, and bond measures. Representing a full spectrum of funding tools repurposed to invest in early childhood, Americans have willingly taxed themselves.

> ***Voters approved 20 out of 22 ballot measures for child care, achieving a 91% passage rate and raising $1.2 billion annually.***

Child care is no longer viewed as a private concern. It's recognized as essential economic infrastructure — a public good that benefits children, families, and local economies. These initiatives don't just build new child care centers; they increase wages for early educators, support workforce participation, and strengthen communities. By merging economic pragmatism with social benefits, these campaigns have fostered vast coalitions of support. The consistent success, even in politically diverse regions, indicates that child care funding has become a rare point of consensus in a frequently divided political landscape.

It Takes a Village—and a Vote: Local Wins for California's Kids

From major urban centers to smaller communities throughout California, tax measures supporting child care have consistently garnered voter approval, demonstrating that the state firmly embraces the national trend of breaking the "tax taboo. " Over 76% of Californians support increasing government funding to ensure affordable child care programs for working parents. In cities like San Francisco, Alameda County, Santa Cruz, and South San Francisco—as well as in smaller cities such as Emeryville, West Sacramento, and Pomona—voters approved tax initiatives, bonds, and charter amendments to expand preschool services, enhance provider pay, and establish long-term funding for early education. *(http://www.ppic.org/publication/ppic-statewide survey Californians and their economic well-being, December 2024. Beyond California: National Innovation.)*

At every level, policymakers must pay attention: the public has spoken. Child care is not only urgent—it's popular.

Key California measures include:

- ✓ San Francisco (2018, Prop C) – Commercial rent tax for early education.
- ✓ Alameda County (2018, Measure A) – Sales tax for childcare access and wages.
- ✓ Sonoma County (2024, Measure I) – Sales tax for childcare and children's health.
- ✓ West Sacramento (2016, Measure E) – Sales tax for universal preschool.
- ✓ Emeryville (2018, Measure C) – Bond for early education and youth services.
- ✓ South San Francisco (2022, Measure DD) – Hotel tax for free preschool and provider pay.
- ✓ Santa Cruz (2024, Measure Z) – Soda tax to support youth services.
- ✓ Pomona (2024, Measure Y) – Charter amendment to allocate general funds for children.

Political Kryptonite No More As Child Care Measures Win Nationwide

The political impossibility of new taxes, once viewed as an ironclad rule of electoral politics, has encountered a challenge in child care funding initiatives. From deep-red states to progressive strongholds, voters consistently approve ballot measures that finance child care services:

- ### New Orleans Early Education Network (NOEEN):

Through a groundbreaking 2022 voter initiative, New Orleans significantly expanded its early childhood funding from $3 million to $21 million annually via a property tax of $5 per $1,000 of assessed value. This dedicated funding stream enables the city to create 1,000 new child care spots for low-income families. The program prioritizes children under age four, addressing the critical gap in affordable care for the youngest children (*https://agendaforchildren.org/new-orleans-voters-approve-early-childhood-funding/*).

- ### San Antonio Pre-K 4 SA:

San Antonio funds its comprehensive early learning system through a 1/8-cent sales tax and operates child care centers strategically across the city. This program extends beyond direct service delivery by incorporating professional development for educators, competitive teacher wages, and quality improvement support for existing child care providers. The program maintains its independence through its board while collaborating with local school districts in a hub-and-spoke model (*www.nieer.org child care funding strategies*).

- ### Seattle's Proposition 1B:

Seattle implemented a four-year, $58 million property tax levy ($0.11 per $1,000 of assessed value) to enhance access to subsidized child care. The program includes a comprehensive structure featuring direct provider subsidies, sliding-scale tuition assistance for families, funding for professional development, quality monitoring, and family support services. This systematic approach guarantees both accessibility for families and sustainable quality improvements in early education(*www.nieer.org child care funding strategies*).

- ### Aspen Kids First:

Aspen employs a dedicated sales tax to finance its Kids First program, leveraging its tourism economy to support early childhood education. This funding mechanism allows the community to generate revenue from both residents and visitors to ensure sustainable program funding(*https://www.aspen.gov/331/Kids-First-Programs Kids First)*

- ### Vermont Payroll Tax :

Vermont has enacted a payroll tax for child care, which is projected to generate $80 million annually. Results from the first year indicated significant pay increases for child care workers, along with the opening of 1,000 new child care centers *https://earlylearningnation.com/2023/06/vermont-makes-child-care-history-with-a-bipartisan-veto-override/("Should Vermont Child Care Solution Be Every State's?" Barrett and Greene, 8/2024).*

- ### Washington D.C. Payroll Tax:

A dedicated payroll tax aimed at funding universal child care initiatives, comparable to specific taxes for transit. This tax ensures a sustainable funding stream specifically for early childhood programs. education*(Washington, DC https://www.npr.org/2024/12/12/nx-s1-5203084/child-care-pay-equity-tax-dc).*

ACROSS PARTY LINES. ACROSS GENERATIONS. CHILD CARE CAN'T WAIT.

82%

of San Mateo County residents want elected officials to prioritize child care

*FM3 Research

Child Care Desert Solutions

A child care desert is defined as any census tract with more than fifty children under five that either lacks child care providers or has so few options that the number of children exceeds licensed care slots by more than three times. *(First Five, 2023)*. In San Mateo County, sixteen out of twenty-seven zip codes (59%) are designated as child care deserts, which poses a significant challenge. Nearly all communities in the United States face issues related to child care deserts, with 61% of Americans residing in one *(First Five Years Fund, 2018)*. Consequently, innovative experiments are emerging across the country to address child care deserts:

- **Indiana's Pilot Program** *(http:://inforatchild careaware.org)*, easing specific regulations on child care centers, known as the "Child Care DESERTS Initiative, " is making an impact. The program was designed to address the critical shortage of child care providers. Key features include:

- Allowing non-traditional locations, such as office buildings and community centers, to host child care centers with modified facility requirements.
- Streamlining specific licensing processes while maintaining core safety standards.
- Providing technical assistance to help new providers navigate the startup process.
- Focusing on areas identified as "child care deserts," where access is minimal, and converting unused school buildings into child care facilities.

- **Michigan's "Caring for Mi Future** targeted child care deserts; the initiative invested $100 million in 2022, intending to open 1000 new child care centers and home-based providers by the end of 2024. The state exceeded its goal by opening 3600 child care centers during that timeframe. Like small business incubators, the program offered "*child care entrepreneurs*" start-up grants for new providers, covered technical assistance for licensing, provided business support services, and established regional resource centers. Additionally, it awarded 2,000 scholarships to residents to complete an early childhood associate degree and guaranteed employment after graduation (*Michigan.gov Caring for the MI Future Initiative*). Legislators specifically referred to providers as "child care entrepreneurs," branding the initiative as a vital component of economic development in their state. A broad coalition of business leaders, politicians, and community members collaborated in the initiative effort.

- **Illinois launched Child Care Restoration Grants**, which specifically target child care deserts in Chicago's South and West Sides and offer both capital and operational funding to new and expanding providers (*https://cdb.illinois.gov/professionalgrowth/grants/ecgp.html*).

- **Colorado Micro-Centers** involves a network of child care centers within existing schools, hospitals, office buildings, or community centers, supported by business investors, grants, and public subsidies. Micro-centers are staffed by highly qualified early childhood professionals who may face barriers when operating from their homes or lack the capital to establish their centers. Businesses whose employees struggle to find high-quality, affordable child care partner with these micro-centers located in residential neighborhoods with simplified regulations in underserved areas (*https://www.neighborimpact.org/microcenters/*).

- **Nebraska pioneered a "shared revenue" approach:** Local businesses can buy guaranteed child care slots in underserved areas. The model functions similarly to hotel block bookings—businesses pre-purchase spaces, providing stable revenue to centers while ensuring their employees receive reliable care. *(https://www.firstfivenebraska.org/shared-leadership-and-financing/)*

- **Vermont's "Make Way for Kids" Program** utilizes a data-driven mapping system to identify child care deserts and provides targeted grants to those areas. It has successfully transformed former retail spaces into child care centers, particularly in rural communities *(https://letsgrowkids.org/make-way-for-kids)*.

Part 5: The Economics of Child Care: Transforming the Business Model

Transforming Child Care Economics

The Broken Child Care Business Model

The economics of child care reveal a fundamental business model challenge: facility and operating costs combined with mandatory staffing requirements create an unsustainable financial burden, often exceeding the revenue these centers generate. A child care center operates on slimmer margins than a fast food franchise but faces 10 times the regulations and receives no support. This creates a destructive cycle where providers must simultaneously suppress worker compensation while increasing tuition rates. The problem extends beyond existing facilities—expansion efforts encounter significant hurdles. Potential providers must navigate complex zoning requirements and permit processes, often involving substantial fees without guaranteed approval. Shortages should not be surprising.

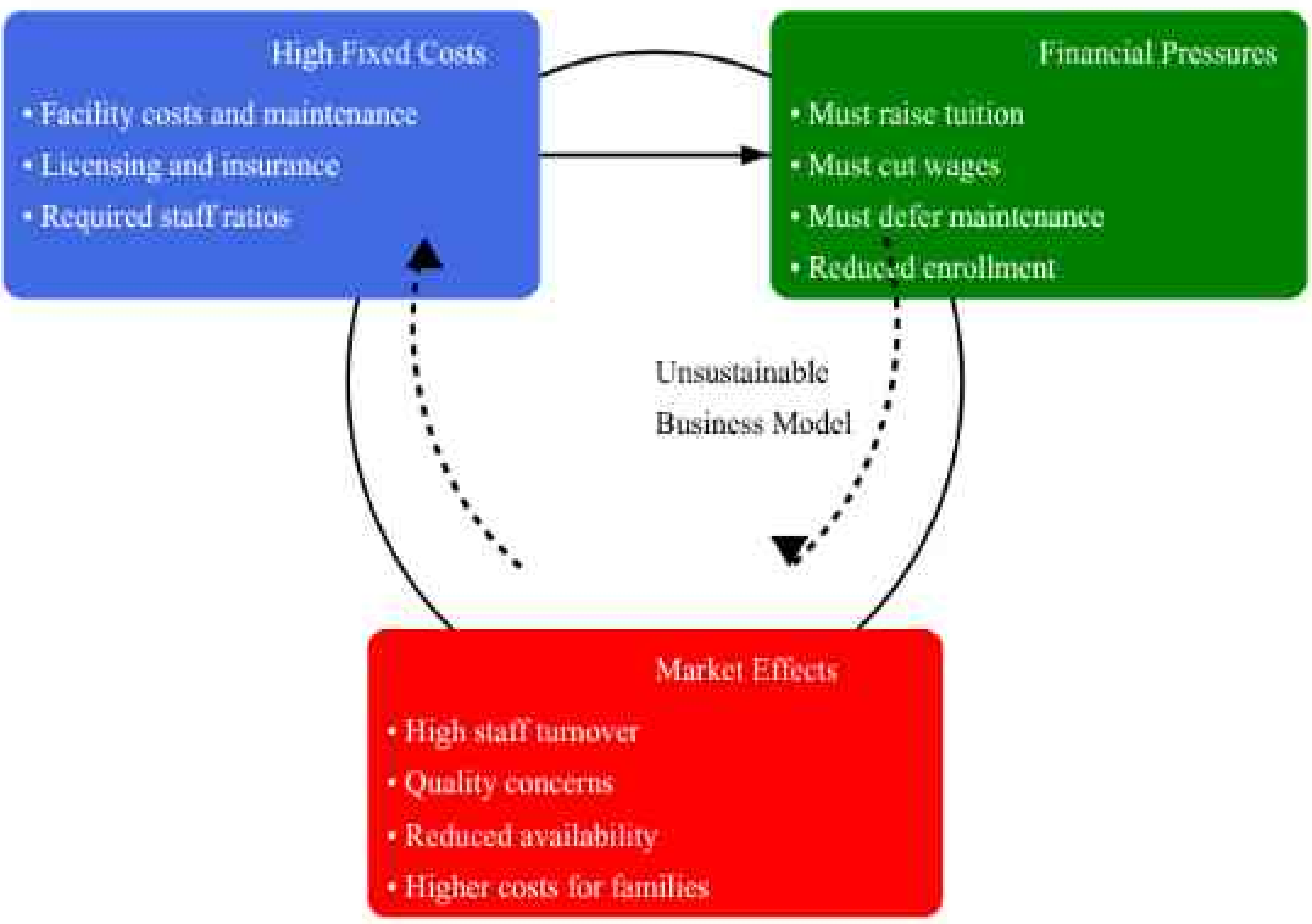
Child care centers run on slimmer profit margins than fast food franchises, yet face ten times the regulations without the support.

Continuing to invest millions in a broken child care business model is like attempting to uphold a brick-and-mortar video store while everyone streams content from home. This system is beyond its prime, as the current model is fundamentally unsustainable. The high facility costs, mandatory staffing ratios, and limited revenue force providers into impossible decisions — raising tuition beyond families' reach or suppressing wages below what teachers deserve. **Child care isn't expensive because providers are profiting; it's costly because the system is flawed.** Instead of addressing these structural issues, we keep applying temporary fixes to a failing system, watching as quality declines, teachers burn out, and programs close.

Reimagining a business model can unlock new possibilities for an entire industry. For example, Amazon transformed retail by creating a platform offering infrastructure, such as warehouses, payment systems, and shipping, for small businesses, significantly reducing operating costs. Similarly, Google Workspace revolutionized business operations by providing shared tools and infrastructure accessible to companies of all sizes, eliminating the need for each to maintain its complex systems.

Amazon's evolution from a bookstore to a comprehensive infrastructure for small businesses is being applied to child care by Wonderschool. The company manages licensing, enrollment, and billing, enabling providers to concentrate on children. According to Chris Bennett, Wonderschool's CEO, their model has helped increase provider earnings by an average of 150% by handling backend operations such as licensing support and enrollment systems(*Wonderschool.org)*. Despite its success, Wonderschool faces scaling challenges due to regulatory hurdles. Home-based providers often encounter local zoning restrictions and homeowners' association rules that prohibit operating businesses in residential areas. Additionally, securing insurance and meeting varying county-level licensing requirements remain significant obstacles. State subsidy systems are often structured around traditional center-based programs, complicating access to public funding streams for home-based providers.

The Broken Business Model of Childcare Business



Cycle of increasing costs and decreasing quality

Bringing Down The Costs of Child Care

States are exploring methods to repair the flawed child care business model to reduce costs through innovative infrastructure support:

- Massachusetts' Early Education Capital Fund provides grants of up to $1 million for significant facility improvements or new construction (*https://www.mass.gov/info-details/early-education-and-out-of-school-time-capital-grants)*

- Colorado combines facility renovation grants with technical assistance, while Washington State links providers to state-owned buildings at discounted rates. *(https://ecclacolorado.org/fcchgrant/)*

- Kentucky's Supporting Parents as Child Care Educators (SPACE) The program establishes a professional pipeline directly from home—stay-at-home parents can work at child care centers while receiving free child care for their children. This initiative helps alleviate the shortage of child care workers as parents work at a licensed child care facility for at least fifteen hours per week. In return, they receive free care for their children at that facility. The state subsidizes the cost of caring for the workers' children, and the parents gain professional experience and training in early childhood education. (*https://fox56news.com/news/kentucky/kentucky-incentivizes-parents-to-become-child-care-workers/).*

- Kentucky's Employee Child Care Assistance Partnership (ECCAP) functions like a three-legged stool: Employers, the state, and employees share the burden of child care costs. When an employer contributes to an employee's child care expenses, the state matches those contributions, and the parent pays an amount based on family size and income(*https://www.chfs.ky.gov/agencies/dcbs/dcc/).*

- Illinois Department of Human Services launched the Child Care Construction Grant program, targeting child care deserts with comprehensive construction support costs. (*https://cdb.illinois.gov/professionalgrowth/grants/ecgp.html).*

- Washington State's Department of Children, Youth, and Families pioneered a facilities access program that connects providers with state-owned buildings at reduced rates *(https://www.commerce.wa.gov/capital-facilities/elf/).*

- New Mexico's Early Childhood Education and Care Department developed a state-facilitated leasing model. The state manages facility acquisition and renovation and subsequently offers below-market leases to qualified providers (*New Mexico ECECD, 2023).*

Part 6:
San Mateo County Child Care Investment Initiative

A Tale of Two Systems: How One of America's Poorest States Achieved What One of Its Richest Has Not.

The New Mexico Model

In May 2022, New Mexico, a state with a poverty rate nearing 20% and a median household income of $51,000, became the first in the nation to provide universal child care. This achievement did not occur overnight. Success resulted from careful planning, bold political leadership, and sustainable funding mechanisms. The state established the Early Childhood Education and Care Department (ECECD). It passed a constitutional amendment that secured funding from its Land Grant Permanent Fund, supported by oil and gas revenues. The new program enabled the state to eliminate child care costs for families earning up to 400% of the federal poverty level (approximately $111,000 for a family of four). *(https://earlylearningnation.com/2022/05/new-mexico-just-became-the-first-state-to-make-child-care-free-for-nearly-all-families/).*

Key Results from New Mexico's Universal Child Care Initiative:

- 21,000 additional families served in the first year.
- Provider wages increased by 40%, improving workforce retention.
- Annual investment: $127 million from the Land Grant Permanent Fund, plus $20 million in recurring state funds.
- Annual per-child cost: Approximately $9,450.

San Mateo County may not have a land grant fund derived from oil money, but we do have assets and a strong sense of urgency.

This success raises an important question: If New Mexico can achieve universal child care with limited financial resources, why can't a wealthier region like San Mateo County? We might not have a land grant fund fueled by oil money, but we possess assets and a sense of urgency.

From Burden to Benefit: The San Mateo County Child Care Investment Initiative

They are TSA agents at SFO and janitors who mop classroom floors before the first bell. They are grocery clerks, bus drivers, nursing aides, and the hands behind every meal at your local restaurant. They sort our mail, pour our morning coffee, and deliver our packages. They are also our teachers and infant care providers who rock our babies to sleep and guide our children through their most formative years. They are police officers, firefighters, nurses, and tech workers—people you might assume are doing just fine. Some juggle second jobs. Others walk away from work altogether—not because they want to, but because there is often no alternative.

There are two commonalities they share: they are parents, and they feel trapped. They are pushed to the edge of their paychecks, patience, and place in our community. They often earn too much for a child care subsidy, yet too little to afford other options. They spend months on waitlists that lead to nowhere. They don't want a handout; they want a fair chance to raise their families where they work, serve, and belong. Child care isn't a personal problem. It is not a luxury. It's a public priority. It's the infrastructure that allows everything else to function. It is time we funded it like it matters—because it does.

Parents are being pushed to the limits of their paychecks, patience, and place in San Mateo County."

Rooted in Equity. Driven By Returns. Powered By Families

The San Mateo County child care Investment Initiative presents an approach to universal child care as an investment that generates substantial returns for everyone in our community. It's more than just a name; it's a philosophy: when we invest in child care, the returns are reinvested. Every dollar invested in quality early childhood programs yields up to seven dollars in economic returns through increased workforce participation, reduced social service costs, and improved educational outcomes *(San Francisco Federal Reserve)*. The term "Investment" reflects this reality: similar to a financial dividend that distributes profits to shareholders, our child care system should benefit all county residents—families, employers, and communities alike—rather than be viewed simply as a cost. This initiative also acknowledges concerns regarding affordability and implementation that often accompany discussions about child care.

The San Mateo County child care Investment Initiative supports families with young children, serving as a strategic investment in our County's economic vitality and future.

SAN MATEO COUNTY

CHILD CARE INVESTMENT

INITIATIVE

Every family, Every child, In Every Zip Code.

A Roadmap for San Mateo County Child Care Investment Initiative

When a bridge collapses, we don't debate whether to rebuild it; we ask how quickly we can restore this essential infrastructure. San Mateo County's child care system resembles a collapsed bridge, leaving families and providers stranded on either side of an impossible gap. This report outlines a roadmap for how San Mateo County can expand access to affordable, high-quality child care, not as a distant ideal but as an achievable reality. This is not a mandate; it's a model, a roadmap through a complex subject. It is neither a funding request nor a proposal for a $300 million tax; it's a framework that empowers policymakers, businesses, families, and child care providers to transform an unsustainable crisis into a community-driven solution.

Child care is an economic and educational policy wrapped into one wise investment.

The San Mateo County child care Investment Program creates accessible, affordable, and equitable solutions, with every family contributing their fair share. It ensures no family faces financial devastation due to child care costs while maintaining a fiscally responsible model that reflects economic realities. Most importantly, it provides financial relief to middle-class families in one of America's most expensive regions.

The roadmap outlines projected costs, various funding sources, and a phased implementation approach—not to prescribe a single solution, but to transition from vague aspirations to concrete actions. It emphasizes equity, efficiency, and choice. The plan can be phased in, tested, and scaled. It is not ideology; it is infrastructure. While the initial investment may seem substantial, the return lies in economic benefits and reduced social costs. Maintaining the status quo is financially unsustainable.

What This Roadmap Does and Doesn't Do

The Roadmap: What It Does and Doesn't

It Does	It Doesn't
• Advocate for universal childcare as a long-term economic investment.	• Propose or recommend a single funding source.
• Outline a phased approach working with pilot programs.	• Eliminate family payments or imagine childcare would be free for all.
• Elevate the case for better wages and benefits.	• Specify the 'right' level of wages.
• Streamline shared costs with sliding-scale contributions.	• Disrupt or endanger existing childcare programs.
• Present public-private funding strategies (not just taxes).	• Call for a $300 million dollar tax.
• Encourage collaboration across sectors.	• Circumvent legislative or public input processes.

Building the Child Care Investment Initiative in San Mateo County

San Mateo County has significantly greater financial resources than New Mexico; however, its child care system remains fragmented and unaffordable. Establishing a universal child care program in the County would require a comprehensive funding strategy, strong public-private partnerships, and a phased implementation plan. While developing a comprehensive program exceeds the scope of this report, we have outlined projected costs and a roadmap for discussion purposes.

Projected Costs of the Initiative

This model assumes that child care is affordable, high-quality care for children from infants through school age:

- A targeted goal is to add 20,000 full-time child care slots to address existing gaps and future demand.
- A blended cost estimate of $15,000 per child annually includes projected wages, building expenses, and maintenance. We developed this estimate based on New Mexico's all-inclusive cost and accounted for a higher cost of living in San Mateo County.

Based on these assumptions, we can estimate that the potential cost of providing universal care for 20,000 children will be $300 million.

Where Do We Get The Money To Make The Investment?

Sources of Funding:

Braiding Existing State and Federal Funds: At the program level, when funds are braided, contributions from two or more separate funding sources are combined within a single full-year program budget to finance a cohesive set of services for a group of children. (*https://www.startearly.org/app/uploads/pdf/NPT-Blended-Funding-Toolkit.pdf*) California's Transitional Kindergarten expansion now encompasses all 4-year-olds (approximately $10,000 per child for 8,000 children in SMC, totaling $80M), as well as State Preschool and federal Head Start for some 3-year-olds ($10M), alongside state and federal child care vouchers for low-income working families (around $10M). This totals nearly $100M that could be allocated toward a universal program. The braiding of funds played a significant role in the New Mexico plan for universal care.

The Role of Public-Private Partnerships: In New Mexico, business leaders have been instrumental in advocating for universal child care and recognizing its impact on workforce participation and economic competitiveness. San Mateo County's biopharmaceutical and tech sectors present a unique opportunity for similar public-private partnerships.

A Looming Threat: The Proposed Elimination of Head Start

While not yet enacted, the Trump administration's proposal to eliminate Head Start, as outlined in the 2026 federal budget, poses a serious threat to families throughout San Mateo County. In a region where child care is already out of reach for many, eliminating Head Start would exacerbate the crisis and disproportionately harm the families this initiative aims to support.

Head Start serves hundreds of families in San Mateo County with limited access to affordable care. Eliminating it would remove a crucial public option that the private market cannot absorb while cutting millions in funding. Low-income parents would face difficult choices: leaving jobs, relying on unreliable care, or incurring debt. Head Start provides nutrition, health screenings, and developmental support services that would vanish without local alternatives. Although the proposal isn't law yet, it indicates federal withdrawal from early childhood education, shifting the burden onto struggling families and local systems.

Disbanding Head Start would make the child care investment initiative even more essential for San Mateo County, but would significantly increase the estimated costs.

Where Do We Get The Money To Make The Investment?

Employers Could Contribute By:

- Providing direct funding for child care initiatives or guaranteeing slots in centers.
- Providing employer-sponsored child care subsidies.
- Corporate collaborative funds from major employers.
- Corporate contributions can bridge the funding gap, ensuring child care availability for working parents and enhancing workforce retention and productivity.

Local Funding Measures:

- A modest sales tax increase, akin to Denver's 0.12% sales tax for preschool.
- Property tax increment or parcel tax allocated for child care.
- Capital bonds for constructing and renovating child care centers.
- Utilizing underused school facilities and public spaces.

Development Fees and Special Funds:

- Impact fees for new commercial and residential developments
- Designated "sin taxes" or luxury taxes aimed at child care

Ensuring Affordability for Families: The child care Investment Initiative must balance equity and sustainability. Families earning below the state median income could receive fully subsidized child care, while middle—and upper-income families would contribute on a sliding scale based on their earnings. All income brackets would benefit from substantially reducing the current amount they pay for child care services in San Mateo County.

Child Care Investment Initiative Scenarios for San Mateo County

The following scenarios may help visualize the proposed program based on a projected cost of $300 million for discussion purposes. The suggested sliding scale in these examples can be adjusted to reduce overall costs. Even a significant increase in the sliding scale would provide middle-class families substantial relief from their current expenses.

Child Care Investment Initiative Scenarios for San Mateo County

Scenario 1: One infant and One Toddler

Current System: Families pay $59,500 annually for child care for infants and toddlers. *(Silicon Valley Indicators Cost of Child Care www.siliconvalleyindicators.org).*

Child Care Investment Initiative: Scenario 1: A Hypothetical Framework for Discussion

- Families earning below $85K per year (less than 75% of the state median income) would fully cover both children.
- Families earning between $85K and $156K may pay 10% of the cost.
- Families earning between $156K and $199K may pay 20% of the cost.
- Families earning between $200K and $249K may pay 25% of the cost.
- Families earning between $250K and $299K may pay 30% of the cost.
- Families earning between $300K and $349K and those earning $350K or more could pay 35% of the cost.

Scenario 2: One Infant and One School-aged Child.

Current System: Families spend $46,850 annually for an infant and a school-aged child, assuming after-school care for the older child. (*Silicon Valley Indicators Cost of Child Care www.siliconvalleyindicators.org).*

Child Care Investment Initiative: Scenario 2: A Hypothetical Scale for Discussion

- Families earning below $85K per year could fully cover both children.
- Families earning between $85K and $156K may pay 10%.
- Families earning between $156K and $199K may pay 20% of the cost.
- Families earning between $200K and $249K may pay 25% of the cost..
- Families earning between $250K and $299K may pay 30% of the cost.
- Families earning between $300K and $349K and those earning $350K or more could pay 35% of the cost.

What Happens Now? (Current Payment System)

Families below the state median income currently pay minimal amounts for child care, as existing state and federal subsidies cover most or all of their costs. However, families earning above the median income receive no financial assistance and must shoulder the full cost of child care. Consequently, a family with two young children could pay between $30,000 and $53,000 per year out-of-pocket.

What Changes with the Child Care Investment Initiative?

The Child Care Investment Initiative assists very low-income families and provides significant financial relief for middle-class families. High-income families (earning $300,000 and above) would still benefit from reduced costs, despite facing a higher price in the initiative.

Why This Matters:

- Low-income families continue to pay minimal amounts.
- Provides significant financial relief to middle-class families.

The Big Picture: Who Benefits the Most?

- Families earning between $ 100,000 and $ 299,000 experience the most significant decrease in expenses, as they currently receive no assistance and must bear the full cost of child care.
- Low-income families enjoy complete protection from fee increases.
- High-income families continue to make significant contributions, although their expenses are also likely to be lower.

Final Takeaways: The San Mateo County Child Care Investment Initiative:

✔ Expands financial support beyond just low-income families.

✔ Makes child care affordable for middle-class families who currently pay full price.

✔ Ensures families below $85K remain fully covered and do not pay more than they do under the current system.

✔ Balances equity and sustainability by ensuring higher-income families still contribute while benefiting from cost reductions.

Cost Savings from Increased Workforce Participation

The scale of the investment (approximately $300M per year) is substantial but not unmanageable for San Mateo County's size and wealth, particularly when the expense is shared among multiple stakeholders.

- The initiative allows more parents to return to full-time work, increasing tax revenue and economic productivity.
- Possibly, 15% of parents will return to the workforce, earning an average of $ 80,000 annually.
- Additional tax revenue from workforce re-entry could be up to $72 million.

Finally, note that not all of the $300 million gross cost would necessarily come from public funds. Fully funding it at $300 million in new dollars per year seems feasible if it is distributed across various sources. Over time, as the economic benefits accrue (for example, higher tax revenues from more employed parents), San Mateo County could see increased revenue that helps offset these costs.

Implementing the Child Care Investment Initiative in San Mateo County will require several hundred million dollars annually, supported by existing education funding and shared among public and private stakeholders. This represents a significant investment, but the returns to the economy and society are substantial. The cost of not providing adequate child care, in terms of lost workforce participation, lower economic growth, and persistent social costs, is also extremely high.

Pilot Programs: A Phased-In Approach to the Child Care Investment Initiative

San Mateo County could introduce pilot programs in high-need areas to assess financial and operational feasibility. Before full-scale implementation, these programs would evaluate design, funding mechanisms, and provider capacity.

Pilot Program Implementation: Testing in High-Need Areas

To enhance and validate the universal child care model, two pilot programs could be launched in designated child care desert areas:

Infant Pilot Program: This program will focus on children aged 0-2 by ensuring adequate facilities and trained staff for their early developmental needs.

School-Age Pilot Program: Designed for after-school care for children aged 5 to 12, this program caters to the needs of working families.

Key Elements of the Pilot Programs

- Location Selection: Identify two high-need areas where access to child care is limited.
- Staffing Needs: Ensure appropriate child-to-caregiver ratios.
- Facility Requirements: Secure suitable spaces with age-appropriate resources and safety compliance.
- Cost & Funding: Track costs and financial sustainability under the proposed sliding-scale model.
- Outcome Tracking: Collect data on parent satisfaction, child development, and economic impacts.

Proposed Pilot Programs:

Pilot	Focus	Capacity
Infant Care Pilot	Full-day child care for ages 0–2,	500 slots
Preschool-Age Pilot	Universal care for ages 3–4,	1,000 slots
School-Age Pilot	After-school care for ages 5–12	1,500 slots

Pilot Program Key Metrics for Success:

- Workforce Retention: Enhance provider wages and boost staff retention rates.
- Parent Affordability: Assess cost savings for families across different income levels.
- Child Outcomes: Evaluate advancements in early childhood development.
- Economic Impact: Monitor the rise in workforce participation among parents

From Crisis to Commitment

San Mateo County has the resources and economic strength to create a national model for universal child care. However, achieving this goal requires bold leadership, innovative funding strategies, and strong public-private collaboration.

Child care costs as much as a mortgage yet pays less than a barista.

Recommended Next Steps:

- To improve program details and costs, a task force of policymakers, business leaders, child care providers, and parents should be formed.
- Launch pilot programs in designated child care deserts to evaluate funding models and operational logistics.
- Create a sustainable funding strategy that combines state and federal funds, local tax measures, and private sector contributions.
- Involve corporate stakeholders to enhance employer-supported child care initiatives.
- Broaden the program while maintaining long-term financial sustainability.

Investing in the San Mateo County Child Care Investment Initiative can alleviate families' financial burdens, enhance economic productivity, and foster better early childhood outcomes, nurturing a stronger, more equitable community. **The question is no longer whether it is achievable but whether we possess the vision and leadership to bring it to fruition.**

SAN MATEO COUNTY CHILDCARE DIVIDEND

A Universal Childcare Strategy
For Families. For Communities.
For the Economy

Good for Families

- Childcare costs can exceed college tuition
- Housing + childcare push families out of the region
- Sliding-scale fees make care affordable
- Keeps working families local

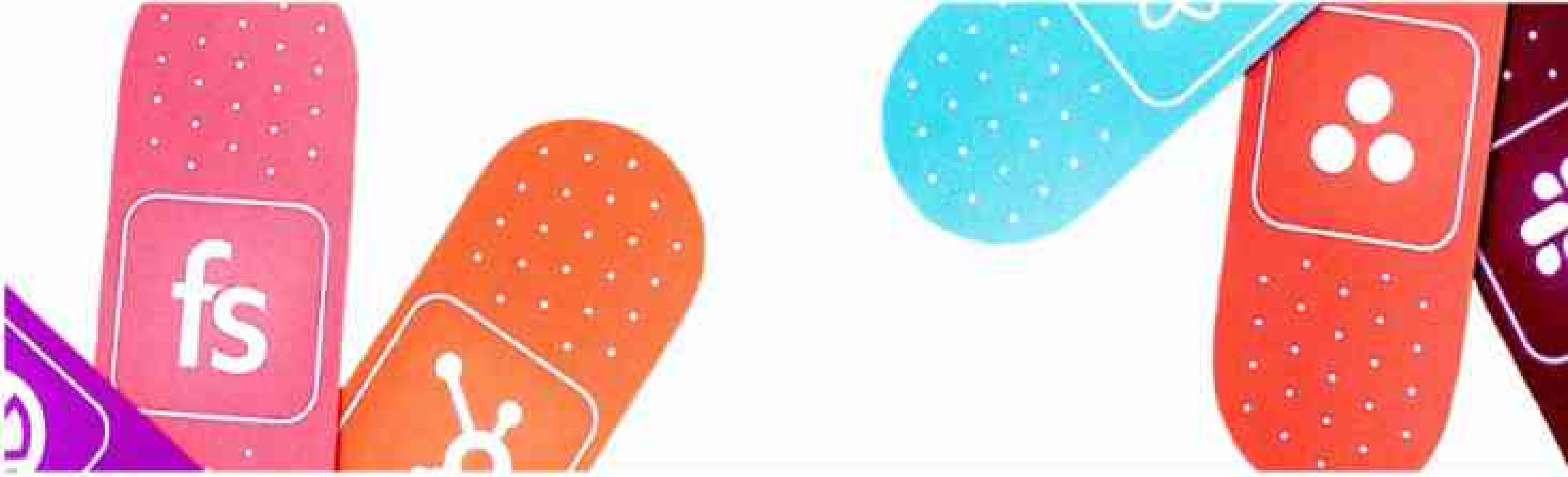
Good for Communities

- 16 of 27 ZIP codes are childcare deserts
- Only 8% of infants have licensed care
- Stabilizes neighborhoods and school enrollment
- Keeps working families local

Good for Employers

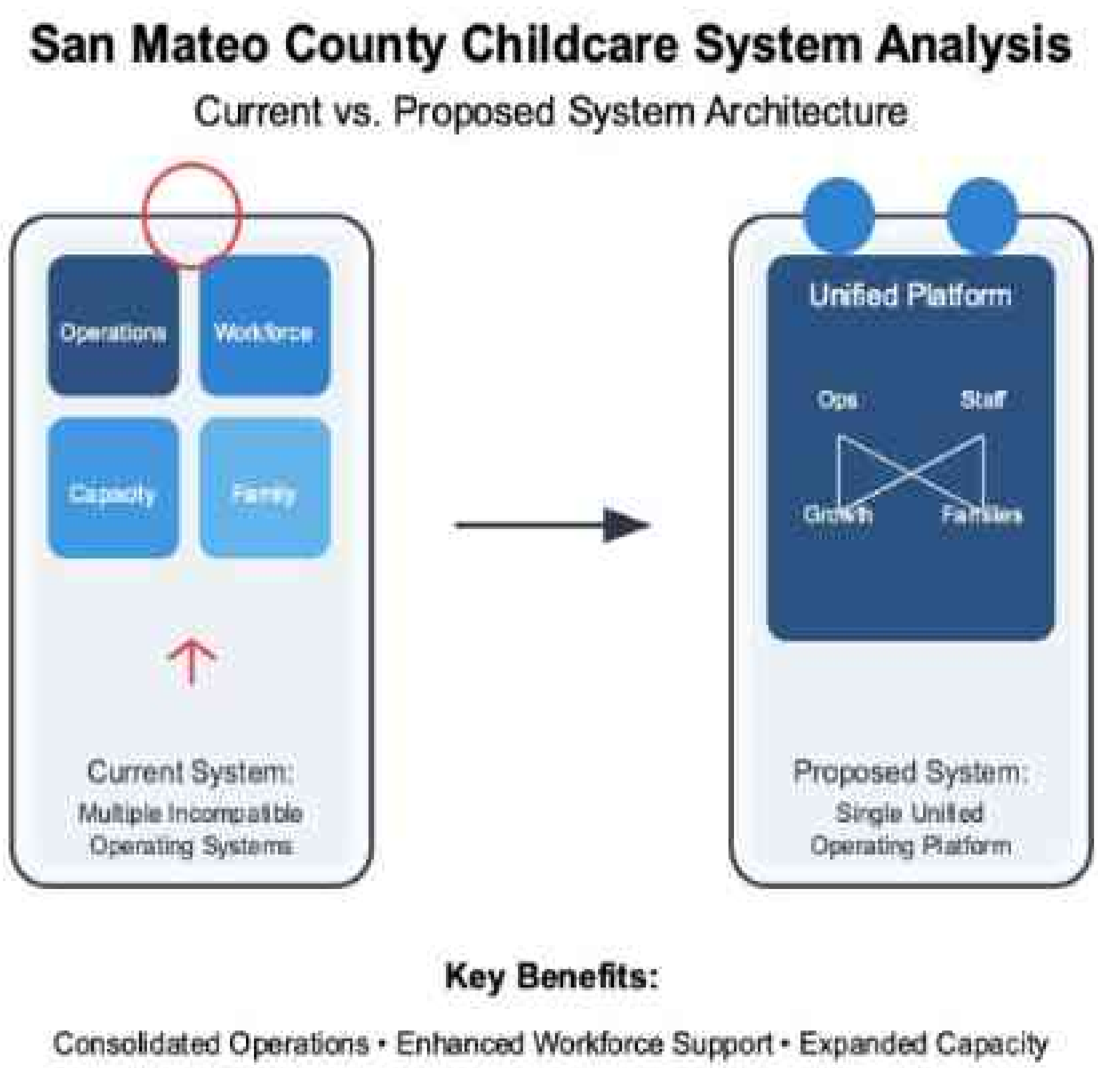
- $80 M per year lost to absenteeism and
- Typical employer loses $350K per year
- 45% of HR leaders cite care as a top barrier

Part 7: Beyond Band Aids: Consolidating Services in San Mateo County



Beyond Band-Aids: Consolidating San Mateo County Child Care Organizations And Services

Consider a child care system as a smartphone operating on multiple incompatible platforms. It requires a unified framework to function efficiently. Just as we wouldn't accept a phone that needs rebooting to switch between applications, we shouldn't tolerate a child care system that compels families and providers to navigate various disconnected systems. Like modernizing an outdated factory, San Mateo County could consolidate operations, implement technological advancements, support the workforce, and expand capacity.



Stuck in Analog

A parent in San Mateo County can track every movement of a $20 package from their phone, complete with a map showing the package's journey. However, finding an open child care slot—an essential service for their family's livelihood—remains a frustrating maze of phone calls and waitlists. According to the San Mateo County Office of Education's "Early Learning Geographic Assessment" (2023), families must contact an average of 7.3 providers individually to find an opening. Residents who use sophisticated technology during the day must navigate a fragmented child care system using paper, pens, waitlists, phone calls, and voicemail in their free time.

Families must contact an average of 7.3 providers individually to find 1 opening.

The search for available child care slots is poised for technological transformation. As companies increasingly integrate child care search assistance into their benefits packages, AI-powered platforms are emerging as key innovators. These platforms function like advanced matchmakers, analyzing data to connect parents with ideal child care providers tailored to their needs.

- Employers often utilize the Kinside platform as a workplace benefit. Think of it as OpenTable for child care—parents can check real-time availability at daycares and preschools, compare prices, and reserve spots through the app. The company has partnered with several companies, including Uber and DoorDash, to enhance employee benefits packages.

- San Francisco's SF3C *(San Francisco Child Care Connection)* centralized the search for subsidized care. Parents inputted their information once and are matched with available spots across the city's network of providers. This eliminated the need to apply separately to multiple centers and maintained a single, fair waitlist.

- Massachusetts EEC is a statewide system that integrates search functionality with subsidy management. It enables parents to find care while evaluating their eligibility for financial assistance.

(*https://www.mass.gov/child-care-financial-assistance*).

The solution for San Mateo County could be as straightforward as applying existing technology to real-time database systems and automating data collection from providers. Several states have developed more dynamic approaches to tracking child care availability and statistics and have already implemented much of what is discussed.

San Mateo County's Child Care Puzzle

Imagine completing a jigsaw puzzle where the pieces come from different boxes, each showing a slightly different image. This vividly illustrates the state of child care data collection in San Mateo County. In an age when we can receive instant updates on traffic or even track when our pizza will arrive, San Mateo County policymakers rely on data collected every three to five years. It's like taking a snapshot of a rapidly moving target—by the time you look at the picture, the scene has already changed.

Wisconsin, Michigan, Oregon, Pennsylvania, and Indiana have implemented real-time technology-driven mapping systems. Indiana, a state not typically known for high technology but rather for its corn production, needed to understand child care issues in the region better. The result was a dynamic technology-driven mapping system that considered where most children lived and what child care options were available. It provides an extensive real-time supply and demand analysis, along with projections. This mapping capability has proven invaluable to providers, parents, and legislators, who have effectively utilized the data retrieved from the system to secure financial and community support for child care initiatives. (*Mapping systems display: https://brighterfuturesindiana.org/data-center*).

What Technology-Powered Mapping Systems Can Do:

- Licensed provider locations with current openings.
- Quality ratings and subsidy acceptance.
- Apply for subsidy assistance upon application.
- Transportation routes to and from care to ensure public transportation.
- Demographic overlays showing areas of highest need.
- "Child care desert" identification.
- Policymakers can identify service gaps and target resources.
- Providers can market their openings efficiently.
- Researchers can track changes in real time.
- Planners can make data-driven decisions about resource allocation.

Drowning In Data, Starving for Strategy

San Mateo County's child care landscape is highlighted in numerous reports released by agencies and non-profits. These reports characterize the landscape through various approaches, measurement methods, and scoring systems. The organizations dedicate significant time and resources to these efforts, as some are required by funding sources or legislative mandates.

Each report offers valuable insights, but the findings rarely align, hindering an accurate and timely picture. Tracking child care availability, workforce shortages, and center openings or closings resembles managing a massive, ever-changing puzzle where the pieces continuously reshape. New pieces emerge daily while others disappear – families join waitlists, children transition between programs, and centers adjust their capacity. Just as a puzzle piece transforms when it connects with others, any change in the child care system creates ripples throughout.

While these reports serve important accountability purposes, using them for real-time decision-making is challenging. A collaborative approach from all organizations that results in one annual report would be a significant improvement. Such an effort could parallel the County's investment in real-time child care analytics and mapping, providing the daily intelligence needed for responsive decision-making.

The Power of One: Consolidating to Better Serve Parents and Providers

State-Level Child Care Consolidation

The landscape of child care services in the United States has undergone significant transformations in recent years. One notable trend is consolidating early childhood programs into unified governance structures. This strategic move aims to streamline services, reduce administrative complexities, and enhance outcomes for children and families. Many states, counties, and cities that have embraced consolidation have witnessed benefits for families, cost savings, and innovation in child care offerings. Several states have restructured their governance of early childhood education (ECE) to improve efficiency and service delivery:

> ***Child care isn't expensive because providers are profiting; It's expensive because the system is broken.***

State-Level Childcare Consolidation Efforts

- New Mexico: Created Early Childhood Education and Care Department
- Oregon: Merged child services into the Department of Early Learning and Care
- Illinois: Integrated early childhood programs under a single agency
- Colorado: Established Department of Early Childhood for streamlined services
- Minnesota: Created Department of Children, Youth, and Families to oversee early programs
- Michigan: Established Department of Lifelong Education, Advancement, and Potential
- Washington: Formed Department of Children, Youth, and Families incorporating early learning
- Massachusetts: Created a consolidated department focused on early childhood learning and care

County-Level Child Care Consolidation Efforts

Counties across the nation have initiated local consolidation efforts to improve early childhood education services:
https://www.sdchildrenfirst.org/wp-content/uploads/2023/06/San-Diego-County-Child-Care-Blueprint.pdf(santa claraELMP_Report_Brief_Proof3.pdf)

County-Level and City-Level Childcare Consolidation Efforts

- Santa Clara County, CA: Merged offices into one for unified child services
- Alameda County, CA: Combined agencies to streamline early childhood programs
- San Francisco, CA: Unified child care administration for efficiency
- San Diego County, CA: Integrated child welfare and early education services
- Sonoma County, CA & Travis County, TX: Consolidated offices to better serve children and families

- Boston, MA: Office of Early Childhood for program coordination
- St. Louis, MO: Unified childcare network across five counties and city
- San Francisco, CA: Office of Early Care and Education restructured
- Harlem, NY: Harlem Children's Zone for education and childcare
- Nashville, TN: Coalition for childcare shortages strategy

Cost Savings Associated with Consolidation

A secondary motivation for consolidating early childhood programs is the potential for cost savings through streamlined operations. Although comprehensive data on cost reductions following consolidation is limited, several indicators suggest financial benefits may exist.

- **Administrative Efficiency:** States and local governments can allocate resources more effectively by consolidating overlapping services and reducing redundant administrative roles.
- **Improved Resource Allocation:** Unified governance facilitates improved fund tracking and directly guarantees that investments benefit early childhood programs.
- **Enhanced Funding Utilization:** States with integrated systems are recognized for utilizing federal child care funding effectively.

Endless Maze of Frustration and Stress

The fragmented systems force parents to spend hundreds of hours securing child care, and child care providers are ensnared in this endless maze. The administrative systems overseeing child care are as fragmented as the system itself. Programs and services are often isolated and scattered across multiple organizations. The lack of service coordination frequently results in disjointed policies and uneven program delivery. This can confuse providers, who may be unclear about the support or requirements they need to fulfill.

Families may also struggle to understand which services they qualify for or how to access them. Furthermore, this fragmentation can create tension between agencies working with children and families, particularly regarding how funding is distributed. Consider how introducing electronic toll collection has transformed highway systems by reducing delays, cutting costs, and enhancing the user experience while increasing revenue. Similarly, streamlining the child care system can yield multiple benefits.

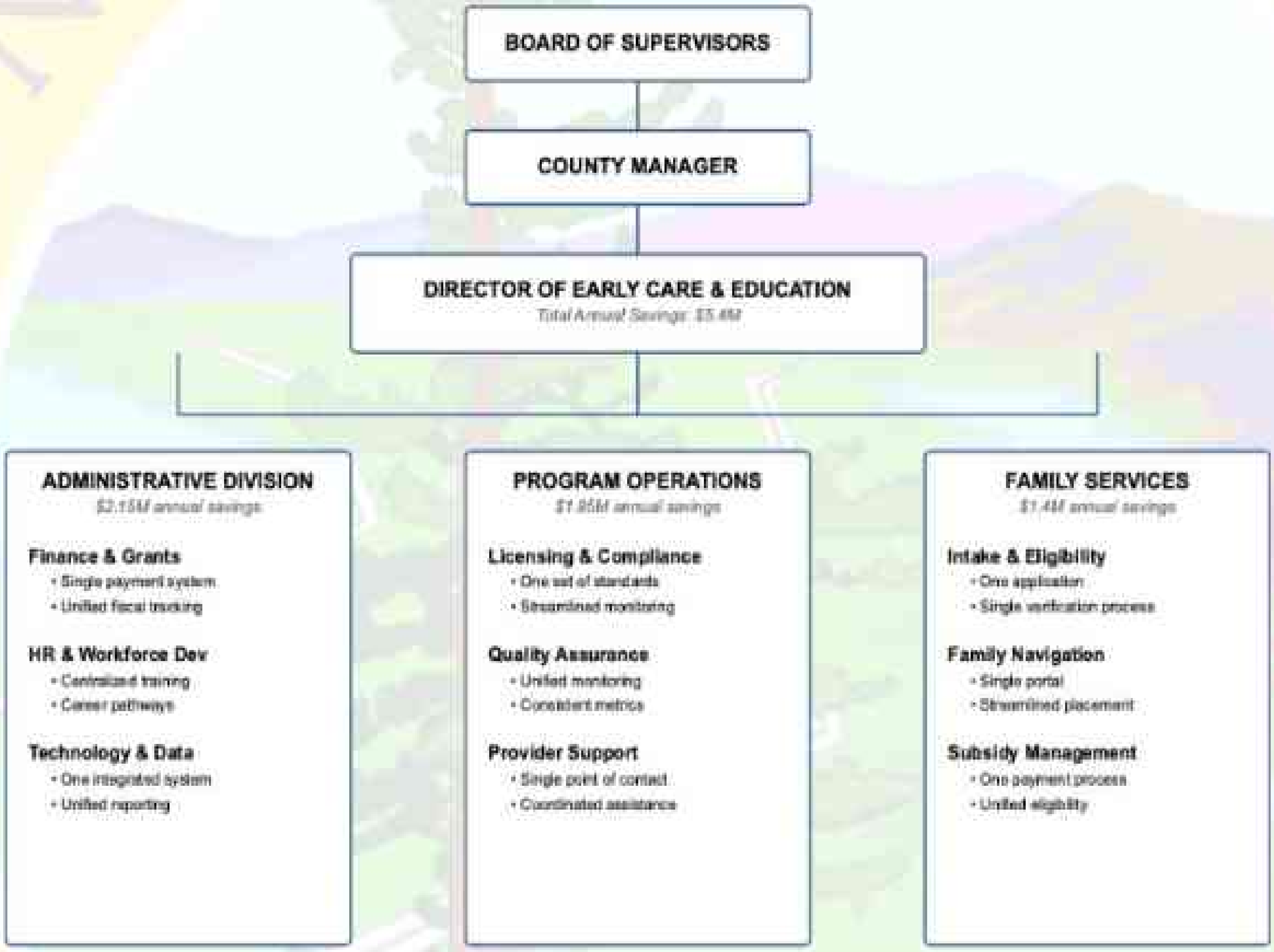
Margaret's daycare center is one of the largest in San Mateo County, boasting a two-year waitlist. Serving infants and toddlers, she starts Monday morning with three surprise inspectors—city, county, and state—each requiring similar documentation in different formats. While managing these inspections, her teacher raises concerns about a three-year-old's development. What should be a straightforward referral turns into a maze: searching for contact numbers, leaving voicemails, waiting days for callbacks, and completing duplicate forms since systems don't share data.

During nap time, Margaret tackles administrative work instead of preparing activities—entering the same information into multiple systems for staff training, immunizations, and attendance. When a parent asks about openings for a sibling, she cannot quickly check the availability at other centers; all she can provide are phone numbers. She concludes her day at 6:00 PM, staying late to gather scattered documents from paper files, emails, and various websites in preparation for tomorrow, which will be similar to today. What was once a day focused on children has become an endless cycle of redundant paperwork, delayed services, and frustrated families - all because the systems do not communicate.

Organizational Structure of Consolidation of Services For San Mateo County

This ***suggested*** organizational chart reflects the reporting structure of the consolidation of services in Santa Clara and San Diego Counties.

(https://ceo.santaclaracounty.gov/divisions-and-offices/office-children-and-families-policy)



IMPACT METRICS:

FOR PARENTS:

✓ 40% faster placement
✓ Single application process
✓ One eligibility verification
✓ Unified waitlist system
✓ Clear communication channel

FOR PROVIDERS:

✓ 45% reduction in paperwork
✓ One quality standard to follow
✓ Single payment system
✓ Coordinated training program
✓ One point of contact

Beyond Cost Savings: The Strategic Importance of Child Care Service Consolidation

Consolidating child care services at the county level offers benefits beyond simple financial or administrative efficiencies. Consolidation establishes a seamless support system for families, similar to a universal library card—one application provides access to all available services, removing the intricate maze of paperwork and varying eligibility requirements that families currently encounter.

Integrated data systems in a consolidation provide unprecedented insights into community needs and program effectiveness. This comprehensive view facilitates evidence-based decision-making and strategic resource allocation while enhancing outcome tracking. Leaders understand how services operate as an ecosystem rather than as isolated programs.

> ***Like a universal library card, consolidating services provides a single application that grants access to all available services, eliminating the complex maze of paperwork and differing eligibility requirements that families face.***

Thanks to unified reporting, quality assurance, and payment processing systems, service providers experience a significant reduction in administrative burdens. This increased efficiency reallocates resources from compliance paperwork to actual service delivery.

The true power of consolidation lies in its transformative effect: fragmented services become a cohesive support network. When families can easily navigate these services, providers can concentrate on delivering quality care, and administrators can effectively measure outcomes. This creates a responsive system that strengthens families, supports the workforce, and drives economic growth throughout our community.

Conclusion

In 1971, America stood on the brink of a child care revolution. Congress passed a bipartisan bill to establish a universal, federally funded child care system, ensuring every working family had access to affordable, high-quality care. The bill enjoyed momentum, public support, and the potential to transform the country forever.

President Richard Nixon killed it with the stroke of a pen. His veto message warned that universal child care was a dangerous step toward communism. Overnight, what could have been a transformational moment for working families became a political casualty. Instead of a national system, America ended up with a fragmented, underfunded, state-by-state scramble that has left families, providers, and policymakers struggling for decades to find a solution. San Mateo County is still dealing with the consequences of that veto today.

> *Child care costs more than college tuition and frequently surpasses a mortgage payment. This situation isn't sustainable—it's Economic Armageddon in slow motion.*

San Mateo County's child care system resembles its own Winchester Mystery House—a maze of disconnected programs constructed without a master plan, where families become lost in endless corridors of paperwork, and providers navigate stairs that lead nowhere. At the same time, governmental and community leaders grapple with the issue year after year. Like Sarah Winchester's perpetual construction, we keep adding patches without implementing fundamental structural changes. Each year, we attempt to repair the cracks in a system that was never designed to succeed in the first place. Families pay more than they can afford. Providers struggle to remain in business. Employers lose workers. Policymakers repeatedly fight the same battles.

This is no longer just a child care crisis but an economic Armageddon. The cost of care now rivals that of a mortgage and often exceeds rent and college tuition. Families face devastating choices: cutting back on work, leaving jobs entirely, or relocating to areas with lower costs and fewer opportunities. Providers are abandoning a profession they love because they can't afford to survive in it. Meanwhile, businesses across every sector are losing talent, productivity, and stability.

Conclusion

The downstream consequences are significant. When families leave, classrooms shrink, future employees disappear, and the community's long-term economic vitality suffers. Without children, there is no future workforce and no next generation of entrepreneurs, educators, or public servants. A community without children is a community in decline.

A community devoid of families is a community in decline.

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We can no longer patch this system. We must create something new—intentionally, courageously, and collaboratively. This 25-year crisis demands a genuine solution, not just another temporary fix. If anywhere can resolve it, it's here. San Mateo County is home to some of the world's greatest innovators—visionaries who design what's next and redefine what's possible. Surely, we can create a child care system that embodies the same ambition.

The economic case is clear: child care is not just a family issue; it's also a significant concern for the workforce, businesses, and San Mateo County's financial stability. The moral case is undeniable: no parent should choose between their child's well-being and their ability to earn a living.

We possess the talent and ingenuity; we need the courage to take action now. **Let's stop renovating the ruins and start building the future.**