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Item No. 11b_supp
Meeting Date: July 9, 2024
SEA Childcare Services Evaluation Project
Port of Seattle Commission Briefing

Consultant Concepts and Next Steps
July 9, 2024

Background and Introduction

- Staffing challenges in 2020 – 2023 heightened awareness of employee childcare needs to ensure full operations and necessary services at SEA and for airports around the country.
- 2023 – U.S. airport research and SEA Airport Employee Survey
- 2024 Budget: \$100,000 airport employee childcare services evaluation; Contract with The Imagine Institute
- Legal and financial feasibility reviews are underway

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<https://imaginewa.org/>
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Port of Seattle 2024
Airport Childcare Concepts

THE IMAGINE INSTITUTE
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The Imagine Institute
Formed by SEIU 925 and the State of Washington to Focus Areas:
support professional development and career
• Pathways to New Early Childhood Education
pathways for child care providers. Providers lead
Careers (ECE)
the services most valuable to them through
liberatory design. • Shared Services Hub and Innovative Technologies
• Technical Assistance and Business Support
• ECE Training
• Substitute Pool Relief
• Consulting

Current Partnership Projects:
• Best Starts for Kids – King County
• City of SeaTac
• WA Dept. of Children, Youth and Families (DCYF)
• Seattle Department of Education and Early Learning (DEEL)
• Machinists Institute
• Port of Seattle
• Shore Aquatic Center
• Washington State Labor Council (WSLC)

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Meeting Agenda and Objectives

1. Project Scope and Summary
2. Employer Perspective
3. Child Care Return on Investment
4. Employee Perspective
5. Literature and Data Review
6. Funding Source Review
7. Child Care Concepts
 - Service Models – Child Care Strategies
8. Next Steps

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Project Objective

Seattle-Tacoma International Airport plays vital role in the region's economy with over 52 million passengers/year and a thriving cargo business. The Port of Seattle has contracted with The Imagine Institute to develop concepts for a child care strategy to ensure the airport can retrain and attract the staff necessary to provide the robust operations and necessary services for a 24/7 facility. The SEA Childcare Services Evaluation Project will explore ways the Port of Seattle can address barriers that impact sufficient staffing levels including airport employee access to child care. The Imagine Institute will develop concepts for consideration and implementation with particular attention to affordability, accessibility, and flexibility.

Concept Focus Areas

Child Care: Affordability, Accessibility, and Flexibility

Project Considerations

800+ distinct employers, a variety of job classifications, and employees residing throughout Washington State

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SEA Employer Perspective

OVER 90% OF SEA AIRPORT EMPLOYERS EXPRESSED AN UNDERSTANDING OF THEIR EMPLOYEES' CHILD CARE CONCERNS ¹

Employers note the impact child care issues have on employee retention, attendance, and productivity, as well as company bottom lines.

Employers at SEA are experiencing business challenges directly due to the child care needs of their employees.

According to an employer survey conducted by Port Business Intelligence ¹ :

- More than half of employers at SEA reported having difficulty hiring new employees due to child care challenges.
- Almost two-thirds of employers at SEA reported employees reducing their work hours due to child care challenges.
- 82% of employers at SEA reported employees arriving late or leaving early due to child care challenges.
- 53% of employers at SEA reported paying overtime to fill in for employees taking leave due to child care challenges.
- 56% reported having an employee leave as a direct result of child care challenges.

¹ Port Business Intelligence 2024

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Return on Child Care Investments (National Trends)

Child care benefits positively impact employers' bottom line, especially regarding hiring, retention, and productivity. The Boston Consulting Group studied five companies that offer employee child care benefits and concluded that all five companies experienced a return on investment ranging between 90% and 425%. ¹

The average cost of replacing an employee is often double that of the departing employee's annual salary and retaining just 1% of working parents annually can offset the cost a company expends in offering child care benefits. ²

90% of employers who offered child care benefits stated that these benefits had as much of an impact on the recruitment and retention of workers as health care and retirement benefits.²

¹ Kos, 2024

⁹ 2 Kelly, 2024

SEA Employee Perspectives

THERE ARE APPROXIMATELY 7,500 AIRPORT WORKERS WHO HAVE AROUND 8,900 CHILDREN UNDER THE AGE OF 12

Airport workers have expressed frustrations and challenges related to child care affordability, accessibility, and flexibility, especially with non-standard hours or rotating schedules.

Accessibility

- It is estimated that Washington's child care system has capacity to serve 28% of children who need child care.¹
- 100% of the top 10 zip codes of airport employees' primary residences are designated as extreme child care access deserts.²

Flexibility

- 95% of airport workers who responded to the SEA Employee Survey found it challenging to secure child care during their shifts but only 8% of currently licensed centers and 34% of currently licensed family homes provide non-standard hour care before 6:00 AM and after 6:00 PM, and on weekends.³

Affordability

- Without subsidies, airport workers working full time and making between \$19-\$30 per hour would be required to spend nearly 40% of their monthly income on child care costs.

- BIPOC airport workers, along with those whose home language is not English, are less likely to access child care subsidy programs.⁴ 1 Hardy, Joshi, Ha, & Schneider, 2018

2 Department of Children, Youth, & Families, 2023

3 Port Business Intelligence 2023

4 Ullrich, Schmit, Cosse, 2019

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Literature & Data Review

- Port Business Intelligence Surveys
- Port Jobs
- Labor Relations
- MLK Labor Coalition
- Washington Department of Commerce
- Department of Children, Youth, and Families
- Washington State Labor Council, Machinists Institute and the Imagine Institute
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Affordability

- "Due to the high cost of childcare I am working only [a] part-time job." 1
- "It was actually cheaper for me to reduce my hours and watch my kid in the afternoon vs working full time and paying for partial childcare." 1

In alignment with Washington State's Universal Access and Living Wage Proviso and the U.S. Department of Health and Human Services' definition of child care affordability, the Imagine Institute defines child care affordability as child care costs that do not exceed 7% of household income (Department of Health and Human Services, 2023).

Therefore, family size, family composition, availability of child care subsidies, household income, and other factors greatly impact affordability.

1 Port Business Intelligence 2023

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Affordability: Child Care Subsidies

Some Washington families will qualify for subsidies that can impact the cost of child care. However, subsidy qualifications vary by city and county. Affordability is also impacted by the supply of child care providers who accept child care subsidies and the availability of subsidies in one's area.

Subsidy Types

- STATE SUBSIDY: Families whose income is below 60% of the State Median Income (SMI) may be eligible for Working Connections Child Care subsidy (WCCC) through the Department of Children, Youth, and Families. 1
- KING COUNTY SUBSIDY: Families in King County whose income is below 80% of the Area Median Income (AMI) may be eligible for the King County Child Care Financial Assistance Program (CCFA). 2
- CITY OF SEATTLE SUBSIDY: Families in Seattle whose income is below 94% of SMI who are not eligible for WCCC may be

eligible for the City of Seattle's Child Care Assistance Program (CCAP). 3

Access to Child Care Subsidy

It is important to note that not all families have access to child care subsidies. Even when eligible, many families do not participate in subsidy programs and there is evidence to suggest that access to subsidies is not equitably distributed across all families.

- According to the Child Care Collaborative Taskforce, "only about 5% of eligible children with a home language other than English participated in the subsidy program" (Washington State Department of Commerce, 2021, p. 38) meaning that supports like child care subsidies appear significantly less accessible to these families. 4
- While subsidies are a critical tool to help tackle the affordability barrier for many families, their income thresholds leave many families behind. Even with King County's most expansive income eligibility criteria, any family of three earning more than \$6,788 per month would not qualify for support. 3

1 WA Department of Children, Youth, & Families, 2024

2 King County, 2024

3 City of Seattle 2024

4 WA State Dept of Commerce, 2021

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Accessibility

- "There is a lack of childcare located within or adjacent to

Questions to consider: seatac [sic] airport." 1

- Is it the type of care that • "Childcare hours do not align with my work hours which families want available? makes it difficult because it is a higher charge when I
- Is it easy to find and get to? have to drop off or pick up my child." 1
- Is it affordable? • "We work in a 24 hour industry and childcare hours do not match." 1 • Is it in alignment with the families' needs and desires for • Accessibility includes a parent's ability "with reasonable their child's [learning] effort and affordability, [to] enroll their children in an environment?2 arrangement that supports the child's development and meets the parent's needs."

One must consider geographic location, access to transportation, type of care, language access, and cultural competency of the care facility when determining child care accessibility. Additionally, families with children who have complex needs and disabilities may face additional barriers to care access.

1 Port Business Intelligence 2023

2 Pascall, K; Maxwell, K. 2022

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Flexibility

- "Changing shifts/schedules every three months makes it hard to secure childcare and fulfill work duties to my best ability." 1
- "Holidays are extremely difficult as well in finding last min care when I have to work overtime." 1

"Flexibility involves more than just giving employees financial resources to (try) to find care for their individual schedules. Real flexibility in child care is about creating the actual supply, and then pivoting so you can serve multiple needs," including non-traditional schedules, emergency care needs, school vacations, and daily school schedules. 2

1 Port Business Intelligence 2023

2 Bright Horizons 2023

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Funding Source Review

- There are a several funding sources specific to child care expansion that may support child care solutions.
- Regardless of how the Port may determine it can address airport childcare, it is unlikely that either existing public or philanthropic funding will fund the entire cost of child care service models.

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[Link]

<https://imaginewa.org/imagine-u-mentor-program/>

Potential Funding Sources

Sources typically fall into two primary categories: public and philanthropic (private). Both funding types are competitive and often require matching funds and well-defined scopes of work.

Child Care Centers

There are public funding sources that currently help child care centers get established or expand capacity, but this funding is not sufficient to cover the total cost of opening a new licensed child care center.

Examples of available state and federal support include:

- Early Learning Facilities (ELF) grants
- Congressional directed spending

Funding for TA and Incubators

State, local, and municipal governments are currently funding strategies like business incubators and technical assistance whose infrastructure can be leveraged to help airport workers.

Examples of public funders that support child care business incubators such as Imagine U:

- City of SeaTac • Whatcom County
- Washington State Department of Children, Youth, • City of Federal Way and Families (DCYF) • City of Seattle
- King County

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Potential Funding Sources

In addition to public funding, philanthropy has a track record of investing in child care solutions. Philanthropic funding often requires grant recipients be 501(c)(3) nonprofit organizations, but some foundations do award funding to other entities. Foundations vary widely in their mission focus, openness to grant applications from unknown organizations, funding cycles, preferred grant lengths, preferred grant sizes, and more.

While some public and private funding may be available, the Port will want to plan for internal funding and partnership opportunities to fund the child care solutions.

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Child Care Concepts

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Identified Child Care Concepts

HUMAN CENTERED – DATA DRIVEN SOLUTIONS

SERVICE MODELS:

Technical Assistance: Provide in-language support to help employees navigate subsidy applications, find available child care slots that support continued employment, or access any new child care investment.

Child Care Business Incubator: Open new licensed family home child care businesses to build child care supply in targeted areas close to where airport workers live.

Networks and Hubs: Incentivize child care businesses to prioritize enrolling airport worker families and offering non-standard hours and drop-in child care.

Subsidies and Stipends: Provide employer-sponsored stipends to subsidize the cost of care and attract and retain employees, especially those not eligible for public child care subsidies.

Port Child Care Center: Open a new a child care center, or set of centers, prioritizing the needs of airport workers related to accessibility, affordability, and flexibility.

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Identified Child Care Concepts

HUMAN CENTERED – DATA DRIVEN SOLUTIONS

The Imagine Institute has identified five concepts that, when implemented together, can comprehensively address these child care issues of affordability, accessibility and flexibility for airport workers. Each concept can be scaled up or down based on budget, time, and other

constraints.

TO CREATE A COMPREHENSIVE PLAN, THE PORT WILL NEED TO SELECT A COMBINATION OF CONCEPTS

Child Care Hubs: To comprehensively address child care flexibility, Imagine has identified contracting with a third-party child care hub to offer financial incentives to child care businesses who care for airport workers' children. At the most robust end of the spectrum, annual per worker cost of \$4,378 would be an investment of \$38.9M annually to serve all airport workers' children. This amount can be scaled up or down depending on constraints.

Child Care Business Incubator: Open at least 116 new licensed family child care businesses in key areas where airport workers live through a child care business incubator. One-time investment of \$3,132,000 to open all 116 licensed family homes.

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Identified Child Care Concepts

Technical Assistance: Incorporating technical assistance into any child care strategy the Port selects to increase awareness of new and existing child care programs for airport workers. The cost of employing technical assistance will depend entirely on the level of services provided. Technical Assistance supporting airport workers to access, complete and submit applications for child care subsidy is estimated at \$310,000 annually.

Child Care Centers: Open a licensed child care center near Seattle-Tacoma International Airport whose services meet the child care needs of airport workers. If open 24/7, it could serve approx. 500 children each day with startup costs of approximately \$7.2M to open a new licensed child care center with a licensed capacity of 202.

Child Care Stipends: Offer \$2,000 annual child care stipends to 6,000 airport workers who need financial support but don't qualify for subsidies. Annual investment: \$13.8M and can be scaled up or down.

TO CREATE A COMPREHENSIVE PLAN, THE PORT WILL NEED TO SELECT A COMBINATION OF STRATEGIES

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Child Care Concepts: Timing

Each concept has a different timeline for design and implementation.

A child care center is likely going to take the most time to become operational, while other concepts can be implemented within 3-6 months.

Year 1 Year 2 Year 3 Year 4 Year 5

Concept

Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1-Q4 Q1-Q4

Technical Assistance Program Design Program Delivery

Child Care Stipend Program Design Program Delivery

Child Care Hub Program Design Program Delivery

Licensed Family Child

Program launch Licensing New Businesses Open
Care Incubator

Operational Executing

Pre - Design Site Architectural Permitting and Licensing and
Plan and Service

Feasibility Design Construction Operational Systems

Budget Agreement

Pre -

Child Care Center Development -

Finalize Site Fully Operating

Selection

Environ - Recruit and

Business Capacity and Parking Policy

mental Marketing Interior Design Onboarding Soft Launch

Structure Staffing Plan Study Building

Review Staff

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Child Care Concepts: Cost Variables

Costs can be “dialed up or down”

5-Year Cost Workers Impacted Annually

Concept Low End High End Low End High End

Child Care Center \$4M \$7M 240 490

Licensed Family Homes (Incubator) \$1.35M \$3.1M 600 1,392

Hub and Incentives \$164.2M \$194.72M 7,500 7,500

Child Care Stipends \$32.5M \$69M 6,000 6,000

Technical Assistance \$1.54M \$2.5M 6,000 6,000

Total \$203.59M \$276.32M 7,500 7,500

These examples are provided, for educational purposes, to demonstrate the range of potential costs of each concept. The Port has not yet determined key factors such as legal/budget feasibility as well as childcare service priorities.

IF IMPLEMENTING ALL FIVE CONCEPTS IS NOT FEASIBLE, THE IMAGINE INSTITUTE HAS CREATED MORE TARGETED STRATEGIES.

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Summary

It is important to recognize these comprehensive concepts, and the associated costs, can be “dialed up or down” based on a variety of factors such as the number of people served, timing and funding partnerships.

As this work evolves, Imagine recognizes the Port’s need to prioritize a deeper dive into funding opportunities, understanding the legal parameters of the proposed child care concepts, and conducting a thorough landscape review of partnerships and initiatives that can be leveraged to support implementation.

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Next Steps: Remainder of 2024

- Develop a strategic implementation plan around viability/sequencing of identified concepts (incorporate commission guidance, legal feasibility, stakeholder perspectives, funding approaches and timing)

- 2025 Port Budget Process - Preliminary Estimates:

- 3-year consulting contract (\$200 – 250,000 annually)

- pre-development costs (\$200,000?), additional surveys/focus groups (\$50,000), technical assistance (\$300,000), port staff resources

- Continued Engagement with U.S. large hub airports

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Questions & Discussion

Thank You!

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