CHILDCARE IS A WORKFORCE-CAPACITY CONSTRAINT

RESEARCH WORKING PAPER I October 2026 I 3CORE 2028-2033 I CEDS Committee

The economic development question for this paper: *Does the region have sufficient accessible, affordable childcare to support workforce participation and employer growth—and what practical investments could change that trajectory?*

1.0 RESEARCH, BACKGROUND & KEY FINDINGS

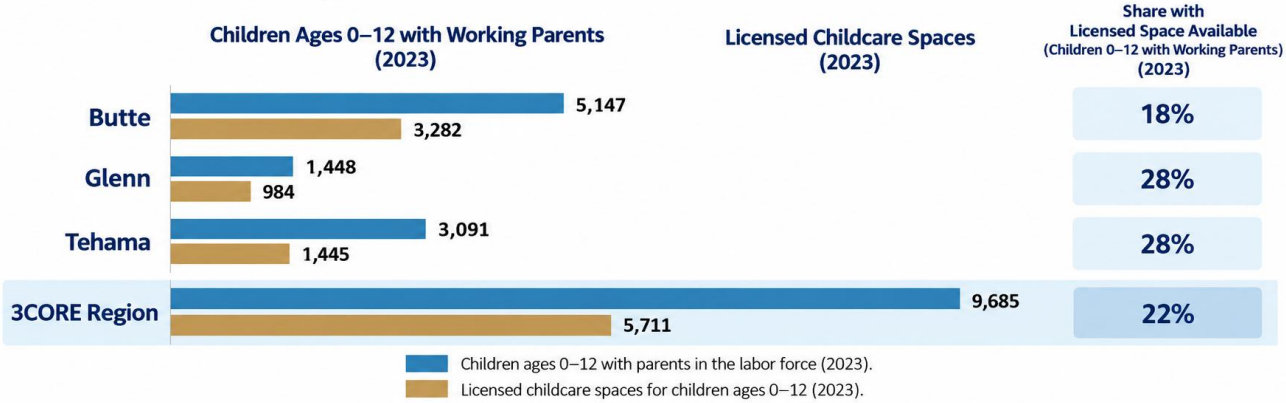
Childcare is an important component of regional workforce capacity, alongside housing, transportation and other infrastructure supporting economic growth. When families cannot find or afford childcare, their ability to enter employment, maintain work schedules or increase working hours may be limited. Employers can also face greater difficulty recruiting and retaining workers.

Research for Butte, Glenn and Tehama counties identifies four findings:

1. **Licensed childcare capacity is limited**. The region reported 5,711 licensed childcare spaces in 2023. The available data indicates limited childcare infrastructure relative to the number of children in working families, although it does not establish the precise number of additional spaces needed.
2. **Affordability is a significant barrier**. Published 2022 annual infant center-care prices ranged from approximately $12,300 in Glenn and Tehama to $18,400 in Butte. At an illustrative $50,000 annual family income, infant care alone would consume approximately 25%–37% of gross income.
3. **The challenge differs by county**. Butte has the largest concentration of potential childcare demand and the highest reported infant-care prices. Glenn has a smaller, dispersed market, while Tehama experienced a decline in licensed childcare spaces between 2021 and 2023.
4. **Adding spaces alone may not resolve the problem**. Licensed capacity does not necessarily mean that care is staffed, available for the appropriate ages, located near families, compatible with work schedules or affordable.

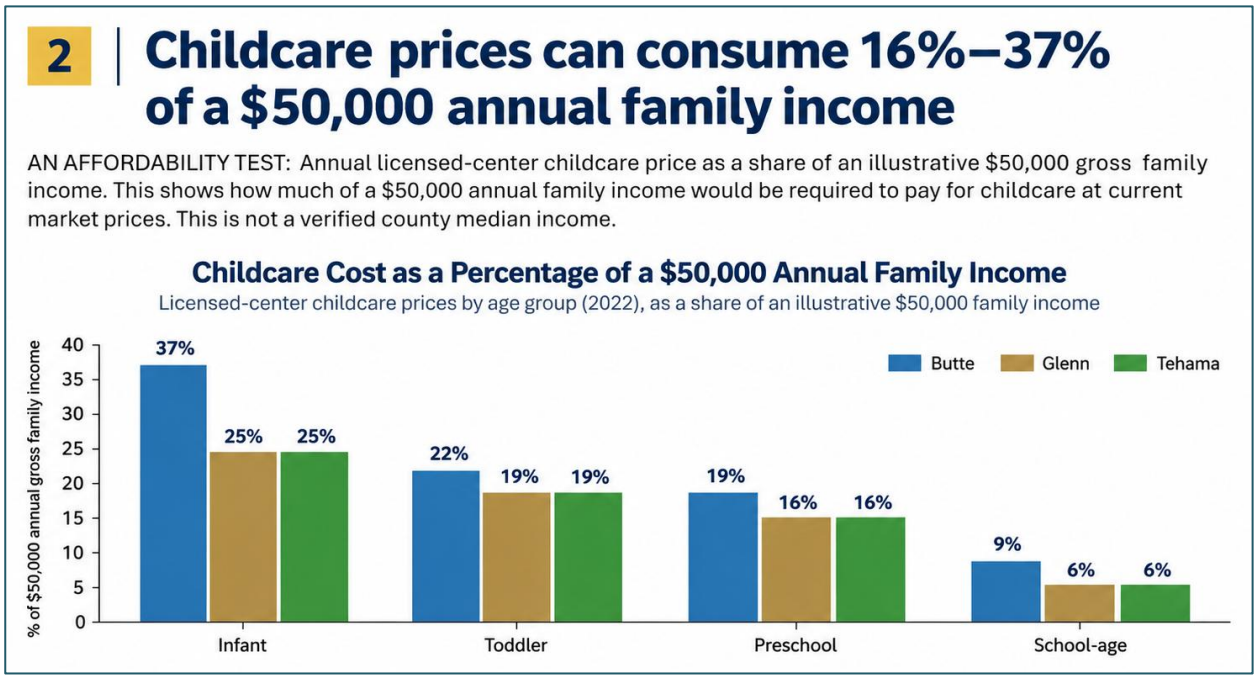
1 | **Only 22% of Children Ages 0–12 with Working Parents Have a Licensed Childcare Space Available Across the Region**

This shows the number of children ages 0–12 with parents in the labor force and the number of licensed childcarsçe spaces (centers and homes) for children ages 0–12 in 2023. The percentages indicate the share of children with working parents for whom a licensed childcare space is available.



Source: 3CORE Childcare Research Working Paper, October 2026. *Note: Percentages represent the share of children ages 0–12 with parents in the labor force for whom a licensed childcare space is available. Licensed spaces include center-based and home-based providers. Availability does not necessarily mean that care is staffed, available for the appropriate ages, located near families or compatible with work schedules.*

WHAT GRAPHIC 1 MEANS: Licensed childcare availability is limited across the region, particularly in Butte County. The reported regional availability measure is 22%. The economic concern is whether sufficient age-appropriate, accessible childcare exists to support working families.



WHAT GRAPHIC 2 MEANS: Childcare costs can consume a substantial portion of family earnings, especially for households with infants or multiple children. Increasing licensed capacity will not fully address the workforce constraint unless families can afford to use the available care.

The Economic Consequence. Limited and unaffordable childcare can prevent parents from entering employment, increasing work hours or maintaining reliable schedules. For a region already facing workforce-capacity challenges, childcare availability becomes an economic growth constraint.

2.0 CHILDCARE INDUSTRY & OPERATING CHALLENGES

Expanding licensed childcare capacity requires providers that are able to staff, operate and financially sustain the spaces families need. The research identifies four interconnected challenges:

1. **Childcare Workforce & Staffing**. Recruiting and retaining qualified childcare workers is difficult when compensation is low relative to other employment opportunities. Staffing shortages can prevent providers from operating at their full licensed capacity.
2. **Financial Sustainability**. Childcare providers face increasing costs for wages, facilities, insurance, utilities and regulatory compliance. Yet raising tuition to cover these costs can make care unaffordable for families. This creates a financial challenge on both sides of the childcare market.
3. **Facilities & Expansion Costs**. Suitable facilities can be expensive to develop or adapt to childcare licensing requirements. Smaller rural communities may lack sufficient enrollment or financial resources to support a conventional childcare center, even where families need care.
4. **Access That Matches Working Families**. Childcare must be available for the appropriate ages, in accessible locations and during hours compatible with employment. Infant and toddler care, non-

traditional work schedules and transportation distances present particular challenges. Licensed capacity alone does not establish whether families can actually use the available spaces.

The region needs childcare businesses that can remain financially viable while providing affordable, accessible care. This is particularly important for smaller communities in Glenn and Tehama counties, where a combination of home-based providers, smaller facilities and partnerships with schools or employers may be more practical than a large childcare center.

3.0 CHILDCARE EXPANSION — CASE STUDIES & APPROACHES

Communities are beginning to address childcare shortages as an economic development and workforce issue. The following examples illustrate different approaches to expanding childcare capacity, particularly in smaller and rural communities.

1) ## Stanislaus County, California — Growing Home-Based Childcare Businesses

The Stanislaus 2030 initiative, through its Nurture program, supports the recruitment and development of home-based childcare providers. The approach combines licensing assistance, business coaching, startup training and small grants.

In 2024, the County announced a $1 million initiative targeting 200 new or expanded childcare businesses and 1,600 licensed spaces. Approximately 520–536 new licensed spaces were reported in 2025, although the available information does not establish how many remain operational.

Economic development approach: Treat childcare providers as small businesses and invest in business formation, expansion and technical assistance.

2) ## Leoti, Kansas — Employer-Led Childcare Investment

Wichita County Economic Development worked with employers and community partners to document childcare needs and establish the nonprofit Grow & Learn childcare center.

The center opened with approximately 40 spaces and added 10 more in 2024. The initiative illustrates how employers, schools and economic development organizations can collaborate to address a shared workforce constraint.

Economic development approach: Organize employers around a documented workforce need and develop a locally supported childcare solution.

3) ## Mapleton, Minnesota — Small-Scale Childcare Facility Development

The Mapleton Economic Development Authority developed a small childcare house, approximately 800 square feet, using a public-ownership and private-operator lease arrangement.

Rather than pursuing a large childcare center, the community created a smaller facility intended to lower the barriers to establishing a childcare business. The available research does not confirm the final number of spaces or total project cost.

Economic development approach: Use local economic development tools and public facilities investment to reduce startup costs for childcare operators.

4) ## Kingman County, Kansas — Coordinated Rural Childcare Expansion

Kingman County's economic development organization helped organize a childcare coalition and dedicated coordination capacity. Its work included supporting home-based childcare businesses and adapting school classrooms for childcare use.

The approach emphasizes identifying local opportunities, connecting partners and advancing several smaller projects rather than relying on a single facility.

Economic development approach: Establish regional or countywide coordination to move individual childcare expansion opportunities into implementation.

The four approaches suggest that economic development organizations can contribute without becoming childcare operators. Their roles include convening employers and partners, supporting childcare businesses, identifying facilities, coordinating financing and advancing projects.

For Butte, Glenn and Tehama, the question is which approaches could address the region's childcare capacity and affordability challenges—and whether any would benefit from coordination across county lines.

4.0 RESEARCH SYNTHESIS — CHALLENGES, TRANSITIONS & OPPORTUNITIES

The research identifies childcare as a potential constraint on regional workforce capacity and economic growth. It also demonstrates that expanding childcare requires attention to both the availability of spaces and the financial conditions necessary to sustain childcare businesses.

Regional Challenges	Transitions & Opportunities
Limited Childcare Availability. Licensed childcare capacity is limited, with different conditions across Butte, Glenn and Tehama counties.	Expand Capacity Through Multiple Models. Home-based childcare businesses, smaller facilities, school partnerships and employer-supported approaches offer alternatives to conventional childcare centers.
High Costs for Working Families. Childcare expenses can make employment or additional working hours financially difficult.	Address Affordability Alongside Expansion. Explore how existing childcare assistance programs, employer participation and other funding approaches could improve access without undermining provider viability.
Provider Workforce & Financial Challenges. Staffing shortages, operating costs and facility requirements limit the ability to open or expand childcare businesses.	Strengthen Childcare as a Business Sector. Business development assistance, licensing support, facility solutions and access to capital can help providers establish and sustain operations.
Fragmented Local Capacity. Childcare needs, resources and potential projects are distributed across counties, communities, employers and service organizations.	Connect Existing Partners & Resources. Economic development, workforce, education and childcare organizations may be able to coordinate resources and advance locally identified opportunities.

The region faces two related challenges: insufficient accessible childcare capacity and high costs for working families. Addressing one without the other may not produce meaningful improvements in workforce participation.

The case studies also demonstrate that economic development organizations can help address childcare challenges through business assistance, employer engagement, facility development and project coordination.

5.0 CEDS — PRELIMINARY STRATEGIC DISCUSSION & DIRECTION

1) The Decision Before the CEDS Committee

Research indicates that childcare availability and affordability may be limiting workforce participation and employer growth across Butte, Glenn and Tehama counties.

The CEDS Committee is asked to consider two questions:

1. Does the Committee agree that childcare availability and affordability represent a regional economic and workforce-capacity constraint?
2. Should addressing this constraint be included as a priority in the 2028–2033 CEDS?

2) Proposed Next Steps — If Identified as a CEDS Priority

Establish a Regional Childcare Working Group to work with existing childcare organizations, employers and community partners to develop a coordinated approach.

The Working Group would:

- **Validate the Challenge**. Meet with childcare providers, resource and referral agencies, local planning councils and employers to review the research, confirm capacity and affordability challenges, and identify gaps in the available data.
- **Assess Existing Efforts.** Identify current childcare initiatives, resources and partnerships across the three counties to determine what is already underway and where additional support may be needed.
- **Investigate Practical Approaches**. Further examine the case studies and other models for expanding childcare capacity, improving affordability and supporting childcare businesses.
- **Develop a Regional Action Plan**. Identify achievable initiatives, potential funding and investment opportunities, participating organizations, and the appropriate roles for regional and local partners.
- **Establish Implementation Responsibilities**. Set priorities, timelines, lead and supporting organizations, and measures for tracking progress over the five-year CEDS period.

3) Intended Outcome

A partner-developed Regional Childcare Action Plan that identifies practical investments and initiatives to improve childcare availability and affordability in support of workforce participation and economic growth. The report is brought back to CEDS for finding resources, funding and implementation.

ABOUT THIS RESEARCH | INFORMING THE REGIONAL ECONOMY PLAN

3CORE, an EDA District, serves as the regional planning unit for the economy. Working with jurisdictions, institutions and organizations, the District connects economic planning with land use, infrastructure, workforce, housing and other systems that support economic growth. Its responsibility is to assess how the regional economy is changing, identify emerging challenges and opportunities, and determine where coordinated planning, additional capacity or investment may be needed.

These research and briefing papers support the CEDS Committee's discussion of regional issues and opportunities and evaluation of priorities for the 2028–2033 CEDS. They are intended to inform regional economic planning, identify where coordinated action can achieve greater regional outcomes, and help establish the champions, lead organizations and partners responsible in advancing shared priorities.