

Funding Workgroup Draft

Members:

1. Brenda Comini
2. Dana Hepper
3. Regan Gray
4. Dan Haun
5. Elanna Yalow
6. Ron Herndon

Working Outline

Big picture goal for child care:

Provide equitable access to developmentally appropriate, culturally relevant, and inclusive child care for children and families across race, ethnicity, language, geography, disability, and income. (Raise Up Oregon) (workforce of today)

Problem:

This goal is not currently met.

- System gaps cause disparities by race/ethnicity, language, geography, disability, and income, and these disparities layer (i.e. greater system gaps if you are Native American and live in remote, rural Oregon). (OSU Child Care Studies)
- 11% of families who are federally eligible for subsidized care actually get support, and even families who are above eligibility need help.
- Oregon relies more heavily on parent tuition and less on public financing than other states. (Pratt, Study B)
- Average length of utilization of the current subsidy program has been 4 months.
- 70% of child care financing comes from parents. The high cost of child care is prohibitive for many parents. Providers set tuition rates based on what parents can afford, not what the true cost of providing care is. Uncollected parent co-pays are a financial burden on providers. (Pratt, Study C)
- At the same time, child care providers are among the lowest paid in our society to do an incredibly valuable job. Child care businesses operate on razor thin margins. (Pratt, Study C).

A Path Forward:

Public financing for child care is required to achieve our goal. Landmark [Transforming the Financing of Early Care and Education](#) report from the National Academies of Sciences, Engineering and Medicine has made this point well-established.

We must both spend funding well and secure adequate funding in order to achieve our goal. The solutions proposed below Quality child care is what makes a difference in the trajectory of child development and effectively supports parent work, college, and other essential activities. We shouldn't let lack of funding now for the system we envision stop us from making needed improvements to child care in Oregon. We should take the opportunity to build a strong child care system that is worthy of and ready for significant investment.

Oregon won't be alone in financing the quality early care and education system we need. Growing support for the federally proposed [Child Care for Working Families Act](#) indicates potential for child care financing can be a state-federal partnership, and we do not need to be reliant solely on the General Fund. Multiple presidential candidates in the 2020 primary elections had early care and education plans in their platforms. Oregon children and families will benefit most if we are prepared for potential investment from state and feds.

Second, the Oregon Legislature can enact an updated statutory framework to more clearly articulate the goals we hope to achieve in child care, including:

- Affordability and accessibility for families
- Sustainability for child care providers
- Culturally relevant, inclusive, and developmentally appropriate care for children

Third, one Agency, empowered with budget and policy authority for child care, operating under a strengthened statutory framework, can improve implementation of existing funds to strengthen our child care system. Improvements that can move forward under unified governance include:

- Updated payment policies for providers,
- Alignment of regulations and requirements across funding streams to enable blending and braiding of early care and education funding,
- Updating reimbursement rates to reflect the true cost of care,
- Increased utilization of child care contracts to stabilize and increase child care supply,
- True continuous eligibility for a minimum of 12 months,
- Further development of a professional learning system for early care and education, and
- Development of child care business support, such as shared services approaches that increase technology and automation and increase child care stability.

These necessary first steps lay the groundwork for the significant public investment necessary to achieve our goal of equitable access to developmentally appropriate, culturally relevant, and inclusive child care for children and families across race, ethnicity, language, geography, disability, and income. And achieving this goal is necessary for Oregon's children, parents, child care providers, and our economy.

Recommendations:

The Taskforce Members recommend these changes, based on the presentations and reports shared at Taskforce meetings, to how child care funding is spent to improve equitable access to quality child care in Oregon:

1. Update Oregon's child care statute to reflect our state goals for financing the child care system we need, including:
 - Expand eligibility for child care assistance to children:
 - Up to an income level where parents can afford child care independently,
 - Regardless of immigration status, and
 - For any reason that their parent/caregiver is unable to care for them (i.e. work, school, health or disability, care for an ill family member, etc.).
 - Ensure children are eligible for child care assistance for a minimum of 1 full year to ensure continuity of care for children, parents/caregivers, and providers.
 - Increase the rates paid to child care providers to reflect the true cost of providing developmentally appropriate, culturally relevant, and inclusive child care -

regardless of region of the state (i.e. statewide rates - not a separate rate for Rural) (Pratt, Study C). Rates should be appropriately differentiated to consider differential costs and shortage areas, such as:

- Infant-toddler care,
 - Care for children with disabilities and delays,
 - Culturally and linguistically specific care, and
 - Evening, weekend, overnight care.
- Ensure parent co-pays are not a barrier to receiving child care assistance and are below 7% of family income. (Pratt, Study C)
 - Increase the utilization of contracts with child care providers as a strategy to stabilize child care providers, especially in key shortage areas (i.e. rural, infant-toddler care, culturally specific care), and increase wages and benefits for providers. (Pratt, Study C)
2. Support improved administration of child care subsidy, including:
- Align subsidy payments with tuition payments (i.e. pay providers at the beginning of the month, based on enrollment not attendance) (Pratt, Study C)
 - Adequately finance state infrastructure needed to support continuous quality improvement across provider types and regions, including Agency infrastructure, CCR&Rs, and Early Learning Hubs. ([Early Care and Education Consortium](#) may have useful information)