Prepared by Legislative Policy and Research Office

Joint Task Force on Access to Quality Affordable Child Care

Report pursuant to House Bill 2346 (2019)

December 2020

TASK FORCE MEMBERS

Legislative Branch Appointees (nonvoting)

Senate

1. Kathleen Taylor, State Senator, Oregon Legislature
2. Tim Knopp, State Senator, Oregon Legislature

House

1. Cedric Hayden, State Representative, Oregon Legislature
2. Karin Power, State Representative, Oregon Legislature

Executive Branch Appointees (voting)

1. Regan Gray, Child Care Policy Advisor, Family Forward
2. Swati Adarkar, Cofounder, President and Chief Executive Officer, Children's Institute; replaced by Dana Hepper, Director of Policy and Advocacy, Children's Institute, effective by August 11, 2020 meeting
3. Jenny Lee, Deputy Director, Coalition of Communities of Color
4. Ron Herndon, Director, Albina Head Start
5. Elanna Yalow, Chief Academic Officer, KinderCare Education
6. Josie Emmrich, Owner and Child Care Provider, Loving Beginnings Certified Family Child Care
7. Natalie Jackson, Owner and Child Care Provider, Bear Bear Regulated Subsidy Child Care
8. Yolanda Morales, Parent, Refugee Welcome Center
9. Parent vacancy; Celese Williams effective by September 8, 2020 meeting
10. Brenda Comini, Director, Early Learning Hub of Central Oregon
11. Marie Simonds, Program Manager, Wild Rivers Coast Alliance
12. Miriam Calderon, Early Learning System Director, Oregon Early Learning Division
13. Dan Haun, Self Sufficiency Programs Director, Oregon Department of Human Services

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80th LEGISLATIVE ASSEMBLY
JOINT TASK FORCE ON ACCESS TO QUALITY AFFORDABLE CHILD CARE

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Executive Summary

[recommendations will be summarized here once finalized – two page limit]

The Joint Task Force on Access to Quality Affordable Child Care (the Task Force) was established by House Bill 2346 (2019).

The Task Force recommends the following to increase eligible families' use of child care subsidies, as required by House Bill 2346:

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The Task Force also recommends the following, to expand access to high-quality, subsidized child care for families that are not currently eligible for subsidized child care who cannot otherwise afford or access child care, as required by House Bill 2346:

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The Task Force volunteers the following additional recommendations, not required by House Bill 2346:

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Members of the Legislative Assembly may obtain a copy of the report from the Legislative Policy and Research Office's website: *[insert URL]*.

Representative Karin Power, Chair

Senator Kathleen Taylor, Chair

[insert internal hyperlinks]

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BACKGROUND

Creation

The Joint Task Force on Access to Quality Affordable Child Care (the Task Force) was established pursuant to House Bill 2346, which was enacted during the 2019 regular legislative session. Given the large number of participants required by the measure, the appointments took some time to complete. Task Force formation was also delayed by the occurrence of the 2020 regular legislative session, and the ongoing worldwide pandemic outbreak of COVID-19.

The Task Force convened its first meeting on April 29, 2020. Its members organized themselves, committed to an every-other-week regular meeting schedule, and immediately began the first of many discussions probing the relevancy of the originating legislation and its specific directives in light of the pandemic. The members met remotely only a total of 16 times over the course of eight months, never in person.

Mandate

House Bill 2346 directed the Task Force to make recommendations to the legislature by December 31, 2020, to achieve the following:

- to increase eligible families' use of child care subsidies; and,

- to expand access to high-quality, subsidized child care for families that are not currently eligible for subsidized child care who cannot otherwise afford or access child care.

The measure further required specific consideration of the following items as the Task Force developed its recommendations:

- Availability of high-quality child care providers that meet the needs of families, including culturally specific care and workable hours of operation.
- Copayments.
- Burdensome administrative practices and requirements.
- Reimbursement rates.
- Economic stability of families receiving child care subsidies.
- Access to professional development and quality supports.
- Access to child care that allows parents to work and provides positive development opportunities for children.

[links and roadmap here]

PROCESS

The Task Force agreed to allow for flexibility and deviation from the directives contained in the originating legislation as appropriate to accommodate pandemic-related discussions, participant's spontaneous suggestions, and other ad hoc changes in emphasis or direction. A loose and adaptable work plan was developed to that end; COVID-19 updates were incorporated at the beginning of almost every meeting; and the Task Force sought feedback from both the Governor's office and Legislative branch leadership regarding its utility, best use, and potential shift in focus. The Task Force also extended the deadline for receipt of a report on child care supply/demand and barriers to subsidies, from June 30th (as required by the originating legislation) to September 30th. A small library of reference materials accumulated *[Appendix __]*, and the Legislative Fiscal Office was asked to survey materials relevant to economic recovery and economic development, and to provide an economist's perspective on the connection between child care and Oregon's economic recovery.

ACTIVITY

The Task Force moved through a wide variety of presentations and information, including: overviews of the general child care landscape in Oregon and other states, both pre-pandemic and ongoing; receipt of a December 2019 report required by the originating legislation on existing child care subsidy programs;[1] the economics of child care; Oregon's revenue forecasts; the merits of developing a problem statement, and / or guiding principles, and / or short and long-term plans; proposed investments to meet immediate child care needs; provider experiences and perspectives; parent perspectives; the needs of vulnerable populations; equity considerations; governance models in other states; subsidy administration in other states; regional collaborations within Oregon; receipt of September 2020 reports on the supply of and demand for child care and on the barriers to accessing existing child care subsidies as required by the originating legislation; and shared-services models for child care businesses.*[insert links]*.

Some novel impediments arose as a function of meeting only by phone and video, not only with regard to Task Force connectedness and communications, but also with report drafting. With only a handful of meeting dates remaining by late September, the Task Force attempted to organize itself into small groups to expedite development of feedback and suggestions for discussion and consideration by the larger group, as follows:

Governance – including regulatory schemes, oversight, controlling agency or agencies, administration

1. Brenda Comini
2. Dana Hepper
3. Regan Gray
4. Marie Simonds

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5. Celese Williams
6. Miriam Calderon

Child Care Workers – including wages, career progression, training and continuing education

1. Jenny Lee
2. Josie Emmrich
3. Elanna Yalow
4. Yolanda Morales
5. Natalie Jackson
6. Miriam Calderon

Funding / Cost – including subsidies, copays, funding sources / financing, affordability

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

Child Care Providers – including start-up barriers, administrative barriers, reimbursement

1. Marie Simonds
2. Josie Emmrich
3. Natalie Jackson
4. Yolanda Morales
5. Celese Williams
6. Dan Huan

Small group activity was not uniform or equal across groups or across participants: some groups organized multiple meetings while others did not; some participants attended multiple meetings, while other participants did not. Written feedback provided by small groups can be found at Appendix ___ .

key, roughly

green = staff notations

GOALS

Oregon's child care system should provide equitable access to developmentally appropriate, culturally relevant and inclusive child care for children and families across race, ethnicity, language, geography, disability, and income levels.

Oregon's child care assistance programs should be affordable, accessible (culturally relevant, inclusive, offering the types of care needed/wanted *when* needed and in the preferred child care setting), easy to navigate (for enrollment and coordination for those using multiple programs), and should support child development.

Oregon's child care system should be universal, equitable, and truly work for all families.

FINDINGS

The System

Oregon's child care system is failing. It is chronically underfunded. Quality care is not uniformly available or affordable. Oregon's children, parents, providers, and communities – particularly those that are already marginalized or disadvantaged – as well as Oregon's employers, economy and education system are all adversely impacted.

System gaps cause disparities by race/ethnicity, language, geography, disability, and income, and these disparities compound (i.e., barriers are greater if you are Native American and live in remote, rural Oregon). (OSU Child Care Studies.[2])
Achieving system goals are necessary for Oregon's children, parents, child care providers, and the economy.

Public financing for child care is required to enable the achievement of the goals stated above; to ensure quality, affordability, and availability statewide. (Landmark Transforming the Financing of Early Care and Education report from the National Academies of Sciences, Engineering and Medicine.)

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Immediate preparation in the form of centralized governance is necessary in advance of public investment to ensure the most efficient and effective administration, in order to maximize the benefit.

Bifurcated governance is confusing and inefficient. The state's largest child care program, Employment-Related Day Care (ERDC), and Inclusive Partners are both administered by the Department of Human services (DHS), while the Early Learning Division (ELD) (within the Department of Education) regulates child care, implements strategies to increase the supply of quality care, and administers PreSchool Promise, Oregon PreK Head Start, and Baby Promise programs. This is confusing to parents and providers, especially those enrolled in multiple child care programs, and makes it impossible to enact a coordinated child care purchasing/spending and policy strategy that builds up the financial stability of the sector and increases equitable supply and affordability of child care for families. Inclusive Partners[3], funded by Child Care and Development Block Grants (CCDBGs) and often embedded in child care resource and referral entities (CCR&Rs or 211) (also in ELD), assists child care providers serving children experiencing high needs. Co-housing all child care programs together would create better communication with providers and parents. In addition, ELD is in the Department of Education (ODE), not in a stand-alone agency. This poses challenges as ELD is reliant upon ODE for administrative and other functions such as human resources, engagement in the Governor's budget and policy development process, information technology development, etc., services that are essential for ELD to achieve its mission.

Necessary data about the real-time supply of and need for child care is not current, not useful, and its collection and maintenance is cumbersome and inefficient. Information about the supply of child care is collected manually through CCR&Rs and self-reported by child care providers through emails or over the phone. This results in labor-intensive data collection to maintain a list of current available openings and monitor equitable supply across the state. When assisting families looking for child care, 211 gathers information from them and provides general referrals but no navigation assistance, and they are limited in their capacity to serve multiple languages and geographically diverse requests. Overall, the information they gather from parents is limited and does not include demographics. In addition, there is a network of unlicensed or unregulated providers with no reporting mechanisms that are not captured, so Oregon has no idea how many children receive care in informal settings. On the demand side, Oregon has no verifiable way to collect data on the number of parents needing/looking for care and no way to measure the demand by provider type or characteristics of child care settings. Oregon currently uses American Community Survey (ACS) and census data to *guess* the level of demand. Without a better data system, it is difficult to help parents find child care providers with openings or make strategic investments to increase supply in areas of need. There is also a need for better enrollment/eligibility systems and payment systems for child care assistance programs. Current systems (legacy, DPU[4] and ONE[5])

[3]

[4] data processing unit

[5] integrated eligibility project, https://www.oregon.gov/DHS/ABOUTDHS/DHSBUDGET/2015201

still limit ERDC program administration from implementing best policies for providers and parents.

Children

A child's early years are critical to their physical, cognitive and socio-emotional development. Yet, *affordable* quality child care (that does not exceed seven percent of a household's income) *does not exist* for most families unless/until substantial public investment begins (when school starts for children at age 5). Access is also starkly inequitable: Black and Latinx communities, parents of children with disabilities, low-income families, and those living in rural areas have even greater difficulty obtaining care for their young ones. Child development is not supported across all child care settings. The supply of child care across the state for all ages and types of care needed is not sufficient. *Quality* child care is what makes a difference in the trajectory of child development and effectively supports parent work, college, and other essential activities. A lack of funding now for a system envisioned for the future does not excuse failures to make needed improvements to child care in Oregon. Failing to support early childhood development at the *front* end deprives children of equal opportunity, *at minimum*, and at worst: deprives them of their own future, their own potential, while substantially increasing societal costs on the *back* end.

Child Care Businesses

The supply of providers in all communities across the state, providing the care that those communities need, is not sufficient.[6]

Oregon's system of child care is decentralized. Governance is bifurcated, inefficient, and confusing for parents and providers. There are significant barriers for providers to start-up or sustain operations – it is a month-to-month struggle with no operating capital to spare, no ability to be flexible in support of children and parents, and no cushion to weather setbacks or difficulty of any kind.

Child care governance and funding is split across multiple agencies with different missions and priorities.[7]

Child care businesses do not have financial stability, or business models that work, or tuition rates that cover the actual / true cost of care.

Child care businesses operate on razor thin margins. (Pratt, Study C.)

Current payment practices (in Direct Pay Unit[8]) create financial challenges for providers. (Pratt, Study C.)

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Providers set tuition rates based on what parents can afford, not what the true cost of providing care is. Uncollected parent copays are a financial burden on providers. (Pratt, Study C.)

There is misalignment between licensure requirements and the cost of providing quality child care with Oregon's per-child funding/financing approach. Essentially, child care businesses often cannot balance their budgets.

Layers of state and local regulations are inconsistent and enforced by various authorities. Not having one clearinghouse for child care businesses and licensing regulation creates barriers for providers to start or maintain viable businesses. Child care businesses must navigate numerous regulatory bodies to start a new child care setting. Local and state governments add additional requirements that hinder businesses from opening (bus fees, zoning, Fire Marshall, special use permits). This creates an unnavigable mess and disincentivizes supply-building. In addition, some licensing or regulatory standards in the Office of Child Care[9] are difficult for smaller communities to comply with and be financially sustainable, especially since they have a smaller employee pool to draw from. Providers report exemptions are inconsistently applied, and background checks are inconsistent across child care settings.

Oregon currently provides inconsistent support for child care providers to foster child development.

Child Care Workers

Overview: The adults caring for and educating young children in child care settings are the single most important factor in the quality of that setting. Yet, state and federal funding have historically been insufficient to guarantee that those adults – henceforth referred to as the child care workforce – receive adequate **compensation**, **working conditions** that allow economic, physical, and socioemotional well-being to be met, and **career pathways** that facilitate access to education, training, and supports necessary to increase knowledge, skills, and degrees or credentials. Addressing these issues, along with **recruitment and retention**, will be key to ensuring Oregon's children and families have access to a child care system that meets their needs.

Compensation: Child care workers are paid poverty wages, yet, they perform an incredibly valuable job and an essential service for children, parents, and society. (Pratt, Study C.) The majority of the child care workforce makes minimum wage; very few child care workers have robust benefits; families cannot afford to pay the higher tuition needed to increase wages or benefits and current subsidy (ERDC) rates are not targeted toward supporting robust pay or benefits.

Working conditions and supports: Child care jobs need to be good jobs, including predictable hours, sick leave, and ensuring there are additional supports for child care workers in addressing the needs of children and families.

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Career pathways: Current career pathways are not supported with community-based training; they are unrealistic with little to no support for formal education attainment; higher education programs are not accessible for the current workforce; no articulated ways of advancing in one's career; Family, Friend, and Neighbor care providers have little access to professional development.

Recruitment and Retention: One-quarter of the workforce turns over annually, meaning that 25% of the workforce needs onboarding and new training annually; many programs cannot find staff that meet licensing requirements to hire.

Parents

There is no easy way for parents to *find* openings or for providers to *report* openings.

Eleven percent 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.

Seventy percent of child care financing comes from parents. The high cost of child care is prohibitive for many parents. Even parents who receive a subsidy have unaffordable co-pays in Oregon. (Pratt, Study C.)

In recent years, Oregon has ended the biennium with a surplus in the Employment Related Day Care program even while most Oregon families cannot afford child care. The surplus is due to under-enrollment in the program caused by requirements that create barriers for parent and provider participation.

Parents can suffer lost wages, damaged or delayed career paths, and inhibited earning potential over time, affecting potential financial security and stability at retirement, as a result of unavailable, deficient, or unstable child care, that disproportionately impacts those who are already marginalized or disadvantaged, the worst.

Employers and the Economy

Child care work allows all other work to happen. Child care is a *linchpin* – it is *necessary* – for economic recovery and economic growth. Oregon employers and Oregon's economy suffer from lost productivity and job disruption that results from unavailable, deficient, or unstable child care. Failing to adequately support early childhood development at the *front* end, operates as a long-term drag on the economy, from the weight of substantially increased societal costs on the *back* end. Lack of affordable, accessible, quality child care has a ripple effect on the whole economy.

***COVID-19*.**

The current worldwide Coronavirus pandemic has exacerbated the child care crisis. Without access to a sufficient supply of safe, affordable, quality child care, Oregonians will not be able to return to work; economic recovery will stall, worsen, or fail; and the future, the potential, of more and more children, will be deprived or damaged.

RECOMMENDATIONS

In this section, the Task Force has organized its top ten recommendations in order of priority from highest to lowest, followed by additional or more detailed recommendations broken-out by subject area.

Top Ten Recommendations, from Highest to Lowest Priority

[solicit members to create this section, to rank the recommendations they deem most important, per in-meeting discussion on November 3rd; or, organize each section below in order of priority; or both?]

General

Provide equitable access to developmentally appropriate, culturally relevant, and inclusive child care for children and families across race, ethnicity, language, geography, disability, and income (like Raise Up Oregon[10]) in order to support:

- Child development (tomorrow's workforce), and
- Oregon's economy (today's workforce).

Prioritize the neediest, the most critical, the most vulnerable children and families first.

Conduct a thorough review of regulations from the perspective of a self-supporting preschool to identify where there is room for relaxation or slack, particularly around hiring mothers in small communities, and the unworkability of age cutoffs. Consider relaxing or gradually relaxing regulations based on size. Consider allowing classrooms to combine. Consider a statewide pool of substitutes.

Have local, centralized, child care regulation experts available to connect parents and providers, navigate licensing and other regulatory matters, and facilitate relationships.

Eliminate or significantly reduce delays in the receipt of subsidies. Eliminate or significantly reduce all administrative waiting periods – for subsidy payments, for paperwork – delays and waiting periods are financially detrimental.

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Make child care available at all other times for all other ages – not just K-12 age, during school hours, during academic years: off hours, before and after school hours, summer months.

Make “211” appear at the top of any results generated by any internet search engine when individuals search for “child care.”

Implement a “no wrong door” policy so that, to the extent possible, every time a parent interacts with a public entity – such as health care providers, schools, state agencies like the Department of Transportation or the Department of Human Services – there is a link to “211” or a question on an intake form that connects the parent with child care information.

Use existing public buildings to provide child care for the most vulnerable families, especially on weekends and after hours.

Require school districts to be more proactive on behalf of 5-12 year olds.

<u>Child Care Businesses</u>

Align reimbursement rates with the actual cost of care and pay upfront. Use an alternative method to determine Employment-Related Day Care (ERDC) rates that shift to a cost estimation that determines a rate based on the actual delivery of care rather than based on current market rates.

Eliminate or reduce parent copays. Permanently waive parent copays or revise how parent copays are determined with a specific focus to reduce the high copays in rural Oregon.

Use contracted slots. Explore the expansion of contracted slots, such as those administered through Preschool Promise and Baby Promise[11]. The contracted slot payment could follow the child to whatever location is selected by families that are part of the network.

Provide an automated, centralized web portal to access the ERDC system: for eligibility determinations, provider information, and payments, that enables communication between providers, parents and program staff. Access to child care should be centralized for families to find and receive assistance and for providers to receive payments from the state, all through one access point. Explore piloting automated to provider-based child care management systems (CCMS) so that ERDC billing can be electronically processed and tracked to increase efficiencies and simplify the process for families and child care programs. Also, automated systems will align referral availability of child care slots. This is possible by enabling open academic

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performance indexes (APIs) with software vendors (such as Wonderschool[12]) or creation of a secure, web-based database.

Embed supports for providers: including funding, for startup costs and business planning services - this needs to be shown as a profitable business in order to incentivize providers; co-learning opportunities; supports for providers that care for kids with special needs; embedding trauma practices and supports for families.

Reduce and eliminate barriers for child care businesses. Coordinate program administration for providers in multiple programs. Make state and local regulations consistent to reduce barriers (timeliness, costs, streamline regulations to start up a business, and a regular review of child care licensing requirements and exemptions). Reduce barriers for opening and maintaining child care businesses, while protecting children's health, safety, and development.

Relax licensing requirements. Consider a regulatory review of licensing requirements with a focus on expanding access and ease of burden for providers to initiate a childcare business.

Streamline background checks. An exploration of solutions is needed so that background checks are conducted in a timely process and are transferable across all education-related settings. This would not only enable a shared substitute pool but would also save time and money for all involved.

Allow short-term substitutes. Consider allowing short-term substitutes that would enable a substitute to work without meeting the teacher requirements (modeled after the South Coast Education Service District that provides this approach for K-12 substitutes[13]).

Allow / credit on-the-job training. Embrace job-embedded professional development to enable training to occur on-site, under supervision, while working towards the teacher requirements. This builds on a state-of-the-art approach embraced by leaders in the field of early childhood education, such as the Ounce of Prevention[14], the University of Chicago[15], EarlyEdU at the University of Washington[16], the Lastinger Center for Learning at the University of Florida[17], and others.

Convene an agency-led work group. Require the establishment of an agency-led work group with diverse stakeholders to review and streamline current child care business licensing and regulation to reduce barriers and improve supports. The workgroup should include parents who access child care (subsidy), child care providers

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who utilize child care subsidy, organizations that advocate for child care subsidy with the state legislature and Congress, and individuals/organizations with expertise in business, land use, local government regulations that impact child care providers, and how other states have approached child care business regulation. A national expert or consultant could assist with facilitation. The goals of the workgroup should include:

- Review licensing requirements for various child care settings and communities around the state;
- Suggest statutory changes to create a single clearinghouse for child care businesses to start-up that reduces local regulations and multiple state agency approvals that are barriers to standing-up new businesses;
- Align background checks across programs that care for children; and,
- Review quality improvement measures for child care providers.

<u>**Child Care Workers**</u>

Pay fair wages that reflect the value of the essential service provided. Pay child care workers fair wages and support their professional development. Better wages for the early childhood education workforce will elevate their importance and compensate them for their vital work. Higher wages result in better retention and better service delivery.

- Strategic financing for the field needs to require or target increasing wages.
    - ERDC/ child care subsidy payments based on the cost of providing care, not market rates, and including a robust wage/benefit structure;
    - Utilizing contracting/grants for child care that include wage requirements,
    - Expanding salary scales into all child care programs funded with public dollars
- In the short term, the use of contracts should be expanded to reach a living wage standards
- Explore shared services models to increase ability to offer benefits to employees (e.g., insurance/retirement pools)
- Ensure financing covers paid time off for professional learning

<u>**Make child care jobs good, stable jobs.**</u>

- Address intermittent scheduling – fix payment policies in subsidy (enrollment vs attendance) so that staff can be guaranteed hours/wages/benefits
- Create a substitute pool – support paid leave, paid professional learning (pre-service and in-service)
- Establish a cadre of mental health consultation so child care providers can draw upon experts to support children and families who need support and referrals regarding mental and behavioral health issues

Create career pathways.

- Redesign career pathways in partnership with child care workforce and ensure Oregon Registry Online adapts to new career pathways
- Work with higher education institutions to create programs that honor and count the experience of the current workforce, respect BIPOC child care workers and address bias and racism in higher education programs
- Create robust scholarships for new workers and those returning to school and ensure institutions provide access to programs that contain the supports that meet the physical, socioemotional, learning, and other practical needs of students (e.g., offer child care, funding for transportation)
- Use technology to increase access to training/degree/credential programs
- Support the digital literacy, access to equipment for child care workers
- Increase the number, quality, and affordability of community-based trainings
- Ensure that Family, Friend, and Neighbor care providers have access to relevant professional development for their context

Increase retention and recruitment efforts.

- Implement the above recommendations in compensation, working conditions, and career pathways in order to make the field a better place to work
- Include workers in a design of a campaign about respect for the profession and the opportunities available (funding is available in ELD current professional learning funding through SSA)
- Create pathways earlier in the education pipeline to attract new, diverse educators to the field

Funding / Costs

Equate child care with education and treat it accordingly. Acknowledge and embrace that child care is as essential and foundational for children, families, and society as K-12 education is, and build a publicly-financed, universal child care system consistent with that understanding that more closely mirrors what exists in K-12 education.

Update statutory language to more clearly articulate the above acknowledgment, the goals of the child care system, and goals for financing it, including:

- Affordability and accessibility for families
- Sustainability for child care providers
- Culturally relevant, inclusive, and developmentally appropriate care for children
- Expanding eligibility for child care assistance to children:
  - up to an income level where parents can afford child care independently;
  - regardless of immigration status;

- with developmental and intellectual disabilities; 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, respite care, etc.).

- Ensuring children are eligible for child care assistance for a minimum of one full year to ensure continuity of care for children, parents/caregivers, and providers.
- Increasing the rates paid to child care providers to reflect the true cost of providing developmentally appropriate, culturally relevant, and inclusive child care, regardless of location (i.e., statewide rates and not a separate rate for rural areas.) (Pratt, Study C).
- Appropriately differentiating rates 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 that parent copays are not a barrier to receiving child care assistance and that they 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)

Secure adequate funding in the first instance, but ideally, significantly increase public funding.

Spend existing funding well / more effectively in the immediate future by creating a *quality* child care assistance program that works well, even while, at the outset, it may serve only a small fraction of eligible families.

Protect current state investment in ERDC in the 2021-23 budget. Federal Child Care and Development Block Grant funds (CCDBG funds) require Oregon to meet a Maintenance of Effort (MOE) requirement, and a small General Fund cut to ERDC would bar the state from receiving supplemental CCDBG dollars in a federal recovery package. The federal government prohibits using CCDBG funds to backfill General Fund cuts to ERDC. Oregon must maintain state funding to ensure it can take advantage of increased federal investments.

Support the federal Child Care for Working Families Act[18] for a state-federal financing partnership, rather than relying solely on state General Fund dollars.

Support improved administration of child care subsidy, including:

- Aligning subsidy payments with tuition payments (i.e., pay providers at the beginning of the month, based on enrollment not attendance.) (Pratt, Study C.)

[18] https://www.congress.gov/bill/116th-congress/house-bill/1364/text

- Adequately financing state infrastructure needed to support continuous quality improvement across provider types and regions, including agency infrastructure, CCR&Rs, and Early Learning Hubs.
- Financing a state strategy to support shared services approaches as a critical support for smaller providers to become more financially sturdy. (See Wisconsin's RFP for shared services.)

Identify state and federal opportunities to increase public investment in child care to ensure that:

- Child care is accessible to infants-toddlers, preschool age, school age, and older children significantly impacted by disability.
- Solutions to increased child care access take into account the diverse and unique qualities of each community, including race/ethnicity, language, geography, income, work and other care needs, and single parenting. (Pratt, Study B.)
- Publicly financed child care is safe, healthy, and has support for quality in place.
- Families not currently eligible for child care subsidy can afford care (including further review of child care tax credits, expansion of direct subsidy, employer incentives, and other possible approaches). *[There were differences of opinion on the topic of child care financing approaches beyond subsidy in small group discussion because tax credits, even when refundable, only pay out once a year and therefore can be ineffective in supporting families and child care providers from balancing their budgets month to month.]*

<u>Governance</u>

Consolidate / centralize administration of child care programs. ERDC and Inclusive Partners should be moved to a newly reconfigured Child Care and Early Learning Agency to house and coordinate all child care functions in state government. Housing all child care functions in one agency allows the state to:

- Coordinate current state and federal funding and make targeted and equitable investments to better serve those children least likely to afford or find the care they need;
- Braid programs together for families rather than families navigating multiple programs in different agencies; and
- Reduce provider efforts to receive state payments from multiple agencies.

Oregon, through Employment Related Day Care (ERDC), is the largest single purchaser of child care, which affects the financial sustainability of child care providers, subsidy recipient families and the child care market as a whole. In order for the program and a new agency to succeed, relevant statutes and rules will need to be updated to ensure that:

- Assistance is available for children when care is needed regardless of the parent activity;

- Family copays are lowered (they are now the second highest in the nation)
- Payment processes are revised to increase provider participation in the subsidy program;
- One year of continuous eligibility is provided; and
- All income-eligible children are served regardless of documentation status or changes in parent's work schedules.

Consolidate governance *in advance* to be ready for potential federal and state investment, in order to derive the greatest benefit for Oregon children and families. Bring the financing for childcare into one agency to allow for a more cohesive spending and regulation strategy to improve child care supply overall and braid funding streams together to utilize multiple funding streams to serve one child comprehensively. One administrative agency could:

- Ensure financing policies and practices are the most strategic and effective to increase supply, stabilize child care, attend to the diverse needs of parents, and support child development; Streamline collection and tracking of data and information needed to respond to supply and demand;
- Clarify administration of multiple programs (i.e., Preschool Promise, Baby Promise, Oregon PreKindergarten/Head Start, etc.[19]);
- Identify the cost of care that meets needs and allows easier blending of funding streams;
- Streamline support for local infrastructure to support child care quality and access, including Child Care Resource & Referrals[20] and Early Learning Hubs;[21] and
- Improve implementation of existing funds as follows:
    - Update payment policies for providers to ensure payments are timely,
    - Align regulations and requirements across funding streams to enable blending and braiding of early care and education funding,
    - Update reimbursement rates to reflect the actual cost of care,
    - Increase utilization of child care contracts to stabilize and increase child care supply,
    - Provide for true continuous eligibility for a minimum of 12 months,
    - Further the development of a professional learning system for early care and education, and
    - Develop child care business support, such as shared services approaches that increase technology and automation and increase child care stability.

Modernize and centralize the collection and maintenance of information. A new data system and the capacity for data collection and analysis is needed. One content management software system housed within the state's child care agency to collect data on need versus supply; to help families find care and allow providers to report

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openings with ease. Better data collection will enable more accurate information to be shared with families, providers, program administrators, and decision makers. Start with systems needed for the new Child Care Assistance program (currently ERDC), with better enrollment and payment functions than the current system, and ensure data collection is built in pieces needed to equitably serve children, families and providers. ELD should collect input from stakeholders on the needs from a new system or a more formal oversight group. The new data system needs to address eligibility/enrollment, provider payment, quality improvement tracking and data collection on supply/demand and equitable access to care.

CONCLUSION

[Highlight areas of strong agreement including: necessity of quality, accessible child care to economy now and in the future; need for increased investment; consolidating governance; streamlining/modernizing information collection and exchange; et al.]

REFERENCE MATERIALS