

To: House Human Services & Housing Committee
From: Dana Hepper, Director of Policy & Advocacy, Children's Institute
Date: Wednesday, February 20th, 2019
Re: Support for House Bills 2024, 2346, 2348, and 2349

Thank you for the opportunity to testify in support of improving access to safe, nurturing child care in Oregon. I am the Director of Policy & Advocacy at the Children's Institute. Children's Institute's mission is to ensure every child in Oregon is prepared for school and life. We see supporting quality child care as a critical piece of achieving our mission.

In the first five years of a child's life, their brains are developing rapidly. The safe, nurturing interactions they have with adults in these early years set the foundation for all future learning. Young children that have access to quality early care and education are four times more likely to graduate high school and have better health and social outcomes. Over half of young children age 0 through 5 have all available parents in the work force. For these children, a significant portion of their early development will be shaped by the experiences they have with their child care provider. This is why Children's Institute is glad to see a focus on child care by this committee, and why we are glad to support the legislative proposals to strengthen support for child care providers, expand access to child care for families, address affordability for parents, and create a taskforce to make recommendations to a future legislature to do more.

Children's Institute sees an urgent need to address the Infant-Toddler child care desert that exists in every county in Oregon. Baby Promise, as proposed in HB 2024, pilots a comprehensive approach, making care more affordable for families, increasing safety and quality for children, and bringing in more child care providers.

As an illustration of the crisis we face in child care for our youngest children, Children's Institute has worked with EcoNW to estimate the investment needed to serve the eligible population of children and families. This underscores the need for investment in child care and the need for a comprehensive approach that can be developed through a legislative task force. I will share quickly what assumptions we made to provide cost estimates for the unmet need.

- We focused on serving children 0-5. These estimates do not include children 6-12 or children with disabilities 6-18. We assumed 80% of eligible families would participate if the program was available.
- We focused on the existing eligible population. This includes families that have all available parents in the workforce and earn 185% Federal Poverty Level. This does not include an expansion of the eligible population, even though many families above 185% FPL struggle to afford child care.
- We assumed a moderate per-child cost. The Center for American Progress has done extensive research to determine the true cost of providing quality child care.

We made estimates using the midpoint between Oregon's current spending and their estimates for the cost of quality child care. (We did not use the even higher estimates from the *Transforming the Financing of Early Care and Education* report from the National Academies released last year.)

- We assumed affordability for families. The US Department of Health and Human Services recommends that parent co-pays for child care are no more than 7% of their family's income. We assumed families would pay 7% of their household income as a co-pay.

What did we find? On every measure, Oregon must improve access to care, funding for quality of care, and overall investment.

- Access: Only 17% of eligible families with children 0-5 have a child care subsidy. We estimate more than 36,000 children in low-income working families do not receive a child care subsidy and would utilize it if it was available.
- Funding for quality: Oregon currently spends an estimated \$6000 per year to provide child care subsidy for a family with a child under age 5. To actually fund a moderate level of quality in child care, we would need to at least double the state investment to approximately \$12,000 per year on average for 0-5 year olds for full-day, full-year child care. In addition, parents would contribute the remaining cost to reach a moderate level of care (not to exceed 7% of their income).
- Overall investment: Federal and state investment in child care subsidy for children 0-5 currently is less than \$50 million per year (\$100 million per biennium). In order to serve all eligible families with 0-5 year olds at a moderate level of quality, we estimate needing to invest approximately \$375 million in additional funding each year (\$750 million per biennium).

An investment in safe, nurturing child care for young children across Oregon would provide incredible return for all Oregonians. Businesses would have a more consistent and effective workforce. Parents would be better able to sustain employment and support their families. Child care providers would earn a more reasonable wage and invest those dollars back in their communities. And children would be more safe, nurtured, and supported in their early development. Thank you.