



Child Care That Works. For Every Family.

To: Interim Committee on Public Education Appropriations

From: Child Care for Oregon

Date: November 30, 2021

Chairs Frederick and McLain, members of the committee:

My name is Courtney Helstein and I am here representing the Child Care for Oregon Coalition (CCFO), a coalition of nonprofit organizations, labor unions, community advocates, parents, caregivers and providers working to build a comprehensive early learning and child care system in Oregon. Thank you for the opportunity to provide comment on the Joint Task Force Report. While the report covers K-12 through post-secondary education, I will be focusing my comments on the section titled "Early Learning Systems Goals".

A child's first educational experience outside of the home typically begins in a child care and/or an early learning setting, not kindergarten. Often, this is the first time children leave the care of their parent(s) or guardian(s) and interact with other non-sibling children in a structured setting. This introduction into social norms, regulating emotions, and academics is proven to increase a child's success when they reach kindergarten.

This is why seeing that less than a page of the report was dedicated to this critical piece of the child development and education timeline is concerning. And not just because of the importance of child care and early learning to children; we've seen the impacts of how the lack of investment and infrastructure in these critical systems has led to massive economic inequality for the disproportionately women of color who work in this field, and the long-term negative impacts we've seen on women's workforce participation and economic security.

In light of the importance of early learning and child care systems, we recommend that:

1. The legislature amend ORS 171.857 to require this committee to include Oregon's early learning and child care system in its reports moving forward.
2. The committee should amend this report to include determinations about funding adequacy for pre-k *and* child care subsidy programs. In her October 6th presentation to



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this Joint Committee<sup>1</sup>, Early Learning Systems Director Alyssa Chatterjee, outlined massive funding inadequacies for our early learning programs with only 30% of children eligible for OPK, Head Start, or Preschool Promise currently being served. Additionally, in our state's child care subsidy program--Employment Related Day Care--less than 20% of eligible families are served. Funding inadequacy is clear here and should be included in this report.

Nationally, the child care and early learning industry has suffered devastating effects of the pandemic. Pre-pandemic, all counties in Oregon were child care deserts for at least one age group. COVID funds were used to send direct grants—life lines—to these providers working under difficult financial conditions: reduced ratios, heightened safety measures, inconsistent enrollment. These grants were geared toward preserving child care supply and keeping providers operating. Operating grants did help many providers survive the height of the pandemic; however, Oregon has sustained a loss of about 20% of pre-pandemic supply, increasing the number of children lacking access to a care slot.

What can the Legislature do right now to improve child care and early learning access for families? Child care and early learning need a boost that recognizes that no economic recovery can occur without the infrastructure of Oregon's child care and early learning industry. A boost that recognizes child care's role in supporting K-12 education, the decades of financial scarcity rendering child care businesses nearly (and often) inoperable, and that actually invests in supply, our providers and educators, and the new Department of Early Learning and Care created by the legislature with the passage of HB 3073 in 2021.

We cannot just build back the broken system of the past. We need to build back better. With current and likely significant future federal investments available to child care and early learning, we can begin this process in 2022 by making strategic investments to not just stabilize but to begin expanding the child care and early learning workforce and infrastructure and better prepare for likely massive federal investments in the near future.

First, we must improve child care subsidy rates to the 2020 market rate survey's 90th percentile. These percentiles in theory allow subsidy parents to purchase the equivalent percent of child care

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<sup>1</sup> <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/250010>



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slots in their community. However the study lags two years behind. Careful analysis of past data shows that implementing the most recent 90th percentile actually allows parents to purchase at least 75% of the current market rates due to the two year lag in data. In order for the Legislature to provide subsidy parents the ability to purchase 75% of the current slots available, we must offer subsidy reimbursement rates at the 90th percentile of the most recent survey from 2020.

Second, increase child care and early learning slots through new provider grants. As mentioned earlier, we had insufficient child care supply before the COVID-19 crisis, and that problem has only been exacerbated. Without investing in new providers and helping existing providers expand, we are unable to meet current demands and will be even further behind when implementing new state, and likely federal, expanded eligibility to child care and early learning subsidies—which could bring more than 275,000 new children into our state’s early learning and child care system. Oregon must encourage and provide the necessary support for new providers to come on-line and existing providers to expand.

Child care is an expensive business to start-up as there are high facility and staffing requirements due to necessary health and safety standards, and child care business plans fail to meet the financial thresholds most landlords require. New provider and expanded capacity grants will help those willing to expand their current business or start a new child care and/or early learning business. These programs have also seen success. The San Francisco-based Low Income Investment Fund, has created a fund for grants for new and expanding providers<sup>2</sup> that has resulted in the creation of 273,000 new child care slots with a monetary benefit impact to families and communities of \$29.1 billion.

Third, recruiting and retaining our current child care workforce is necessary to address a dwindling supply of labor in this important and specialized field. Child care workers are doing difficult, but essential work; while continuing their education to maintain working in this field. However, they are paid some of the lowest wages in our state. A 2018 Oregon workforce report showed child care provider wages hovering slightly above minimum wage in center settings. And Oregon in-home child care providers earn less than minimum wage as owners/operators.<sup>3</sup> Early childhood

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<sup>2</sup> <https://www.liifund.org/about-liif/our-impact-2/>

<sup>3</sup> <https://familyforwardoregon.org/wp-content/uploads/2019/09/FFO-Child-Care-Report-2019-REV.pdf>



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education and care is essential to our children's growth and development, and to our entire economy—and should be valued as such. Creating a child care educator wage enhancement grant system is critical to recruit and retain this skilled workforce, while supporting affordability for parents. Parents and child care operators will never be able to fully compensate child care providers for their efforts and skills alone, as the fair wages the workforce deserves far exceed established affordability standards for parents. Oregonians need to recognize this industry is more similar to public education and must have significant public funding to avoid greater market failures. A state compensation program that augments child care and early learning workforce salaries, and escalates based on experience and education, is necessary to retain and grow the workforce needed to allow all other industries to operate.

Fourth, we need to provide staffing necessary to ensure the newly formed Department of Early Learning and Care (DELIC) has the resources necessary to form this desperately needed agency. Combining all child care and early learning programs and implementing a comprehensive funding strategy is essential to building supply and breaking from past purchasing strategies that diminished providers' financial viability. To establish an agency with the necessary centralized functions, the ability to scale its services in the future to better support providers, families, and children, DELIC estimates it will need a 2022 investment of about \$13-15 million for expanded staff capacity, \$7-10 million for critical IT investments like a new Direct Provider Pay program to replace the archaic system the state has now, and up to \$15M for additional one-time HB 3073 implementation costs that the agency expects to outline in more detail in the coming week. These DELIC investments are critical to the continued implementation of HB 3073.

These four investment priorities for 2022 are necessary now to move toward building back the child care supply needed for Oregon's families to meet their needs and for Oregon's full economic recovery. The Child Care for Oregon Coalition looks forward to working with you to continue to elevate early learning and care as an important piece of Oregon's educational and care infrastructure. Please make these necessary investments in Oregon child care and early learning access, supply and workforce development.