FAMILY FORWARD OREGON

Smart policies for today's families.

Testimony for the House Committee on Early Childhood
February 22, 2021

Chair Power, Vice Chair Reynolds, Vice Chair Zika and Members of the Committee,

My name is Andrea Paluso, I am the Executive Director of Family Forward Oregon. We are an organization that organizes mothers and caregivers and prioritizes changing systems to better support care and caregivers.

In our work with mothers, families and caregivers over the years, reliable access to high-quality, affordable child care has emerged over and over as one of the most pressing issues facing families all over our state. This has only been exacerbated during the COVID pandemic, where it has become clearer than ever that child care is essential to family economic security and to our wider economy; but also how vulnerable our child care systems, and the families and providers who rely on them, are.

This is due to a systemic lack of investment over time in building care infrastructure; the essential services and workforce that are needed to ensure that our families are well cared for and able to participate meaningfully in our economy.

With child care we see a clear example of a market failure. Quality child care is too expensive for many families to afford and yet child care professionals are some of the lowest compensated workers in our state. Closing that gap requires intervention by our state. We do not have sufficient child care supply in any county in our state, all were child care deserts for at least one age group of children before COVID because we do not have sufficient workforce or facilities to ensure every family that needs care can access it. Again, this has only been exacerbated during COVID — where we have lost close to half of our pre-COVID child care supply. We will not be able to rebuild without a plan to address these challenges.

We have seen the impact this, combined with other factors, is having on maternal employment. Women account for the majority of jobs lost during the COVID crisis, though there has been a clear disproportionate impact on Black and Latinx mothers who are losing more jobs, and remaining unemployed longer. Without concerted focus, I worry that national and state efforts toward economic recovery will miss the mothers who have been most impacted by this crisis—prolonging the impacts of this recession for their families—if we do not prioritize concerted efforts to rebuild our child care sector and reduce all potential barriers to receiving the child care support they need.

One of the strengths of our state's child care system is that we have acknowledged the importance of supporting care in a diversity of settings to support parent choice in finding the right fit for their child and their family. This includes supporting providers in providing high-quality care at centers and in family-home settings as well as by friend, family and neighbor (FFN) providers. The problem is that we simply don't have enough providers in any of these settings to meet the needs of our families.

Currently, we lack a long-term and comprehensive plan to address this crisis to scale. However, there are a few bills before you today that aim to respond to this crisis, organize our state's response, and begin the process of building the system our state's families and providers need.

HB 3073 combines the administration of our early learning and child care programs, creating a new Early Learning Authority. It is essential that we begin to have a coordinated state response to our child care crisis. Combining the administration will help our state to streamline programs, funding, administration and other factors to ensure it is easier for our providers and parents to navigate existing programs and supports. However, I hope this new agency will also be able to help stakeholders and our legislature to create a vision for a more comprehensive approach to early learning and child care — one that can identify gaps and build action plans to close them.

Additionally, with the continued investment at the federal level in child care, through COVID aid and other systemic investments, we need to better prepare our state to administer increased funding in a more streamlined way that prioritizes the needs and well-being of our providers and our families.

HB 2503 addresses some problematic issues in our Employment Related Day Care (ERDC) program, issues that prevent continuous access to child care for families earning low incomes and that also jeopardize the economic security of the providers serving these families. It is clear that continuity in child care is critical to children. They do better when they have consistent, safe and quality care arrangements. This continuity is also critical to parents, who rely on child care to work. Many of our families earning low incomes work in unstable work arrangements that change frequently, and yet this program—which was designed to serve them— still has work, income and co-pay requirements that are a complete mismatch for serving these families with any consistency. And finally, providers working with ERDC-eligible families are paid less than the true cost of quality care, are waiting a few months to receive compensation from the state for services they've already rendered, and are penalized by attendance policies that jeopardize the continuity of their income.

You have probably heard that child care is unaffordable, but let me say more about what that means. Before the COVID crisis (and costs have only increased during this crisis):

- Child care for two children — an infant and a 4-year-old — costs $20,109. That's 2 times the average rent in Oregon.

- The Department of Health and Human Services created a standard that suggests that "affordable" child care means care that costs no more than 7% of a family's income. Even at a higher standard of 10% - only 22% of Oregon families have incomes high enough to access "affordable" infant care.
- Infant care in Oregon costs, on average, 31.4% more per year than in-state tuition for a 4-year public college.

Even for families receiving ERDC, the co-pays they are required to pay to access the subsidy is often cost prohibitive to remaining in quality care. Oregon has some of the highest copay rates in the nation for subsidy-eligible families, and these co-pays are paid on top of rate differences between what care costs and what providers can charge the ERDC program. Families could be paying as much as 20-30% of their income in just a co-pay in order to access the subsidy. This has the impact of forcing families out of a program that should be helping them access higher-quality care and into more tenuous and often lower-quality arrangements.

HB 2503 will:

- Ensure affordability for parents by capping copays for eligible families to no more than 7% of their family's income.
- Increase the flexibility of the program for parents to utilize child care assistance outside of working hours; covering periods of unemployment or underemployment, encouraging the utilization of education and job training programs; and prioritizing the continuity of care for children over punitive disruptions in care during breaks in employment.
- Expanding access to ERDC for all children who qualify and need it; regardless of their documentation status.
- Protect eligibility for children and families for at least one year, prioritizing the continuity of care for children and increasing financial stability for our child care providers.
- Provide increased financial stability to providers by paying based on enrollment at the beginning of the month—not attendance after services are rendered, and moving toward a program that sets rates based on the true cost of care rather than putting ERDC providers into an unsustainable financial model. This not only assists with provider financial stability, but also ERDC clients' ability to access care, as they are competing with private pay families in a market with limited supply.

The stability of our child care workforce affects our children's ability to feel secure and to establish the bonds they need to grow and thrive - not just while in care, but well into the future. Yet in Oregon, we see an annual turnover in the child care workforce of between 25-30%. We know this is primarily driven by low wages and the inability of providers to make ends meet.

Recruiting a high-quality workforce requires good compensation. Before the COVID crisis (and utilizing our most recent data), average wages hover around $11-12/hour.

- While child care and early education providers at a center typically make between $25-35,000 annually, that is still only $12-16/hour.

- Family child care providers' wages are substantially lower, with a median wage of around $5.60 an hour for the work in their own homes caring for children other than their own.
    - These wages are below the minimum wage, but this is possible (and, in fact, common across the country) as in-home providers are running businesses and hence not "employees" that must be paid at least the minimum wage.

The state is an important actor in this market, both as a regulator and a source of subsidies—and it bears some responsibility for the low pay and contributes to our very low child care supply. It is going to be essential that, over time, we develop compensation approaches that compensate providers for the cost of providing high-quality care; not just perpetually and reinforcing lower rates through market rate approaches.

The challenges facing our child care system are many and we are sure they cannot sufficiently be addressed in this hearing today. But we'd like for you to hear about the breadth and severity of this crisis from some people who work in this field and from parents and providers whose first-hand experiences will help illuminate some of the challenges we need to face. Both with the bills in front of you today are essential first steps in solving the child care crisis, and necessary to signal a longer-term commitment to resolving this crisis for Oregon.

I encourage your support of HB 3073 and HB 2503. Thank you for your time.