

# SYSTEMIC INEQUITIES OF CHILD CARE IN RURAL OREGON

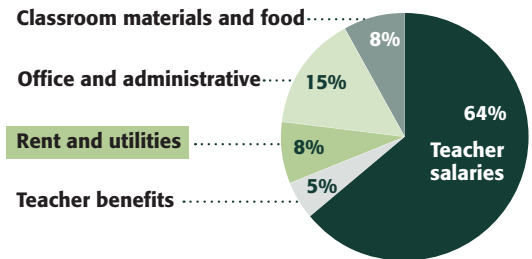
## NEED 1: Cost-Based Reimbursement Rates

Currently, public reimbursement (state share) is based on the **market price** of child care rather than the **cost of delivering it**. As a result, public reimbursement simply mirrors (and even enhances) systemic inequity. The price of child care varies widely between urban and rural areas in Oregon, but the cost does not vary significantly. Wages are by far the largest cost driver, and they are remarkably similar in both rural and urban settings. The cost gap in rural areas is so large that sustainability is virtually impossible.

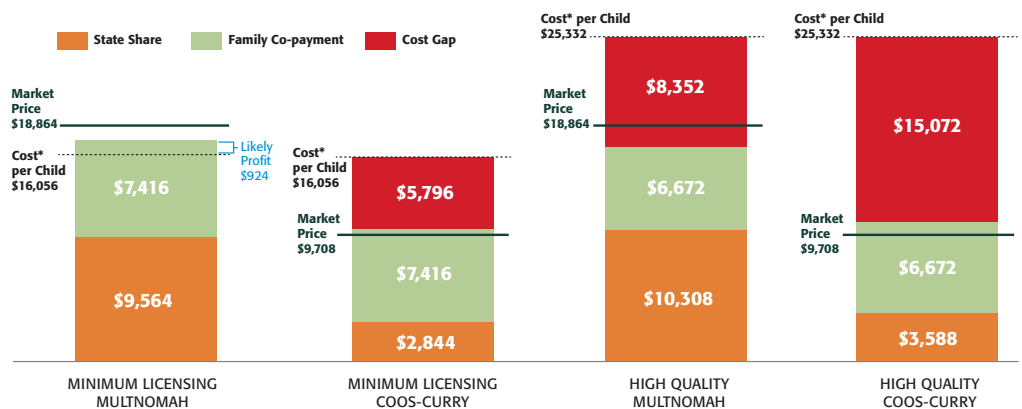
**In short, the current approach to child care rate-setting consistently disadvantages babies and rural areas.**

### WHAT FACTORS INTO THE COST OF CHILD CARE<sup>1</sup> IN OREGON?

The main difference in cost between urban and rural child care in Oregon is the cost of rent, however rent and utilities make up only 8% of the total cost.



### Comparing Infant/Toddler Child Care Costs | SINGLE MOM+CHILD@\$30K

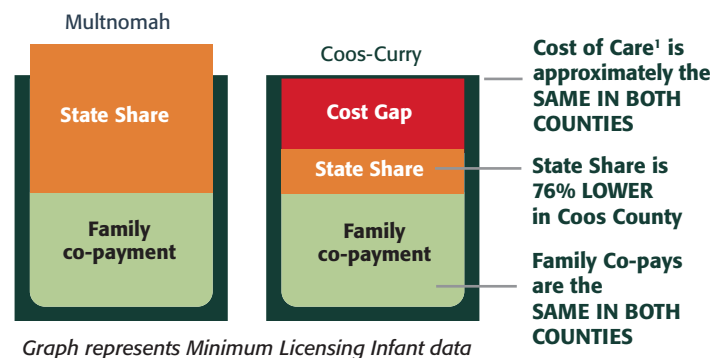


### RECOMMENDATION: Use a cost-based model to calculate reimbursement rates.

The Oregon Department of Human Services is currently conducting a child care provider survey to gather data needed to model the likely cost of child care. It will be important to ensure that sufficient data is obtained from rural areas of the state, so that cost models include accurate assumptions about cost variance. These data will be vital for future rate-setting among publicly funded Early Childhood Education initiatives.

## NEED 2: Lower Family Co-Payments and Equitable State Share Payments Across Regions

Child care costs more than the average U.S. family can afford—especially when that care is for infants or located in rural neighborhoods. The family co-payment in the Oregon child care subsidy program is too high, and it does not align with the state share. The policy fails to ensure equal access to care and has resulted in system inequities for rural families for a long time. ODHS has currently waived publicly mandated co-payments due to the COVID pandemic. If the co-payment policy is reinstated, significant reform should be considered.



### RECOMMENDATION: Permanently waive or significantly lower co-payments for families who receive child care assistance and make state share payments equitable across regions.

<sup>1</sup> Cost per child from Center for American Progress <https://costofchildcare.org/>

## NEED 3: Stable and Consistent Funding, Based on Enrollment and Administered as Slot Contracts

To provide high-quality early learning, child care centers and homes need consistent and reliable funding. This is particularly crucial in rural areas where budget margins are thin. Currently, ODHS assistance is based on daily attendance, which increases administrative burdens on child care providers. During the pandemic this policy has been waived, but child care centers need to know in advance how many of their slots will be paid in full for the entire year.

**Child care centers need to know in advance how many of their slots will be purchased by government and assured that those slots will be paid in full for an entire year.**

### RECOMMENDATION: Stabilize funding for child care centers.

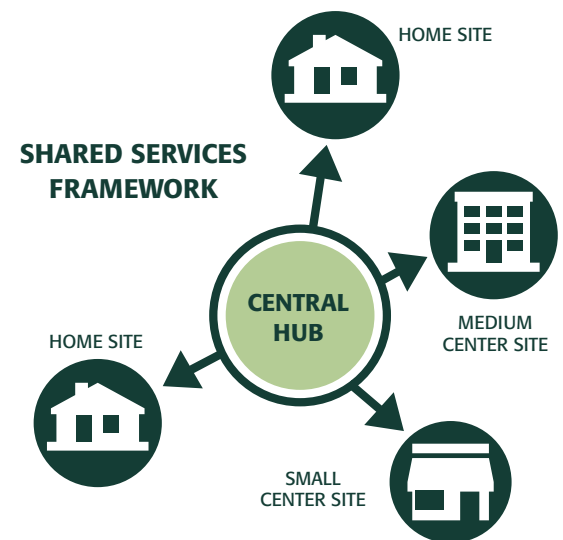
- Base child care assistance reimbursement on a child's enrollment rather than daily attendance.
- Negotiate slot contracts with a Shared Services Hubs on behalf of a network of participating providers.

## NEED 4: Support for Provider Networks Structured as Shared Services Alliances

National cost modeling has underscored that to be financially sustainable and offer high-quality services, a child care center needs to serve at least 100 children. This level of scale is simply not possible in rural areas—at least not in a single site.

### RECOMMENDATION: Support provider networks.

Support efforts to launch and scale a statewide strategy for linked, regional provider networks, based on a Shared Services framework that includes family child care and small centers across the state.



Having a central network hub allows child care centers and sites to SHARE SERVICES such as:

- Billing and bookkeeping
- Marketing and enrollment management
- Payroll and HR support
- Staffing and recruitment
- Professional development
- Janitorial and maintenance services

## NEED 5 : A Regulatory Framework Appropriate for Small Sites, Like Micro-centers and Learning Hubs

Early Childhood Education programs in rural areas are further challenged by licensing and quality rules designed for large child care centers. A new, emerging category of child care called micro-centers may be a better fit. Oregon could learn from states with licensing definitions that make it possible for small sites to succeed and maintain staff for mixed-age groups.

### RECOMMENDATION: Make regulatory framework appropriate for small sites.

Revise Chapter 414 of the Oregon Department of Education rule to permit small child care located in a non-residential setting to be licensed as a Certified Family Child Care Home.

*These recommendations are supported by a research report by Louise Stoney of Opportunities Exchange. The Ford Family Foundation commissioned the study. See the full report at [www.tfff.org/resources/publications](http://www.tfff.org/resources/publications).*