



## Oregon moms and caregivers fighting for gender, economic, and racial justice.

Feb 2, 2022

House Committee on Early Childhood  
RE: In Support of House Bill 4005

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

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

Federal COVID funds (\$224m) were used in Oregon to send direct grants to providers working under impossible conditions: reduced ratios, heightened safety measures, inconsistent enrollment. Operating grants did help many child care businesses survive the height of the pandemic; however, Oregon has sustained a loss of about 27% of our pre-pandemic child care supply, increasing the number of children and families lacking access to care to a point of true emergency<sup>1</sup>.

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. It also affects the economic stability and workforce participation of parents, especially mothers. Unfortunately, in Oregon, we see an annual turnover in the child care workforce of between 25-30%. 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

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<sup>1</sup> <https://www.bizjournals.com/portland/news/2021/09/10/working-families-scramble-as-child-care-providers.html>

pay and contributes to our very low child care supply; and is the only entity that can actually solve this ongoing problem. It is going to be essential that, over time, we develop rate approaches that compensate more providers for the cost of providing high-quality care; not just perpetually reinforcing lower rates through incompatible market rate approaches.

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. We will not be able to rebuild without a plan to address these challenges.

We can start the process of building toward a more secure future for child care with HB 4005, which will increase child care subsidy rates to the 2020 market rate survey<sup>2</sup> 90th percentile. These percentiles allow parents who utilize subsidies to purchase the equivalent percent of child care slots in their community. However, the study lags two years behind current rates, and does not offer enough compensation to both compensate providers adequately and to encourage more providers to participate in the ERDC program. 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, getting us closer to our intent in setting provider rates at the 75% percentile of the market in real time. HB 4005 moves our state to more equitable subsidy reimbursement rates for providers in this interim period while we also continue to transition to an alternative rate methodology that compensates providers for their true cost of providing high-quality care.

In addition to HB 4005, we must invest in new providers and in helping existing providers expand. If we do not take action now,

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<sup>2</sup> [https://health.oregonstate.edu/sites/health.oregonstate.edu/files/early-learners/pdf/research/2020\\_oregon\\_child\\_care\\_market\\_price\\_study\\_-\\_main\\_report.pdf](https://health.oregonstate.edu/sites/health.oregonstate.edu/files/early-learners/pdf/research/2020_oregon_child_care_market_price_study_-_main_report.pdf)



we will be unable to support the sector in rebuilding to even pre-COVID operating levels; and will be even further behind when implementing new state, and likely federal, expanded eligibility to child care subsidies. Demand for child care far exceeds our supply, and we need to invest in a range of multi-year strategies to build what Oregon families really need.

In 2022, the legislature must also invest in:

**Rebuilding our Child Care Supply (\$44M):** Capacity grants for new providers and those who seek to make expansions to their programs will help those willing to invest their energy and risk themselves financially to serve Oregon's children and families. 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 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<sup>3</sup>. Additionally, increased funding to our Child Care Resource & Referral network will help provide long-term support for newly opening facilities.

**Growing Oregon's Child Care Workforce (\$21M):** Child care businesses cite employee shortages and turnover of current staff as a barrier to serving more children needing care. Long-term we need to systemically address low wages in this sector. To address the urgent nature of this crisis now, providing direct relief payments to child care workers will help child care providers to recruit new employees and retain existing employees, as they continue to care for our children at great personal risk during the ongoing pandemic.

**Support the DELC Transition (\$4.3M):** To establish an agency with the necessary centralized functions and the ability to scale its services in the future to better support providers, families, and children; DELC needs a total investment of \$4.3 million.

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<sup>3</sup> <https://www.liifund.org/about-liif/our-impact-2/>



The challenges facing our child care system are many and will require phased and scaled investments over a longer period of time than just this year. And yet, investments this year are critical to putting our state on the right footing to strengthen and support this critical sector now and over the longer term. These are the essential next steps toward starting to build the child care supply necessary to support Oregon's economic recovery and stability. I encourage your support of HB 4005 and the larger child care investment package. Thank you for your time and consideration.

Sincerely,



Courtney Helstein

