

The State of Early Care & Education and Child Care Assistance in Oregon



December 2019

A report submitted by the Early Learning Division to the Legislative
Task Force on Access to Quality Affordable Child Care

Table of Contents

I. Introduction to Purpose of Child Care and Essential Issues of Access, Affordability, Quality and Supply	1
Cost of child care for parents.....	4
Compensation of providers	4
Supply of child care.....	4
Impact of quality.....	5
II. Overview of Key Components of Oregon’s Early Care and Education Subsidy Programs	6
III. Administration	9
IV. Funding	9
Over 70% of Oregon’s Early Care and Education is financed directly by parents	9
Oregon’s public investment draws heavily on federal revenue	10
V. Eligibility and Children Served	12
ERDC.....	12
ERDC policy choices	15
Eligibility for Preschool Promise, Oregon Head Start Pre-Kindergarten/Head Start, Early Head Start and Baby Promise.....	16
VI. Parental Copayments	18
ERDC.....	18
Copayments for other early care and education programs	18
VII. Who Delivers Services and Hours of Operation	19
Provider types and typical hours of operations	19
Child care licensing and regulation.....	20
Additional program standards	21
VIII. Rate Setting and Payment Mechanisms for Programs	22
ERDC Payment Rates.....	22
Provider rates for Preschool Promise, Oregon Head Start Prekindergarten/Head Start, Early Head Start and Baby Promise	23
Payment Mechanisms.....	23
IX. Professional Development and Approach to Quality	24
Workforce overview.....	24
Child Care Resource & Referral Agencies, the Oregon Registry and Spark	27
Additional Support for Quality Improvement and professional development	28
Endnotes	28



The Early Learning Division is submitting the follow report to the legislative Task Force on Access to Quality Affordable Child Care as instructed by HB 2346. This report is the first of three reports that are due to the Task Force and covers the current programs, policies, funding, and populations served by child care subsidies in Oregon. The report also addresses the professional development opportunities, accreditation and licensing standards and recruitment efforts for child care providers.¹



¹ The Early Learning Division is working with the Oregon State University Oregon Child Care Research Partnership to conduct the additional two studies required under HB 2346:
 (1) Study and prepare a report on the supply of and demand for child care by geography and household demographic information, including age, race and ethnicity and language spoken in the home.
 (2) Study and prepare a report on the barriers to accessing existing child care subsidies, including conducting voluntary interviews or surveys of families that have accessed child care subsidies in the past, families that access child care subsidies presently and child care caseworkers or providers who have assisted families with accessing child care subsidies.
 Reports on these two studies are due to the Task Force on June 30, 2020.

I. Introduction to Purpose of Child Care and Essential Issues of Access, Affordability, Quality and Supply

Child care plays two central roles for Oregon’s families: it enables families to work and supports the early learning and school readiness of young children.

Is there a difference between child care and early care and education?

The early childhood community does not make a distinction between child care and early care and education. Early Care and Education encompasses nonparental care birth to kindergarten entry, as well as before and after school care through age 12. Early care and education encompasses the care that occurs outside a child’s home, including child care centers, family child care homes, preschool programs, and Head Start/Early Head Start programs.

Family, Friend and Neighbor Care, Small and Large Family Child Care Homes



Head Start Centers



Child Care Centers, Community-Based Organizations, Including Culturally-Specific Organizations



Public Schools



Early Care & Education is delivered across a variety of settings.
This is why it is known as **“mixed-delivery”** system.

In this report, the two terms are used largely interchangeably. When the term “child care” is used, it will mostly be used to refer to early care and education programs that are primarily financed by parent’s tuition or parental fees.

Yet Oregon’s current system of early care and education is failing to meet either of these needs. Families across the state struggle to find stable, quality child care that meet their needs and when they can find it, it is often at a cost that imposes incredible financial burden on often already overburdened families. Oregon businesses are also reporting the impact of quality child care on their bottom line, as they struggle to find employees or as the effect of unstable, low quality child care arrangements causes workers to miss days and lose productivity.

Altogether, these challenges have a direct and lasting impact on children. Families are often forced to settle for lower-quality early childhood experiences, or to move children from one care arrangement to the next, undermining the attachments between children and caregivers that are so important for development and social-emotional health. And while high-quality early care and education programs help children develop the social-emotional, language and cognitive skills that will help them succeed in school, low-quality care does not have these lasting positive outcomes and has been associated with negative impacts on behavior.

Access to quality, affordable early care and education is an issue of equity. Zip code, income and race/ethnicity are powerful predictors of whether children and their families experience conditions that are optimal for young children’s development, including access to high-quality early care and education. Breaking the link between these inherited factors and life outcomes can only happen if we change the circumstances of families, which means changing the distribution of opportunities. Across the country, families with higher incomes participate in early care and education programs at higher rates and invest more in these programs. Disparities in access to high quality early care and education contribute to the disparities in outcomes and opportunities that are seen in K-12. Closing the gaps in access to early care and education will ensure that more children arrive at kindergarten ready to succeed.

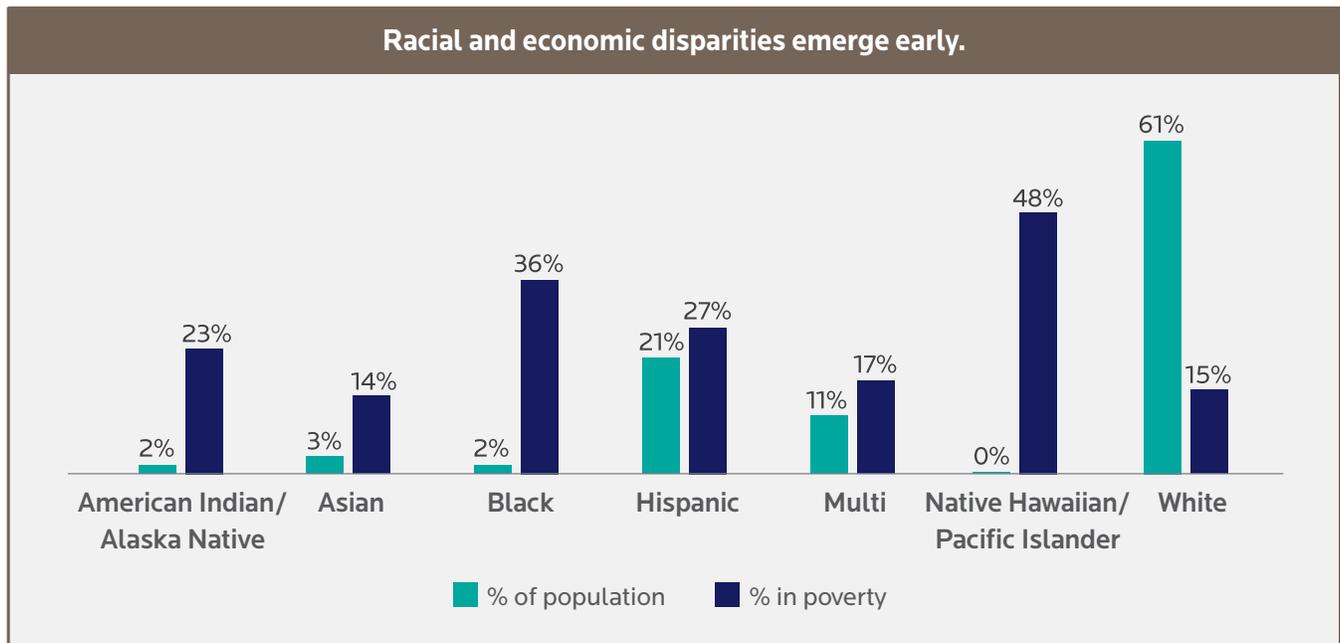
Figure 1. Equity and Access

Access to early care and education is an equity issue



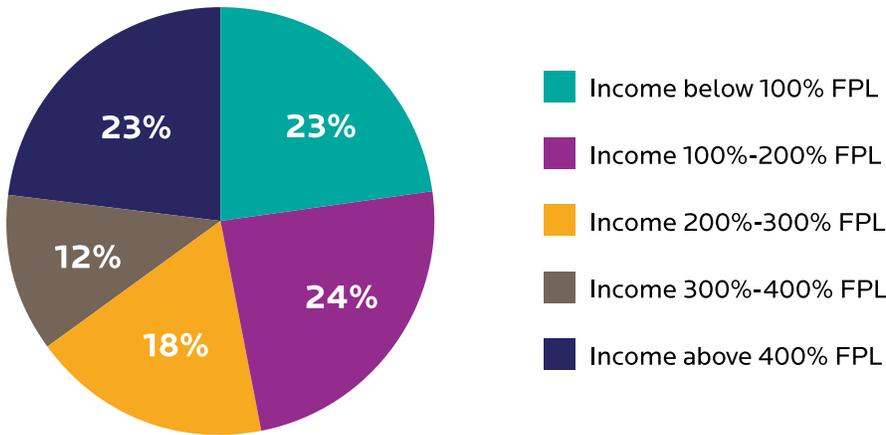
Zip Code, income, and race/ethnicity are powerful predictors of a child and family’s access to high-quality early care and education

Figure 2. Oregon children under five: percent of population and percent in poverty by racial/ethnic group



There are over 236,000 children in Oregon under the age of five, with almost half of those children living in low-income families earning less than 200% of the Federal Poverty Line (FPL), \$42,660 for a family of three.

Figure 3. Income distribution for Oregon families with children under 5

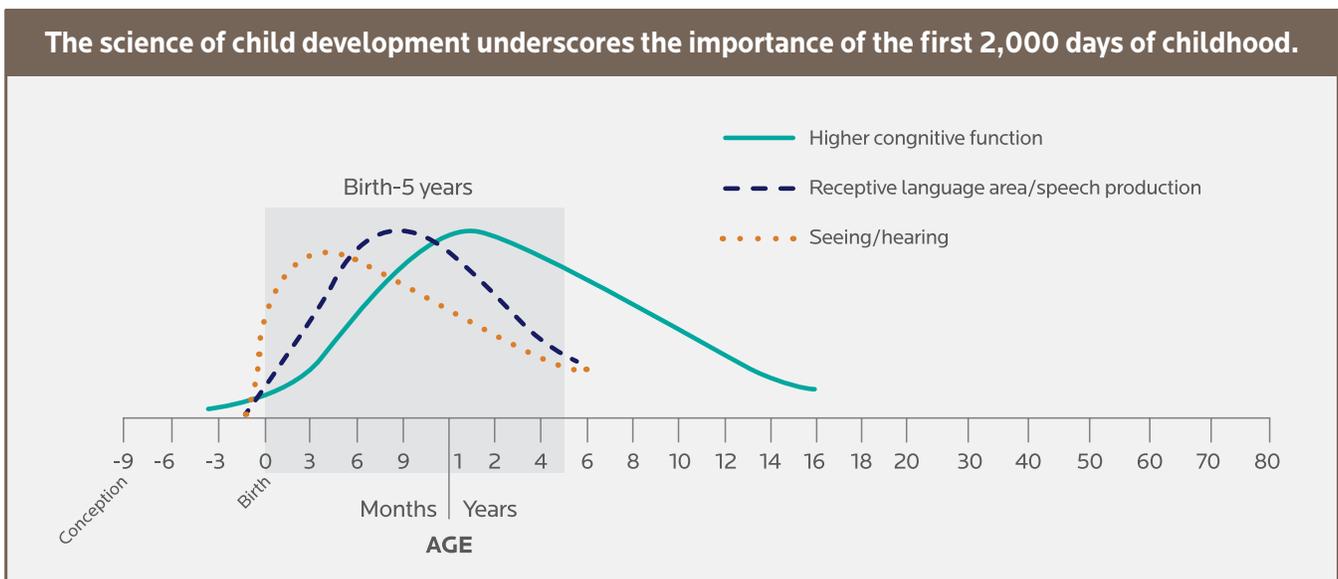


Source: Ajay Chaudry, Christina Weiland and Taryn Morrissey. "A comprehensive plan for birth-to-five early childhood care and education services in Oregon." September 2019.

Nearly two thirds of children either have both parents or a single parent employed.ⁱ For these families, early care and education is a necessity; for many of these families no public resources are available to underwrite family payments or to support early care and education program quality. Recent research demonstrates that access to stable, affordable quality child care, in addition to the positive impacts on school readiness, also increases labor force participation of women and increases the earnings of women over a lifetime.ⁱⁱ

The first five years of life are a period of rapid brain development and the experiences that children receive during this critical period have a lifetime impact. Thus, children’s early care and education has a profound impact on children’s development and their acquisition of social-emotional, language and cognitive skills, all of which are critical to their school and life success.

Figure 4. Synapse formation in the developing brain



Access to early care and education is not enough. The quality of early care and education matters. Research demonstrates the quality of care impacts child development and school readiness. This is true for infants and toddlers, as well as preschoolers. Early care and education professionals who have a knowledge of children’s social-emotional, language, and cognitive development, and are able to provide children with warm, supportive and responsive interactions that meet them at their stage of development, and support their increased competence in these keys areas, promote more positive outcomes and increase the likelihood that children will succeed in school.

In order for early care and education to both support families’ ability to work and to promote positive child development, it must be accessible and affordable, available, and of high quality. Parents need child care that is accessible: it must be conveniently located to where they live and work, fit their work schedule, and be responsive to their home language and culture. Families need to be able to afford it. The supply of child care must be sufficient so that there are enough child care slots for each age to meet the demand of parents. Parents also want child care that is high quality, safe, healthy, culturally/linguistically responsive, and supports the development of their child.

However, the reality in Oregon and across the nation is that child care costs too much for parents; pays too little to providers; is often of too low quality; and even when parents can afford it, they have trouble finding it.

Cost of child care for parents

According to the 2018 Child Care Market Rate Study from Oregon State University, the median monthly price of child care for a preschool age child was \$870 and for an infant \$1,211. At an annualized price of \$14,532, the cost of full-time care for an infant significantly exceeds the \$10,366 charged by Oregon State University for in-state tuition. While there are wide variations in the price of child care between regions and within markets, the financial burden on families is real. Child care can often be the single largest household expense, even surpassing the cost of housing.

Table 1. Monthly child care and housing costs in Oregon

Monthly Median Income – 2 Parent Household	\$4,512
Child Care (average cost per infant – center per month)	\$1,211
Housing (Fair Market 2-bedroom apt per month)	\$1,028
Food (USDA “low-cost” food plan per month)	\$700
Remaining available	\$1,573

For a family making median income with just 1 infant in care, child care, housing, and food costs are nearly 70% of the monthly household budget.

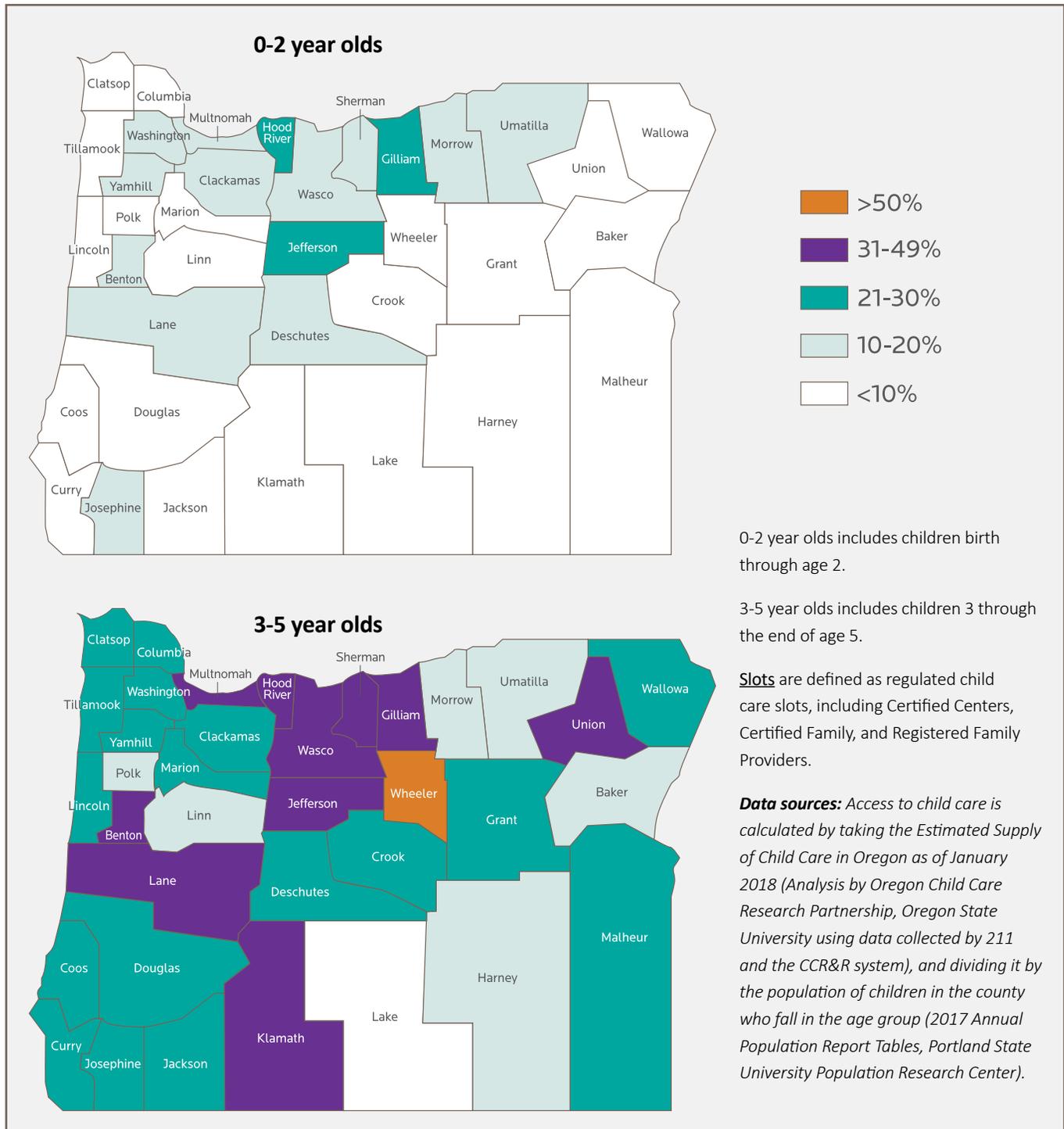
Compensation of providers

While the cost of child care is too high for many families, child care remains a financially precarious business with low profit margins and low wages for child care providers. The median wage for an early care and education teacher working in a center ranges between \$12 and \$17.05 per hour.ⁱⁱⁱ Home based providers typically earn far less. A consequence of low profit margins and low wages is high turnover. Each year, a significant number of early care and education businesses shut their doors and providers leave the field. According to estimates from Oregon State University, one of four members of the early care and education workforce leaves the profession each year. This high turnover rate disrupts continuity of care for children, forces families to scramble to find new arrangements and contributes to the overall deficit in the supply of child care. The low levels of compensation also have a negative impact on quality, making it more challenging to encourage additional training or education, especially when the additional training and education will not be matched with commensurate increases in salaries.

Supply of child care

Oregon’s families, businesses and communities are reporting a shortage in the availability of child care, particularly care for infants and toddlers. A recent study from Oregon State University confirms these reports^{iv} Using the nationally adopted definition of a child care desert as any area with fewer than one regulated early care and education slot for every three children, the OSU researchers mapped the supply of child care across Oregon. For all children under the age of five, they found that only nine counties in Oregon did not meet the definition of a child care desert, and every county in Oregon was a desert for infant and toddler care, with fewer than one child care slot for every eight infants and toddlers in the state.

Map 1. Percent of Oregon Young Children with Access to Regulated Child Care Slot by Age



Impact of Quality

With 90% of brain development taking place before the age of five, the quality of early experiences matter. High-quality care provides developmentally appropriate experience that are interactive and stimulate learning. Children who participate in high-quality care have fewer behavioral issues and perform better in school. Low-quality care has been associated with negative impact on children’s development and behavior. Much of the child care in the United States has been evaluated as being of medium or low quality.⁹ The quality of care is in significant part a resource issue. Low wages result in high turnover and discourage investments in professional development and education. Child care programs often have limited access to technical assistance and professional training that supports the practice of continuous quality improvement.

II. Overview of Key Components of Oregon’s Early Care and Education Subsidy Programs

House Bill 2346 requires the provision of information on several key components of Oregon’s child care subsidy programs. There are five primary subsidy programs: Employment Related Day Care (ERDC), Preschool Promise, Oregon Head Start Pre-Kindergarten (OPK)/Head Start, Early Head Start, and Baby Promise – discussed in this report.

ERDC: The Employment Related Day Care program (ERDC) is the largest program in Oregon providing subsidies to parents to offset the cost of child care serving an average of 7,385 families and 14,890 children each month.^{vi} TANF and the JOBS program also provide subsidies for child care for their participants to support training, education and job search activities. ERDC operates as a federal/state partnership whose purpose is to improve child outcomes and support parental employment. Federal dollars come in the form of a block grant through the Child Care and Development Fund that provides states the ability to shape a child care subsidy program to fit state needs. States have key policy levers with which they determine who gets served with what types of services and for how long.

Preschool Promise is a high-quality mixed delivery preschool program funded by the state. It is delivered through elementary schools, Head Start programs, relief nurseries, licensed center and home-based child care programs, education service districts, and community based organizations. The Preschool Promise program serves approximately 1,300 of 40,000 eligible children ages 3 to 4, whose families have incomes up to 200% of the Federal Poverty Level. Nearly 25% of slots are delivered through K-12 schools and Head Start grantees. Providers offer comprehensive preschool services with instructional hours equivalent to full-day kindergarten. Comprehensive services include child level assessments, parent/teacher conferences, screenings and referrals to connect children and families to community resources. All programs must follow research-based standards that are associated with positive outcomes for children.

Oregon Head Start Pre-Kindergarten (OPK) is a statewide program based on the federal Head Start model that serves approximately 8,000 of the 20,000 eligible children, in addition to the nearly 4,000 served by federal Head Start funds. The Oregon Head Start Pre-Kindergarten (OPK) provides preschool education, child health and

nutrition, and family support services throughout the state to children ages three to five years in families at or below 100 percent of the federal poverty level. OPK is delivered through a variety of grantees including schools, non-profits, and institutions of higher education. The purpose of the program is to provide children with the skills necessary to be successful in school, assist families in understanding the needs of their children, and encourage families to be involved in their child’s education. Children and families are referred to and helped with obtaining health, dental and mental health and other social services. OPK/Head Start is available in all 36 counties in Oregon with 21 programs receiving federal and state funds and seven programs receiving state funds only.

Early Head Start (EHS) is the birth to age three companion program to Head Start. EHS provides comprehensive services to children under age three and expectant mothers living at or below the federal poverty level. The services are a critical link for children to gain necessary skills to be successful in school, to assist families in understanding the needs of their children, and to encourage families to be involved in their child’s education. The programs provide services focused on the whole child, including early education addressing cognitive, developmental, and socio-emotional needs; medical and dental screenings and referrals; nutritional services; mental health services; parent engagement activities; and referrals to social service providers for the entire family. Currently, there are 2,217 enrolled slots, 64 of which are funded by the state.

Baby Promise is a new strategy to help stabilize and build the supply of quality care for infants and toddlers. Working with Child Care Resource & Referral Agencies (CCR&Rs), the state will contract directly with providers for care for infants and toddlers from families earning less than 200% FPL. These contracts will be based on the real cost of providing quality infant and toddler care and help

provide financial stability for providers, reducing turnover in the field. Baby Promise providers will participate in professional development focused on the care of infants and toddlers and receive supports to strengthen business practices. Three CCR&Rs were selected for the pilot and will be working with 42 providers to serve 230 children. Like Preschool Promise, the full range of licensed early care and education programs, including family child care homes, child care centers and Early Head Start grantees, will be eligible to participate in Baby Promise. During the 2019 session, the Oregon Legislature passed HB 2024 which provides a permanent statutory framework for Baby Promise.

The Oregon Student Child Care Grant Program was established to assist parents enrolled in postsecondary education obtain safe, dependable care that supports their children’s development while attending a post-secondary education institution. Oregon resident undergraduates with a child or legal dependent 12 years of age and under or if over age 12, with circumstances requiring dependent care are eligible. Students (the parent) must be attending school full time. Grant funds are distributed to the student by the post-secondary institution as part of the financial aid package. It is the student’s responsibility to pay the child care provider. During the 2017-19 biennium, \$950,544 was allocated for this grant program, enabling 83 students to receive student child care grant during 2018-19 academic year. The grant program historically runs out of funds and cannot serve the number of students who submit applications and qualify. *(Because this is a grant directly to the student, it is not included in the chart below.)*

The Student Success Act: A historic investment in early care & education

The Student Success Act creates a new Early Learning Account to fund investments focused on children under the age of five and their families: \$200 million per year (or at least 20% of the overall SSA investment of \$1 billion) will serve 15,000 children birth to five years old including in the following ways:

Table 2. Use of Student Success Act for early care and education

ECE Program	Purpose	Funding	Children Served
Oregon Prekindergarten (OPK): Early Head Start (PN-3)	<ul style="list-style-type: none"> • Provide high-quality infant/toddler education to children in poverty (< \$26K/year for a family of 4) 	\$22.3	1,189
OPK: Head Start (3-5)	<ul style="list-style-type: none"> • Expand existing OPK slots to be full-day, include teacher salaries, and duration • Provide high-quality pre-kindergarten to children in poverty • Provide comprehensive health, nutrition, and other supports to children and families in poverty 	\$44.4	Up to 2,658
Preschool Promise (3-5)	<ul style="list-style-type: none"> • Provide high-quality pre-kindergarten to children in low-income families 	\$30.8	2,565

Table 3 introduces these key components of administration, funding, child/family eligibility, children served, parent delivery, providers, licensing, general hours of operation, rate setting, and provider financing mechanism. The following sections of the report provide more detailed information. Additionally, House Bill 2346 specifies inclusion of information on professional development opportunities and recruitment of early care and education providers. This information is discussed in Section IX.

Table 3. Overview of Oregon’s early care and education subsidy programs

Early Care & Education Subsidy Programs in Oregon (2019-2021 biennium)					
	Employment Related Day Care (ERDC)	Preschool Promise	Oregon Head Start Pre-Kindergarten (OPK)/ Head Start	Early Head Start	Baby Promise
Administration	DHS	ELD	ELD	ELD	ELD
Funding <i>All dollar amounts in millions</i>	\$66.5 (state) \$116.3 (federal)	\$37.1 (state)*	\$156.4 (state)* \$122.4 (federal)	\$1.7(state)* \$64.2 (federal)	\$11 (federal)
Who’s eligible	Children through age 12 with working parents with income below 185% FPL	Three- and four-year children from families with incomes below 200% FPL	Three- and four-year children from families with incomes below the FPL	Expectant mothers and children under the age of three from families with incomes below FPL	Children under the age of three from families with income below 200% FPL
Children served	14,890	1,300*	12,500 8,100 (state)* 4,400 (federal)	2,217 64 (state)* 2,139 (federal)	230 – <i>projected for 2020</i>
Percent eligible served	15%	3.25%*	62.5%*	8% *	N.A. – <i>in pilot phase</i>
Parent Copayment?	Yes	No	No	No	No
Who can deliver services?	<ul style="list-style-type: none"> Family members Licensed-exempt providers Licensed child care family homes and centers 	<ul style="list-style-type: none"> Licensed child care family homes and centers OPK providers & federal Head Start grantees Public schools 	<ul style="list-style-type: none"> federal Head Start grantee state OPK grantee 	<ul style="list-style-type: none"> federal Head Start grantee state OPK grantee 	<ul style="list-style-type: none"> Licensed child care family homes and centers OPK providers & federal Head Start grantees Public schools
When is a child care license not required?	<ul style="list-style-type: none"> Family members or caring for three of fewer unrelated children Services offered by government agency School age and preschool programs operating four or fewer hours per day 	<ul style="list-style-type: none"> Services offered by government agency 	<ul style="list-style-type: none"> Services offered by government agency Preschool programs operating four or fewer hours per day 	<ul style="list-style-type: none"> Services offered by government agency 	<ul style="list-style-type: none"> Services offered by government agency
General hours of operation	Most providers operate full year and hours that meet needs to working parents (e.g., 7am – 6pm). There are some providers who also provide evening, night and weekend care.	Equivalent of kindergarten school day and school year hours	<ul style="list-style-type: none"> The standard OPK/Head Start hours are minimum of 3.5 hours per day and 160 days per year Some OPK/Head Start contract with ERDC for extended hours and days Student Success Act Funds include resources for OPK programs to extend their hours of duration 	Minimum of 1,380 hours of year	See ERDC
Rate setting for programs	Percentage of Market Price Study	Cost Model	Cost Model	Cost Model	Cost Model
Payment Mechanisms for Program	Vouchers & Contracts	Contracts	Contracts	Contracts	Contracts

*does not include new investments from Student Success Act

III. Administration

Four of the five programs are administered by the Early Learning Division and one is administered by the Department of Human Services. The four programs that are administered by the ELD include Preschool Promise, Oregon Head Start Pre-Kindergarten (OPK)/Head Start, Early Head Start, and Baby Promise. The federal government also contracts directly with Head Start and Early Head Start and providers monitoring and oversight to those grantees. Employment Related Day Care (ERDC) is administered by the Department of Human Services. For ERDC, the federal funds are received by the Early Learning Division as the lead CCDF agency and then transferred to DHS through an Interagency Agreement. The Department of Human Services is responsible for determining families’ eligibility, calculating copayments, calculating provider payments and issuing provider payments. Licensed child care providers receive regular health and safety inspections conducted by the Office of Child Care of the Early Learning Division. Non-relative license exempt providers (mostly providers serving three or fewer children) receiving subsidies (referred to as “Regulated Subsidy Providers”) also receive annual health and safety inspections conducted by the Early Learning Division’s Office of Child Care.

IV. Funding

Over 70% of Oregon’s Early Care and Education is Financed Directly by Parents

While the cost of K-12 education is largely publicly funded, this is not the case for early care and education. Out of the approximately \$1.3 billion that is spent annually in Oregon on early care and education, about 72% – around \$920 million – comes straight out of the pockets of parents. The percentage of cost of early care and education that is born directly by parents in the form of tuition and fees helps explain why child care consumes such a large part of families’ budgets and why early care and education programs lack resources to support quality.

Figure 5. Parent, federal and state government investment in early care and education in Oregon



Source: Oregon Child Care Research Partnership, Oregon State University, 2018

While the public share represents about a third of the total investment, these subsidies play an important role in addressing affordability, access, supply and quality of the early care and education programs available to families in Oregon.

Oregon's public investment draws heavily on federal revenue

Oregon relies upon several federal funding streams as part of its funding for early care and education. About 19% of Oregon's investment in early care and education is federal. These include the federal Head Start and Early Head Start programs, as well as the Child Care and Development Fund (CCDF).

A significant portion of the federal investment is through the Child Care and Development Fund (CCDF). CCDF is a system approach that requires states to address all aspects of early care and education, including access, affordability, supply and quality. CCDF requirements apply both to state subsidy programs and broad aspects of the system, including licensing, professional development and quality improvements. One of the requirements is for states to submit a CCDF plan that requires descriptions of all of these elements and that must be approved by the federal Office of Child Care. In Oregon, the Early Learning Division, as the CCDF lead agency, is responsible for developing, submitting, and implementing the state plan. There are seven purposes of the CCDF, which are:

- (1) To allow each state maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within that state
- (2) To promote parental choice to empower working parents to make their own decisions regarding the child care services that best suits their family's needs
- (3) To encourage states to provide consumer education information to help parents make informed choices about child care services and to promote involvement by parents and family members in the development of their children in child care settings
- (4) To assist states in delivering high-quality, coordinated early childhood care and education services to maximize parents' options and support parents trying to achieve independence from public assistance

- (5) To assist states in improving the overall quality of child care services and programs by implementing the health, safety, licensing, training, and oversight standards established in this subchapter and in state law including] state regulations
- (6) To improve child care and development of participating children
- (7) To increase the number and percentage of low-income children in high-quality child care settings.^{vii}

States are required to set aside a minimum of 9% of funds to support quality and 3% of funds to improve the supply and quality of care for infants and toddlers.^{viii} After these set asides, and in keeping with amounts permitted to be spent on administration, at least 70% of funds must be used for direct services, which typically translate into investments in programs such as ERDC and Baby Promise that benefit low-income children. Key CCDF provisions address the following areas:

- Activities to improve the quality of care
- CCDF Plan
- Consumer and provider education
- Criminal background checks
- Eligible children
- Eligible families
- Eligible providers
- Establishing priorities
- Family cost sharing
- Health and safety
- Licensing of providers
- Limit on administrative costs
- Minimum for direct services
- Minimum expenditures on quality
- Parental choice
- Payment methods
- Provider payment rates

Oregon is projected to receive \$189.8 million in CCDF over the 2019-21 biennium. The ELD transfers \$116.3 million of those funds to the Department of Human Services for the Employment Related Day Care (ERDC)

subsidy program. These CCDF funds are combined with an additional \$63.5million in state General Fund for a total biennial funding of \$181.8 million for the state CCDF child care subsidy program, ERDC. The \$73.5 million retained by the ELD supports child care licensing, background checks and registration for child care providers, the early childhood professional development system, including the 13 regional Child Care Resource & Referral agencies, child care quality improvement initiatives such as Spark, and the Baby Promise Quality Infant Toddler Care pilot.

While states do have considerable discretion as to how to spend CCDF and how to structure their child care subsidy programs, the CCDF does come with a number of requirements and guidance. In 2014, Congress reauthorized the legislation that provides funds for CCDF. These changes were articulated in the 2016 CCDF Rule. The 2016 Rule includes new mandates for quality, training, eligibility, background checks, among other items. It requires for the first time that license exempt child care provider not related to the child, but participating in the child care subsidy program, receive annual on-site health and safety inspections. In Oregon, providers serving three or fewer children are exempt from state child care licensing requirement, as are programs serving preschool age children (three- and four-year-olds) and school age children (older than five) for four or fewer hours per day and programs that are under the auspices of a governmental entity. States are also now required to provide twelve months of “protected eligibility” for families who receive child care subsidies paid for with CCDF. This new provision is meant to aid child development and support families by increasing continuity of care and reducing instability in care arrangements for families.

In 2018, Congress significantly increased funding for CCDF. This increase has translated into \$26 million in additional funding for Oregon per year. Oregon is using these new funds to strengthen its child care licensing system, offset the cost of the fingerprinting and training requirements, increase supports for the regional Child Care Resource & Referral system, pilot Baby Promise and add new incentives for providers offering non-standard hours of care for ERDC families. The most significant portion of those funds went to increase the maximum reimbursement rate for child care providers serving ERDC families.

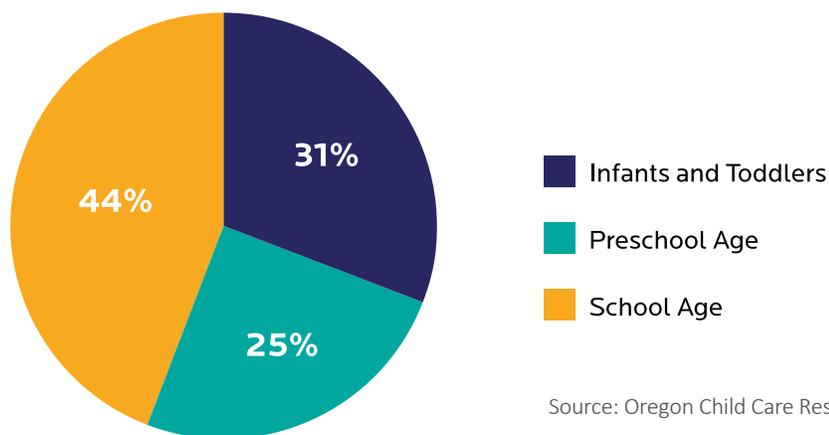
V. Eligibility and Children Served

ERDC

Available federal and state resources are insufficient to meet the demand for subsidized care. Oregon currently serves an estimated 15% of children eligible for services under current ERDC eligibility rules. How states manage these limited resources determines who will be served, how many parents and children will be served, and the type and quality of the services they receive. States manage a CCDF child care subsidy program through decisions made on key policy levers. Examples include reducing eligibility or provider payments or increasing copayments in order to serve more children or to reduce expenditures.

In Federal Fiscal Year 2018 Oregon, provided ERDC to 19,737 (unduplicated) children and an additional 2,653 children received child care subsidies through the TANF program. Of the children served by ERDC, 31% were infants and toddlers (under the age of three), 25% preschool age (three- and four-year-olds) and 44% school age (older than five).

Figure 6. Age of Children Served by ERDC



Source: Oregon Child Care Research Partnership, 2019

Across all children, 50% (11,121) of children served were identified as at least one race/ethnicity category other than White. 68% of children were identified as White, however 18% of those children also identified as a person of color (i.e., mixed race/ethnicity). Within the population of children of color, 50% identified as Latino/Hispanic, 3% Asian, 28% African American/Black, 7% American Indian, and 2% Pacific Islander. Geographically, the majority of children live in metro counties (87%), with the highest number of children in Multnomah (25%), Washington (14%), Lane (11%), and Marion (10%) counties. The remaining 13% of families live in either micro (11%) or noncore (2%) counties. See Table 4 below for county estimates.

Table 4. Number of unique children served by ERDC by count in federal fiscal year 2018

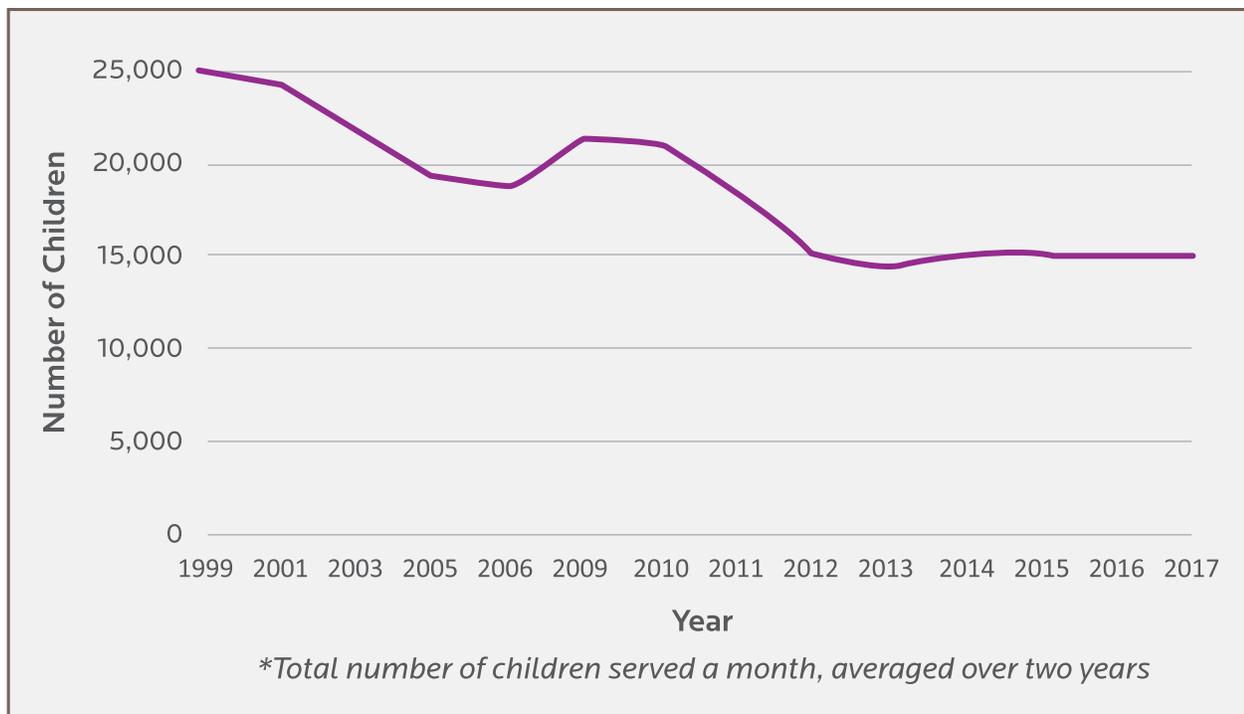
County	Freq.	Percent	Region
Baker	82	0%	noncore
Benton	145	1%	metro
Clackamas	1,237	6%	metro
Clatsop	119	1%	micro
Columbia	230	1%	metro
Coos	265	1%	micro
Crook	79	0%	micro
Curry	73	0%	micro
Deschutes	591	3%	metro
Douglas	482	2%	micro
Gilliam	3	0%	noncore
Grant	29	0%	micro
Harney	7	0%	noncore
Hood River	75	0%	micro
Jackson	1,173	6%	metro
Jefferson	164	1%	noncore
Josephine	367	2%	metro
Klamath	231	1%	micro
Lake	2	0%	noncore
Lane	2,220	11%	metro
Lincoln	113	1%	micro
Linn	456	2%	metro
Malheur	158	1%	micro
Marion	2,119	11%	metro
Morrow	27	0%	micro
Multhomah	4,813	24%	metro
Polk	429	2%	metro
Sherman	1	0%	noncore
Tillamook	52	0%	noncore
Umatilla	374	2%	micro
Union	158	1%	micro
Wallowa	11	0%	noncore
Wasco	118	1%	micro
Washington	2,828	14%	metro
Wheeler	1	0%	noncore
Yamhill	501	3%	metro
Oregon Total	19,733		

Source: Oregon Child Care Research Partnership, 2019

ERDC receives a fixed amount of funding for each biennium. Program administrators must be careful to ensure that the cost of the program does not exceed the allocated funds. This requires DHS to monitor the caseload to make sure it is at a sustainable level given the available resources. When the caseload exceeds this sustainable level, a reservation list (or waitlist) is imposed. Even when there is reservation list, families who meet certain criteria – such as families who are transitioning out of TANF – are eligible for ERDC without going on the reservation list. Families who do not meet these criteria wait until there is an opening and are selected from the reservation list based on the date that they were added, with the first to apply as the first selected. Oregon used a reservation list between 2010 and 2016. As of March 2018, ERDC enrollment has been with no reservation list in place.

Prior to the 2007 legislative changes in Oregon ERDC policies, serving as many children as possible was a state priority. As concerns about short spells of participation in the subsidy program (median subsidy spells of 3-4 months) and low provider payment rates emerged (as low as 26th percentile of the 2006 Marker Price Study), the 2007 legislature made substantive changes in ERDC policies. As a result, the program grew, subsidy spells were slightly longer and provider payments were higher. Budget cuts in 2010 led to reduced enrollments and the implementation of a reservation list. Then in 2014 Congress revised the Child Care and Development Block Grant, the legislation which authorizes CCDF and the federal Office for Child Care followed with the 2016 revised CCDF Rule. The Rule aimed to increase the stability of subsidized child care and increase the emphasis on safety and quality of this care. Key policies were changed but resources were not increased sufficiently to provide these improved services to the same number of children. In 2015, the Oregon legislature allocated additional state funds to the ERDC program to help meet the need created by the 2014 CCDF Reauthorization. While this was a significant increase in state funding, it was not sufficient to meet the full needs created by the reauthorization. As can be seen in the following graphic, the number of children served by the child care subsidy program has declined over time but has been fairly stable for the last five years.

Figure 7. Number of Oregon children served by ERDC



Source: Oregon Child Care Research Partnership, 2019

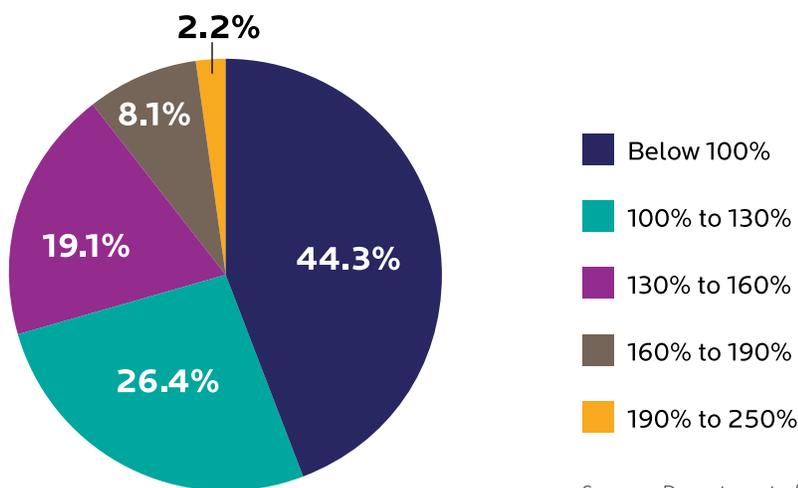
ERDC Policy Choices

Eligibility

Federal requirements CCDF rule mandates that states set initial eligibility at less than 85% of State Median Income (SMI) or \$59,495 for a family of three, which is equivalent to approximately 291% of the Federal Poverty Level^{iv}. CCDF rule further requires that to be eligible, a child birth to age 13 (unless disabled) must reside with a parent or parents^x responsible for the care, control and supervision of the child and who are (a) working or attending a job training or educational program or (b) receiving, or needs to receive, protective services. States are provided with flexibility to define work, training or education as they see fit. In Oregon, work is defined to mean at least one caretaker must receive income from employment, including self-employment, or through paid work experience, paid practicum assignments and federal work study as part of an education program. There are no required minimum work hours. In a two-parent family, an unemployed parent is expected to care for a child unless a disability prevents doing so. Consistently over 90% of subsidy participants are single parents. States are to phase-out assistance when income increases above the SMI threshold at the time of redetermination but remains below the federal threshold of 85% of the SMI.

Federal guidance The federal Office of Child Care encourages states to establish processes to take into account irregular fluctuations in earnings occurring such as absence from employment due to extended medical leave or changes in seasonal work schedule, or if a parent enrolled in training or educational program is temporarily not attending class between semesters. During a phase-out period, states could adjust copayments for families to create a gradual shift in how families must adjust their budget to cover the full cost of care once they are no longer receiving a subsidy, but should consider how to do this in a way that minimizes paperwork and reporting burdens on working families.

Figure 8. Employment Related Day Care participation by income (as percent of federal poverty line)



Source: Department of Human Services, 2019

Oregon current practice In Oregon, the legislature sets the income eligibility and exit limits. In order for a family to enroll in ERDC, their income must not exceed 185% FPL. However, once they have enrolled in the program, they can stay enrolled until their income exceeds 85% of SMI or 250% of FPL (the “exit” eligibility), whichever is higher. Oregon includes all income received by the immediate family members living in the household except transfer income or earned income of children and foster care/guardianship payments. Gross income received through self-employment is allowed a 50% deduction or full cost deduction. Increases in income occurring during the eligibility period do not need to be reported unless the income rises above the 85% SMI or 250% FPL whichever is higher (exit income limit). ERDC cases that remain eligible above 85% SMI but under 250% FPL are paid through Oregon General Funds^{xi}. Oregon serves children birth

through age 12 (or through the age of 17 if child has special need). The child must reside with a parent who is working. In certain cases, Oregon allows CCDF assistance for education and training participation alone, without a work requirement.

Post-secondary students who meet the standard income and work eligibility requirements for ERDC and are enrolled in the program can also have child care for their class related hours covered so long as their class hours do not exceed their work hours.

Length of Eligibility Period

Federal requirements Disruptions in care arrangements have been shown to be harmful for children. In recognition of this, the 2014 Congressional Reauthorization put significant emphasis on policies that support continuity of care for the child. The CCDF rule requires states to set a minimum 12-month eligibility re-determination period, regardless of changes in income (as long as income does not exceed the federal threshold of 85% SMI) or temporary changes in participation in work, training, or education activities. States may not terminate assistance prior to the end of the 12-month period if: a family experiences a temporary job loss or absence from employment due to extended medical leave or changes in seasonal work, or; if a parent enrolled in training or educational program is temporarily between semesters and not attending class. The level of supports, including child care hours can be increased during the certification period, but not decreased.

Federal guidance The federal rule allows states the option to terminate subsidy assistance prior to re-determination if a parent loses employment. However, assistance must be continued for at least three months to allow for job search. Time in addition to three months may be allowed if an employer verifies the employee will be called back to work after a layoff. The rule gives states the flexibility to consider a child's developmental needs and family circumstances, split work schedules, breaks between education courses, and sleep time for parents who work multiple jobs or have nontraditional work hours.

Oregon current practice Oregon began to implement 12-month eligibility periods and 3-month job search policy in October 2015. ERDC enrollment will be terminated prior to the end of the twelve month eligibility period if the parent has a permanent loss of employment. A permanent loss means the caretaker does not plan to return to their employer, and a return to work date was not given to the employee. For temporary job losses, where a return to work date is established, the work search period is extended to the verified return date. Clients are given up to three full months for a permanent job loss with waiving the copayment to locate new employment. When new employment is not reported to DHS by the end of the client's work search period the case is closed. A work search notification letter with employment resources, a reminder to report new employment and the case closure date is automatically mailed to the client when a permanent job loss is reported. A second letter is automatically mailed to the client in the closure month.

Eligibility for Preschool Promise, Oregon Head Start Pre-Kindergarten/Head Start, Early Head Start and Baby Promise

All of these early care and education programs are targeted to specific age ranges and income levels. Both Preschool Promise and OPK/Head Start serve three- and four-year-olds. Preschool Promise serves children in this age range from families up to 200% FPL and OPK/Head Start families up to 100% FPL. Baby Promise and Early Head Start focus on infants and toddlers (Early Head Start also serves expectant mothers), with Baby Promise up to 200% FPL and Early Head Start 100% FPL. Preschool Promise, OPK and Early Head Start do not require parents to meet a work, training or educational hours requirements. Currently families have multiple points of entry into the ELD

administered programs, which are different than the point of entry into ERDC. The Early Learning Division will be working with the Early Learning Hubs to develop community-based strategies for coordinated enrollment for early care and education programs administered by ELD. Once families have been determined eligible, they cannot lose eligibility during the program year. The table below summarizes the approach.

Table 5. Eligibility provisions

	Preschool Promise	Oregon Head Start Pre-Kindergarten/ Head Start	Early Head Start	Baby Promise
Child age of eligibility	3 and 4 years old	3 and 4 year olds	Infants and 2 year olds; expectant mothers	Infants and 2 year olds
Parental work/ training requirement	none	none	none	Same as ERDC
Family income	Up to 200% FPL	Up to 100% FPL	Up to 100% FPL	Up to 200% FPL
Length of enrollment period	For two program years	For two program years	For entire age period	Program year
Eligibility determination	ELD contracted providers	ELD contracted providers	ELD contracted providers	ELD contracted providers

VI. Parental Copayments

ERDC

Federal requirement The CCDF rule requires states establish and periodically revise a sliding-fee scale for CCDF families that varies based on income and the size of the family to determine each family’s copayment. The federal policy also allows states to waive copayments in a number of circumstances, including for populations that CCDF has designated as vulnerable and particularly struggling to access child care. Some states waive the copayment for families who earn less than the Federal Poverty Line (\$21,330 for a family of three).

Federal guidance The federal Office of Child Care recommends that copayment amounts not exceed 7% of family income. OCC allows states to consider other factors when determining copayment.

Oregon current practice The family’s copayment is determined by calculating a percentage of the family’s income at initial certification. The formula takes into account family size as well as income. The copayment may not increase during the 12-month certification period due to wage increases or job changes^{xii}. If a copayment exceeds the cost of care, the parent is determined to be ineligible for participation in ERDC. There are a number of situations where the copayment is waived.

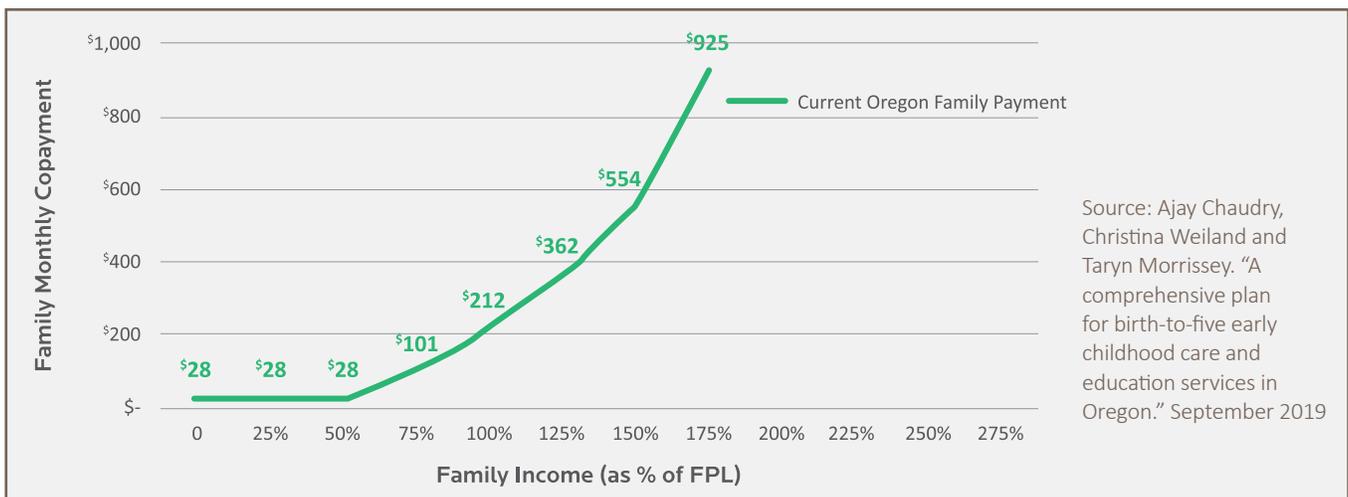
- Authorized Work Search during lapse of employment^{xiii}
- Head Start contracted slots^{xiv}
- Working TANF families receiving child care funded through CCDF^{xv}

Families receive a lower copayment when they use a Spark rated provider as follows: the \$27 copayment is reduced to \$0, copayments of \$28 to \$200 are reduced by \$20 a month, copayments of \$201 or more are reduced by 10%. Spark is Oregon’s quality rating and improvement system.

Of those families with reported income in FY 2018, approximately 92% percent paid a copayment. For families that were assessed a copayment, the average copayment was 12.8% of family income. For the lowest income families receiving ERDC (below 50% of FPL), copayments are \$27 per month. As family income rises, so do copayments. When family income approaches 185% FPL (\$39,460 for a family of three), copayments rise significantly above the 7% federal guideline to about 25% of their income per month. This is about \$656 for a family of two up to \$1,719 for a family of eight or more.

Copayment collection is not monitored and some providers may not always be collecting the copayment (in part or full) from families. Providers can also collect the difference between what they charge and what the state pays, so the actually parent payment could be higher. (See section VIII.)

Figure 9. Oregon current family monthly copayment schedule by family income



Copayments for other early care and education programs

Preschool Promise, OPK/Head Start, Early Head Start and Baby Promise do not charge a copayment.

VII. Who Delivers Services and Hours of Operation

Provider types and typical hours of operations

Oregon is committed to a mixed-delivery system that includes licensed exempt care, family child care, center-based care, Head Starts and schools. While all of the programs draw upon the mixed delivery system, different programs draw upon different parts of it. ERDC includes family members, licensed exempt providers, licensed family child care homes and centers. Providers are exempt from licensing if they serve three or fewer unrelated children, are a preschool or school age program serving children for four or fewer hours per day, or are run by a government agency, including public schools. Preschool Promise includes licensed family child care homes and centers, Head Starts, and schools. Oregon Head Start Pre-Kindergarten/Head Start and Early Head Start are run by OPK/Head Start grantees. Head Start programs are generally subject to licensing and may voluntarily license if they are under the auspices of a public agency such as a school. Baby Promise uses the same categories of mixed-delivery providers as Preschool Promise.

ERDC and Baby Promise are oriented to working families that require services across the year and support their work hours. The hours of services for these programs are determined by the needs of families. That means that these programs provide services for the full year or for the full length of hours needed by working families. It also means that families can select providers who offer care during non-standard hours. Finding providers who offer non-standards hours can be challenging. Non-standard hours of care are most often provided by family members, family child care and license exempt providers.

There were 2,949 providers caring for a child receiving an ERDC subsidy in an average month in Federal Fiscal Year (FFY) 2018. Over the full 12 months of FFY 2018, 4,140 providers participated in ERDC. Of these providers, 47% were regulated and 53% were not regulated. Another way to understand the role of providers in the subsidy system is to ask what percentage of children received regulated and unregulated care. Some providers (e.g., centers) care for large numbers of children, and other providers (e.g., relatives) care for small numbers of children. Thus, the percentage of providers regulated or not regulated will be different when we ask what percentage of children are with regulated or not regulated providers. In an average month in FFY 2018, 73% of children were in regulated care while 27% were in unregulated care. Comparison with data for FFYs 2105-2016, these findings show an increase in the percentage of regulated providers and of the percent of children with a regulated provider.

Preschool Promise, OPK/Head Start and Early Head Start typically operate for specific hours that are determined both in regulation and by level of funding. That means that these programs often do not provide services for the full year or for the full length of hours needed by working families. Preschool Promise providers are required to offer a minimum of the equivalent of kindergarten school day and school year hours. Standard OPK/Head Start hours are a minimum of 3.5 hours per day and 160 days per year. Some OPK/Head Start contract with ERDC for extended hours and days. Student Success Act Funds include resources for OPK programs to extend their hours of duration.

Alternative Hour Care Incentive Payment Program

Many of the families served by ERDC do not work a traditional nine to five Monday through Friday schedule. Evening and weekend hours have become increasingly common for low-wage workers. Finding child care that fits with these non-standard hours can be even more challenging.

In recognition of this challenge, the Department of Human Services piloted an enhanced payment programs for providers serving ERDC families during these non-standard hours. The pilot ran from January to September of 2019 and involved 768 providers. Providers could qualify for \$250 for each child with at least 20 hours of alternative hour care provided per month or \$500 for each child with at least 40 hours of alternative hour care. Alternative hour care was defined as care provided between 7pm and 6am or care provided on a Saturday or Sunday. DHS is currently analyzing data on the effectiveness of this incentive program.

Child care licensing and regulation

As described above, many of the providers participating in the subsidized early care and education system are subject to licensing. Even those programs that are legally exempt from licensing may have some regulatory requirements, such as preschool or school age centers that enroll children for four hours or less and required to become a Recorded Program. Recorded Programs must conduct background checks for staff who have contact with children. Providers who are serving three or few children and not serving ERDC families are not subject to any regulation or monitoring, and do not have to register with the state.

Licensing establishes basic health and safety standards and expectations. Licensing standards vary by licensing category. Oregon recognizes three categories of licensed programs: registered family child care, certified family child care and certified center. See the table 6 below for more information on each of these licensing categories.

Providers who work in licensed facilities must pass a criminal background check and be enrolled in the Central Background Registry. Minimum staff training and qualifications are specified by licensing type and focus on health and safety, with some requirements for child development.

The Early Learning Division has launched a year-long revision process for its child care licensing rules. The goal of this revision process is to ensure that rules are streamlined, in plain language, aligned across licensing categories, and focused on requirements that most impact health, safety and positive child development.

Table 6 explains the different categories of regulation and licensing, how many children these programs can serve, the basic regulatory requirements and the relationship to ERDC.

Table 6. Licensing and regulation categories

Child Care Type	License Exempt		Licensed		
	Recorded Programs	Regulated Subsidy Provider	Registered Family Child Care	Certified Family Child Care	Certified Child Care Center
What are the care options?	Preschool programs that operate four hours or less per day and school-age programs that aren't required to be licensed.	Providers eligible for state subsidy reimbursement, but are not required to be licensed. Includes family, friends and some program with limited hours.	Home-based child care program with up to 10 children.	Home-based child care program with up to 16 children.	Center-based child care program with number of children determined by floor space and number of staff.
Is this type of care regulated?	Recorded Programs: <ul style="list-style-type: none"> comply with background checks 	Regulated Subsidy Providers: <ul style="list-style-type: none"> meet health and safety standards (on-site inspections) comply with background checks are regularly monitored participate in ongoing training 	Licensed child care: <ul style="list-style-type: none"> meet higher health, safety and program standards (on-site inspections) comply with background checks with Office of Child Care are regularly monitored participate in ongoing training 		

Child Care Type	License Exempt		Licensed		
	Recorded Programs	Regulated Subsidy Provider	Registered Family Child Care	Certified Family Child Care	Certified Child Care Center
Which are eligible to accept subsidy dollars?	No. Unless programs meet requirements for regulated subsidy.	These types of care can accept subsidy payments as long as they are listed with Department of Human Services.			
Which are licensed?	No. These programs are recorded with the State.	No.	Licensed child care: <ul style="list-style-type: none"> • keep attendance records • have planned educational activities • have a guidance and discipline policy • have a daily routine/schedule • are certified to handle food preparation • are trained in first aid and CPR • are trained in child abuse and neglect • participate in ongoing training on child development health and safety 		

Source: oregonearlylearning.com/providers-educators/become-a-provider

Additional program standards

Preschool Promise, Oregon Head Start Pre-Kindergarten, Early Head Start, and Baby Promise have additional program requirements. Preschool Promise includes additional quality and curricula standards related to its goals of school readiness. For example, lead teachers are expected to have bachelor’s degree and coursework in early childhood, along with 20 hours of on-going training annually. The Head Start Performance Standards, which govern both federally funded Head Start grantees and Oregon Head Start Pre-Kindergarten programs and Early Head Start, also include additional quality and curricular standards associated with its goals of school readiness. The federal Head Start Performance Standards require home visits with family and the provision of comprehensive health and family support services. Baby Promise also requires additional quality standards associated with its goals of school readiness, as well as participation in professional development activities focused on the development needs of infants and toddlers. ERDC does not have additional programs requirements beyond those already discussed.

VIII. Rate Setting and Payment Mechanisms for Programs

ERDC Payment Rates

Federal requirement CCDF rule requires that payment rates are sufficient to ensure equal access for eligible families to child care services comparable to those provided by families not receiving CCDF assistance. States set maximum payment rates and providers are not paid more than their usual charges to families who are not participating in the ERDC program, unless they have a higher level of documented quality through the state's child care quality improvement initiative, Spark. Thus, providers only charge the state's maximum rate if their usual charges for non-ERDC families are equal to or exceed the state's maximum rate.

The CCDF rule requires states to conduct a market rate survey (MRS) reflecting variations in the price of child care by geographic area, type of provider, and age of child and/or an alternative methodology, such as a cost estimation model that also reflects variation by geographic area, type of provider, and age of child. States must take into account cost of care when setting payment rates. States must reevaluate their rates every 3 years based on a market rate/price study that occurs no more than two years before submission of the CCDF state plan.

Federal guidance The federal Office of Child Care encourages states to set the maximum reimbursement rate at the 75th percentile of the market rate/price study; that is, the rate is high enough to provide parents access to 75% of the child care slots in the parent's community. [i.e., if there were a 100 child care providers in a community and they were lined up from lowest to highest price, the child care subsidy should be sufficient for a family to select any of the first 75 providers.]

OCC encourages States to provide tiered payment with a sufficient rate difference between tiers to support higher quality.

States have the option to allow providers to charge parents additional amounts above the required copayment in instances where the provider's price exceeds the subsidy payment.^{xvi}

Alternative Methodology for Rating Setting

The 2014 CCDF Reauthorization allows states to use an Alternative Methodology, such as cost estimation, as a complement or substitute to a Market Rate Study. The use of Alternative Methodology in lieu of a market rate survey must be approved in advance by the federal Administration for Children and Families as part of a state's CCDF Plan development and review.

Cost estimation allows the state to determine the cost of actually delivering care at various levels of quality. This also allows states to support quality by paying programs at a sufficient level to achieve benchmarks of quality. Cost estimation models typically look at the following factors:

- Staff salaries and benefits
- Training and professional development
- Curricula and supplies
- Group size of children and staff-child ratios
- Enrollment levels
- Program size
- Facility costs (rent or mortgage and utilities)

The District of Columbia has applied for and been approved to use an Alternative Methodology based on cost estimation. A number of states are also exploring this option.

Oregon current practice In order to identify prices by geographic area, type of provider, and age of child, Oregon conducts the “Market Price Study” (MPS). The study is advised by a committee that includes program administrators, Child Care Resource & Referral (CCR&R) programs, AFSCME, researchers and staff from multiple agencies and other early learning stakeholders. The MPS examines the prices that child care providers charge. The objective of the survey is to understand what providers are charging the general population for child care services in order to inform rate setting that will allow families receiving ERDC equal access to the full range of child care available to families not receiving subsidies. Data sources include ELD licensing data merged with the CCR&R statewide database in order to capture the full child care supply.

Based on the 2018 market price study, the percent of slots that could be purchased with the value of the payment rates decreased from 76 percent to 65 percent between 2016 and 2018.

However, as noted earlier, Oregon received a significant increase in federal CCDF in 2018. These funds were used in part to increase the maximum reimbursement rates. As of January 2019 provider reimbursement rates are at or near (within \$40 per month) the 75% for all types and ages of care. At the same time, the state merged rates for geographic area C, the most rural of the three geographic areas used in the MPS, with rates for area B in order to address the low payment rates for Oregon’s most rural communities.

Oregon does allow providers whose fees exceed the maximum rate to charge parents the difference between their usual fee and the maximum rate in addition to the family’s copayment. This policy makes it possible for providers with higher fees to participate in the subsidy program.^{xvii} At the same time, this policy can have the effect of increasing family copayments.

Provider rates for Preschool Promise, Oregon Head Start Pre-Kindergarten/Head Start, Early Head Start and Baby Promise

For the other subsidized early care and education programs, payments rates are established through modeling the cost of the services that the state is contracting with the provider to deliver.

Payment Mechanisms

There are two financing mechanisms used to render payments to providers. One mechanism is vouchers. Vouchers are available only for ERDC. For vouchers, once a family is determined eligible, they seek out an early care and education provider who meets any requirements set by ERDC. Once enrolled, the provider is paid monthly by DHS based on the family’s continued eligibility for ERDC. The family is responsible for paying the copayment directly to the provider. If the parent leaves ERDC or moves their child to a different provider, the payment stops. The second mechanism is contracts. Contracts are the sole mechanism for Preschool Promise, Oregon Head Start Pre-Kindergarten/Head Start, Early Head Start and Baby Promise. Contracts are also used in certain specific circumstances in ERDC. The first is for Teen Parent programs. The second targets Oregon Pre-Kindergarten (OPK) participants who in order to meet employment demands need hours of care in addition to those typically provided by the OPK provider. DHS contracts with a small number of OPK programs and Early Head Start Partnership grantees that provide these extra hours of care.

Contracts are generally with a multiplicity of providers to ensure parent choice and geographically reach. Contracts are also used to ensure that services are available for specific populations or specific types of care. For instance, contracts are used with Teen Parent programs to ensure that child care is available on-site in high schools so young mothers can continue with their education. Baby Promise is using contracts to target infant and toddler care, and in those contracts requiring additional professional development to raise quality.

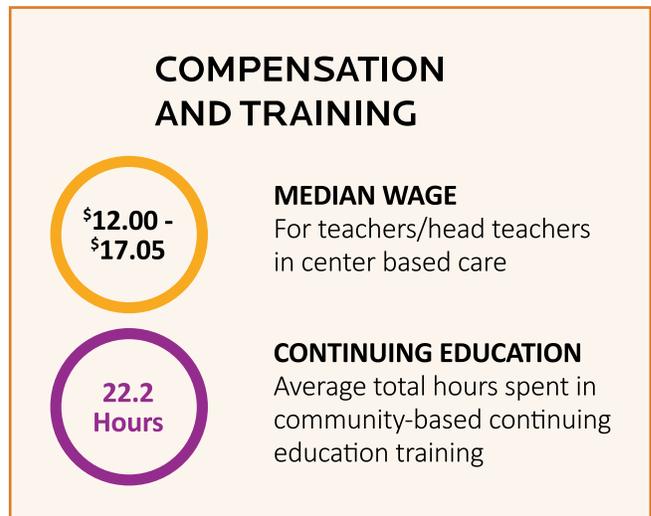
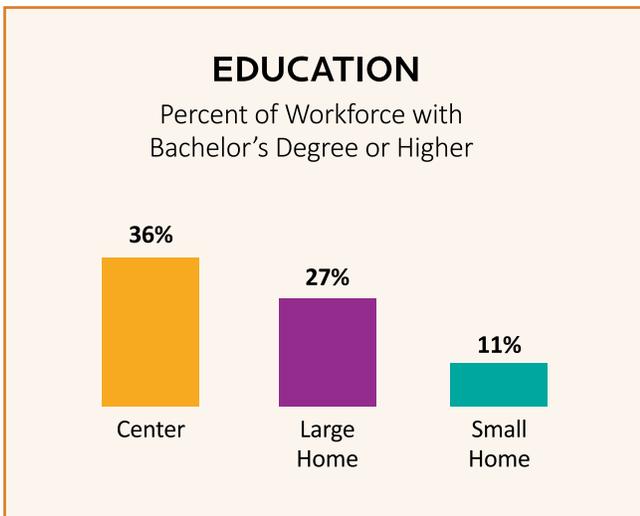
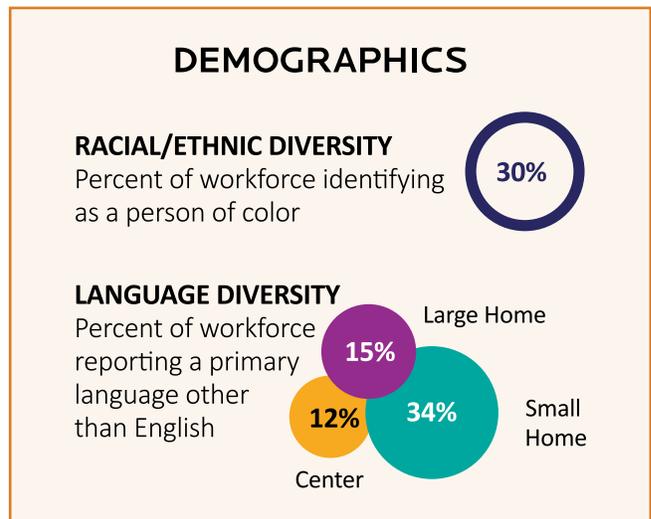
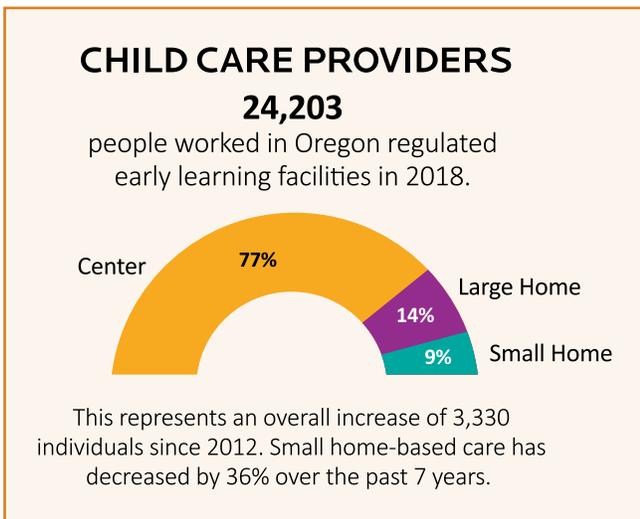
Contracts, because they give providers more stability of funding, may be a particularly useful tool for building the supply of early care and education. This role for contracted publicly funded slots in building supply is supported by the Oregon Child Care Deserts report. The Oregon State University analysis included both private and publicly funded (contracted) early care and education slots. When the researchers removed the public funded slots for three and four-year-olds, it significantly increased the number of counties that were child care deserts. Moreover, the researchers found that for many communities in Oregon, particularly the more rural ones, publicly funded slots represented a significant percent of the early care and education available in the community.

IX. Professional Development and Approach to Quality

Workforce Overview

Growing attention to the importance of early learning has heightened awareness of the importance and value of the early care and education workforce. The individuals who spend their days working directly with children are the most important ingredient for the success of early learning programs in promoting school readiness. In 2018 there were approximately 24,000 individuals working directly with children in regulated early care and education programs across Oregon. Seventy-seven percent of these providers were working in child care centers, another 14% in large child care homes and 9% in small home-based child care. 30% of this workforce identifies as a person of color and about 15% of the workforce speaks a primary language other than English, with the greatest linguistic diversity with small home-based providers, where 34% of the workforce speaks a primary language other than English. About 36% of the providers working in centers have a bachelor's degree or higher with this number dropping down to 24% in large home-based child care and 11% in small homes.^{xviii}

Education and training requirement vary by the auspices of early care and education programs, with Preschool Promise requiring lead teachers have a bachelor's degree and receive twenty hours of on-going training per year to Regulated Subsidy Providers with no educational requirements and eight hours of training every two years. (see table 7 by program).



Source: Oregon Child Care Research Partnership, 2019

Table 7. Preservice qualifications and on-going training by provider/program type

Provider/ Program Type	Preservice requirements & qualifications	On-going Training
Regulated Subsidy Provider	<p>Provider must complete prior to provision of services:</p> <ul style="list-style-type: none"> • Introduction to child care health & safety • Training on recognizing and reporting child abuse and neglect • First aid & Infant/child CPR 	<p>Ongoing training: 8 hours every two years with at least 6 hours in child development</p>
Registered Family Child Care	<p>Provider must complete prior to licensing:</p> <ul style="list-style-type: none"> • Introduction to Registered Family (two part) • First aid • Infant/child CPR • Food Handler’s • Training on recognizing and reporting child abuse and neglect • OCC health and safety training • OCC Safe Sleep training 	<p>Ongoing training: 10 hours every two years with at least 6 hours in child development</p>
Certified Family Child Care	<p>Provider qualifications:</p> <ul style="list-style-type: none"> • One year of teaching experience in a setting such as child care center or preschool; or • One year as a registered family child care; or • Completion of 20 credits (semester system) or 30 credits (quarter system) of training at a college or university in early childhood education or child development; or • Step eight in the Oregon Registry. <p>Provider must complete prior to licensing:</p> <ul style="list-style-type: none"> • First aid • Infant/child CPR • Food Handler’s • Training on recognizing and reporting child abuse and neglect • OCC health and safety training • OCC Safe Sleep training 	<p>Ongoing training: 15 hours annually with at least 8 hours in child development</p>

Provider/ Program Type	Preservice requirements & qualifications	On-going Training
Certified Center Child Care	<p>Teacher qualifications:</p> <ul style="list-style-type: none"> • 20 credits (semester system) or 30 credits (quarter system) of training at a college or university in specific areas depending on the age group in care; or • A one year state or nationally recognized credential in the age group in care; or • One year of teaching experience in a group care setting such as a child care center or preschool; or • Six months teaching experience in a group care setting AND completion of 10 credits (semester system) or 15 credits (quarter system) as a college or university; or • Step eight in the Oregon Registry. <p>Provider must complete prior to licensing:</p> <ul style="list-style-type: none"> • First aid • Infant/child CPR • Food Handler’s • Training on recognizing and reporting child abuse and neglect • OCC health and safety training • OCC Safe Sleep training 	<p>Ongoing training: 15 hours annually with at least 8 hours in child development</p>
Preschool Promise	<p>Teacher qualifications:</p> <ul style="list-style-type: none"> • B.A. with early childhood coursework (<i>waivers available</i>) <p>Provider must complete prior to licensing:</p> <ul style="list-style-type: none"> • First aid • Infant/child CPR • Food Handler’s • Training on recognizing and reporting child abuse and neglect • OCC health and safety training • OCC Safe Sleep training 	<p>Ongoing training: 20 hours annually</p>
OPK/Head Start	<p>Teacher qualifications:</p> <ul style="list-style-type: none"> • B.A. with early childhood coursework (<i>waivers available</i>) <p>Provider must complete prior to licensing:</p> <ul style="list-style-type: none"> • First aid • Infant/child CPR • Food Handler’s • Training on recognizing and reporting child abuse and neglect • OCC health and safety training • OCC Safe Sleep training 	<p>Ongoing training: 20 hours annually</p>

Provider/ Program Type	Preservice requirements & qualifications	On-going Training
Early Head Start	<p>Teacher qualifications:</p> <ul style="list-style-type: none"> • Minimum of a Child Development Associate (CDA) credential with coursework in ECE with a focus on infant and toddler development <p>Provider must complete prior to licensing:</p> <ul style="list-style-type: none"> • First aid • Infant/child CPR • Food Handler’s • Training on recognizing and reporting child abuse and neglect • OCC health and safety training • OCC Safe Sleep training 	<p>Ongoing training: 20 hours annually</p>
Baby Promise	<p>Teacher qualifications:</p> <p>Infant Toddler Child Development Associate’s (CDA) or an Associate’s degree in Early Childhood Education; or Oregon Registry Step 7 or higher with training or equivalent coursework in early childhood development with a focus on infant and toddler development</p> <p>Provider must complete prior to licensing:</p> <ul style="list-style-type: none"> • First aid • Infant/child CPR • Food Handler’s • Training on recognizing and reporting child abuse and neglect • OCC health and safety training • OCC Safe Sleep training 	<p>Ongoing training: Professional Development Plan and 20 hours annually</p>

Child Care Resource & Referral Agencies, the Oregon Registry and Spark

Oregon’s 13 regional Child Care Resource & Referral (CCR&Rs) agencies provide a backbone for training, coaching and other supports for quality for all of the early care and education workforce and programs discussed in this report. The thirteen CCR&Rs will receive about \$16 million in funding over the 2019-21 biennium, all of which is from the federal CCDF. The funds are used to provide training and professional development, promote retention of a high quality, culturally and linguistically responsive early care and education workforce and to recruit new providers. The CCR&Rs are staffed with Quality Improvement Specialists to assist early educators with their professional goals. Every CCR&R now has at least one Infant and Toddler Specialist. They also support Focused Child Care Networks, a cohort-based model of professional development to support small home-based child care providers. The Oregon Legislature allocated \$1.8 million for the Focused Child Care Networks for the 2019-21 biennium.

The Early Learning Division contracts with Portland State University’s Oregon Center for Career Development in Childhood Care and Education to support the Oregon Registry. The Oregon Registry is Oregon’s Career Lattice System for the early care and education workforce. It is comprised of 12 steps serving as a framework for early care and education professional development and supporting career advancement. The registry database tracks the training hours, college coursework

and degrees that the members of the early care and education workforce have completed and assigns them an appropriate Step. Staff of licensed child care facilities, Preschool Promise, OPK/Head Start and Early Head Start, and Baby Promise are all required to enroll in the Oregon Registry.

Spark is Oregon’s voluntary Quality Rating and Improvement System, launched in 2013 and revised in 2018, and currently open to licensed family child care homes, child care centers, Preschool Promise, OPK/Head Start, Early Head Start and Baby Promise programs. Spark includes all age groups, and has specific provisions to support school age care. Spark helps improve the quality of child care in Oregon by recognizing, rewarding and building on what early learning and development programs are already doing well. The program has been streamlined and is now able to:

- Offer coaching, professional development and resources to help early learning and care programs provide developmentally appropriate experiences and to keep improving the quality of the care they provide to children.
- Connect families to quality early learning and care programs.

ERDC providers who participate in Spark are eligible for enhanced payments on an on-going basis. Being a rated program allows a program to receive a monthly bonus payment on top of their Division of Human Services reimbursement rates and reduces the copayment for families receiving the subsidy.

The Spark 2018 revisions made significant changes including:

- Reducing barriers for programs serving children furthest from opportunity
- Changing participation requirements that will offer support for quality improvements to more programs
- Reducing the number of standards
- Focusing more standards on adult-child interactions
- Recognizing experience, diverse languages and other ways professionals are qualified
- Providing more online resources and support

Additional Support for Quality Improvement and Professional Development

As part of participating in Preschool Promise, Oregon Head Start Prekindergarten/Head Start, Early Head Start and Baby Promise, providers have specific resources in their contracts dedicated to quality supports and additional professional development. Programs such as Oregon Head Start Pre-Kindergarten/Head Start also have access to additional technical assistance and quality improvement opportunities. In some areas, Early Learning Hubs are playing a role in supporting quality improvements for Preschool Promise providers.

In 2019, the legislature allocated \$12.5 million from the Early Learning Account for the second year of the biennium to support the professional development of the early learning workforce. The legislature also required the Early Learning Division to submit a report by January 15, 2020 on the current early learning professional development system and recommendations for how the \$12.5 million in new funds should be used to best address the needs of the early care and education workforce.

(Endnotes)

- ⁱ U.S. Census Bureau, American Community Survey (ACS), B23008, 2016
- ⁱⁱ Taryn W. Morrissey, “Child care and parental labor force participation: A review of the research.” *Review of Economics of the Household*, 2017.
- ⁱⁱⁱ [“Oregon Early Learning Workforce: Six Years Beyond Baseline Comparison of 2012 and 2018,” Oregon Child Care Research Partnership, Oregon State University, September 2019.](#)
- ^{iv} “Oregon’s Child Care Deserts: Mapping Supply by Age Group, Metropolitan Status and Percentage of Publicly Funded Slots.” Megan Pratt, Michaela Sektman and Roberta Weber,” Oregon State University. January 2019.
- ^v Katie Hamm and Carmel Martin, “A New Vision for Child Care in the United States.” Center for American Progress. September 2015.
- ^{vi} <https://www.oregon.gov/DHS/ASSISTANCE/Pages/data-pa.aspx>
- ^{vii} https://www.acf.hhs.gov/sites/default/files/occ/child_care_and_development_block_grant_markup.pdf
- ^{viii} [Hannah Matthews, Karen Schulman, Julie Vogtman, Christine Johnson-Staub and Helen Blank, “Implementing the Child Care Development Block Grant Reauthorization: A Guide for States.” National Women’s Law Center, June 2017.](#)
- ^{ix} NCCP Income Converter <http://www.nccp.org/tools/converter/>
- ^x Parent means a parent by blood, marriage or adoption, legal guardian, or other person standing in loco parentis
- ^{xi} OAR 461-155-0150
- ^{xii} OAR 461-150-0090, 461-150-0060
- ^{xiii} OAR 461-160-0040(5)(b)
- ^{xiv} OAR 461-135-0404
- ^{xv} OAR 461-135-0415(1)
- ^{xvi} <https://ccdf-fundamentals.icfcloud.com/alternative-methodology>
- ^{xvii} For current rates see <https://www.oregon.gov/DHS/ASSISTANCE/CHILD-CARE/Pages/Rates.aspx>
- ^{xviii} [“Oregon Early Learning Workforce: Six Years Beyond Baseline Comparison of 2012 and 2018,” Oregon Child Care Research Partnership, Oregon State University, September 2019.](#)



The State of Early Care & Education and Child Care Assistance in Oregon

December 2019



A report submitted by the Early Learning Division to the
Legislative Task Force on Access to Quality Affordable Child Care

early.learning@state.or.us