

## HB 2985 STAFF MEASURE SUMMARY

### House Committee On Early Childhood and Family Supports

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**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 4/13, 4/18

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#### WHAT THE MEASURE DOES:

Modifies employment-related child care subsidy program under Department of Human Services (DHS). Expands definition of coursework to hours spent on homework and study time, meetings with professors or teachers, exam preparation, student work groups and on-campus activities. Permits persons looking for work to qualify for subsidies for three months. Directs DHS to review co-pays paid by subsidy recipients and adjust co-pays to be capped at ten percent of total amount of subsidy received. Requires Early Learning Council (ELC) to develop and implement optional training opportunities for child care providers. Directs DHS, ELC and Office of Child Care to collaborate to provide enhanced reimbursement to providers who participated in training and provide incentives to parents to select providers that participate in training. Appropriates funds. Declares emergency, effective July 1, 2017.

#### ISSUES DISCUSSED:

- Unserved families that are eligible for Employment Related Day Care
- Challenges for families to access high-quality, affordable child care
- Positive socioeconomic outcomes for children and families due to subsidizing the cost of child care
- Urban and rural inequalities from the market rate study
- Examining methods other states use to pay subsidies

#### EFFECT OF AMENDMENT:

-1 Amendment. Replaces measure. Creates 20 member Task Force on Employment-Related Child Care to conduct a study on employment-related day care access and availability of subsidies and to develop a plan to expand access by: supporting child care providers and providing assistance in understanding health and safety regulations; providing information on opportunities for professional development for child care providers; supporting child care providers and families; recruiting additional child care providers; expanding access including to families who seek work or are students; and improving outreach to families who may be eligible. Requires initial report to the Legislative Assembly by January 2, 2018. Requires second report by January 2, 2019 that includes costs associated with expanding access to program and increasing the number of providers of child care. Sunsets January 2, 2020. Declares emergency, effective on passage.

*FISCAL: Fiscal impact issued*

*REVENUE: No revenue impact*

#### BACKGROUND:

The Department of Human Services (DHS) administers the Employment Related Day Care Program (ERDC) to help offset the cost of child care. ERDC provides subsidies to families that are working or in school with incomes at or below 185 percent of the Federal Poverty Level. Families provide a co-payment directly to a child care provider. The amount of co-payment is determined by income and family size. Child care providers submit invoices to DHS and DHS pays a subsidy to the providers. As of January 2017, ERDC served 8,023 families, which covers 15,254 children. Under ERDC, there are 3,529 providers.

In 2015, House Bill 2015 made changes to ERDC. The legislation allows families to receive a subsidy for at least one year, regardless of changes in employment and extends the program to self-employed parents. House Bill 2015 also

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created a lower co-payment for parents who choose providers that participate and meet the standards of the tiered quality rating improvement system and establishes a higher reimbursement to providers that meet the standards. Lastly, the legislation requires DHS to meet federal recommendations for income eligibility and market access.

Oregon State University reports that prices for child care vary across Oregon by age of child, type of care, local supply, demand for child care, and facility perception of ability to pay. Between 2004-2016, median income has stabilized, while child care prices have increased and will exceed college tuition. In 2016 the median price of child care was \$12,500. Parents pay the majority of child care expenditures. In Oregon, parents pay 72 percent, the federal government funds 19 percent, and Oregon funds nine percent of child care expenditures.