



2022 Child Care Investment Package

In 2021, the legislature passed HB 3073 which responded to the state's child care crisis and provided immediate and long-term relief to Oregon families most in need of child care by reducing parent copays and making needed reforms to the state's child care subsidy program: Employment Related Day Care (ERDC). HB 3073 also establishes the Department of Early Learning and Care (DELIC) as an independent agency, consolidating child care and early learning administration and streamlining governance.

Federal COVID funds (\$224m) were used in Oregon to send direct grants—life lines— to providers working under impossible conditions: reduced ratios, heightened safety measures, inconsistent enrollment. These grants were geared toward preserving child care supply and keeping existing child care businesses operating.

Operating grants did help many child care businesses survive the height of the pandemic; however, Oregon has sustained a loss of about 20% of our pre-pandemic child care supply, increasing the number of children and families lacking access to care to a point of true emergency. Every county in Oregon was a child care desert prior to COVID; things are even worse now.

The pandemic has made clear that without care work, no other work can happen. We have seen the devastating impact on employment when parents cannot find child care, especially for mothers and people of color. The legislature must act to invest in Oregon's child care supply immediately if we are to have an equitable economic recovery.

REBUILD CHILD CARE FUNDING SECTION - Total: \$65.7M - Monies spent by 9/1/24

Child Care was in short supply before the pandemic – now it's gone. Parents are facing waitlists everywhere and paying a significant portion of their family budget for care while providers who haven't left the industry, are barely scraping by, or earning poverty wages. Care for infants, care in rural areas, evening and weekend care, and culturally specific care is in extremely short supply.

1. Growing Oregon's Child Care Workforce:

\$21M Child Care Workforce Recruitment and Retention payments- Appropriation to Portland State University, Research and Sponsored Projects¹

We must recruit new employees and retain our current child care workforce, as they continue to care for our children at great personal risk during the ongoing pandemic. This investment is needed to ensure we have the workforce needed to support current and new child care businesses. Child care businesses cite lack of employees and turnover of current staff as a barrier to serving all children needing care. This investment acknowledges the ongoing challenges for this workforce due to low pay and high risk of exposure to COVID. Failing to invest in this fund

¹ Waiting for approval from director of Sponsored Programs and PSU Dean

will contribute to continued closures of child care businesses and reduced availability of child care now and into the future.

To provide financial incentives to recruit and retain high-quality child care workers across the state, this funding will utilize the infrastructure of an existing financial incentive program in the Center for Oregon Center for Career Development in Child Care & Education (OCCD) at PSU. OCCD administers financial incentives for participation in Oregon Registry Online for child care workers (ORO) which tracks training hours, college coursework and degrees providers complete related to the early childhood care and education field. ORO registration is required for those working in licensed child care programs and available to those in licensed-exempt care settings as a way to improve quality for all types of child care. Foundational trainings are available in 5 languages.

OCCD will provide outreach, collect applications, and distribute \$500 direct payments to those currently working as child care providers in 2022 and 2023.

- For 2022, those currently employed in child care and have worked in the field for at least three months in 2022 are eligible for \$500. The application period will be open between October and December.
- For 2023, those currently employed in child care and have worked in the field for at least six months in 2023 can apply and will be eligible for \$500. The application period will be open between July and December.

The Child Care Workforce Recruitment and Retention Fund will both combat labor shortages in the field and promote professional development to achieve high quality care and education for children in care. As a current training partner to the ELD, OCCD already has a system in place to verify the current licensed workforce and to cut checks directly to providers through the Oregon Registry Online program, which helps providers track and plan their professional development. This appropriation request includes funding for direct payments to providers as well as costs associated with administering the program.

2. Grow New & Existing Child Care: \$44M total to Recruit, Train, Mentor, Expand:

\$22M Capacity Building Grant Fund Administered by Seeding Justice

This Child Care Capacity Building Grant Fund will provide funding to a variety of organizations and/or entities who can work directly with new and current early learning and child care providers to start new care facilities or to expand existing facilities to serve more children.

For a variety of reasons, the state agency that would normally administer a grant program like this does not have the current capacity to administer this program. We need a trusted outside partner with a strong racial, gender, and economic lens, and experience administering grant programs, to ensure we can get these funds out in the community and into the hands of providers in an equitable and timely way.

The best path forward, to ensure timely interventions to grow access to child care, will be for state funds to be allocated to Seeding Justice, a local 501c3 that has experience managing these types of funds and working with community partners to administer them.

Seeding Justice (formerly MRG Foundation) is Oregon’s leading funder of social change organizing and is a 501c3 organization (EIN: 93-0691187). Seeding Justice’s eight Community Funds are led by and benefit communities closest to the pain of injustice, aimed at shifting both wealth and power. The Funds have raised an additional \$7 million (and counting) in the last two years and continue to receive requests from Sovereign Nations, government agencies, CBOs, and lawmakers to open new Funds. In 2020-2021, Seeding Justice had the following impact:

- Awarded over \$4,949,139 to 236+ Oregon grantees Launched the Oregon Worker Relief Infrastructure Fund (OWR) to resource CBOs helping undocumented workers access unemployment relief during COVID.
- Established the Chúush Fund with the Confederated Tribes of Warm Springs as a pathway to support tribal community members, infrastructure, and other needed investments to restore access to clean water.
- Acted as recipient of ARPA funds, overseeing allocation of relief funding and administering three legislative directed funds.

Seeding Justice will work as the fiscal sponsor, providing the following services for a 10% administrative fee, which is already included in the proposed appropriation:

- A representative from Seeding Justice will sit on the steering committee for strategic and informational purposes. Seeding Justice will not have a decision-making vote.
- Grantmaking will be made according to Steering Committee criteria.
- Will facilitate additional community fundraising efforts.
- Will facilitate communications efforts.
- Will facilitate community engagement efforts.
- Will provide financial tracking and reporting to the Steering Committee (monthly or quarterly).
- Will provide limited reporting on donors.
- Will provide limited reporting to funders.

\$17.3M Direct Appropriations to Organizations ready to launch new provider efforts

Community based organizations have stepped up to the plate to rebuild our child care supply. “The Partners” as they are referred to are recruiting, training, and mentoring community members to become new providers or helping existing providers expand their child care offerings. What “The Partners” have discovered is that many new and existing providers need one-time funds to start or expand their businesses.

Each Partner listed below has submitted a proposal about how they would spend their **allotted money between now and Sept 1, 2024.**

\$1.2M Euvalcree (Eastern Oregon)

\$7.9M United We Heal Training Trust (Statewide)

\$8.2M NeighborImpact (Central Oregon)

\$5M Child Care Resource & Referral to support above efforts- Appropriation to ELD, to increase contracts.

The one-time appropriations above will increase work for the state’s existing CCR&R’s who assist with training new child care providers. The Early Learning Division (ELD) will need to amend existing contracts with Oregon’s 15 CCR&Rs to provide additional funding for this temporary work increase. Funding needs to be appropriated to ELD and they will work with DOJ to increase existing CCR&R contracts. As we invest in helping bring more providers online, strengthening our CCRR system will be important to ensuring success for new providers.

INCREASED MARKET RATE FOR PROVIDERS - \$30M in HB 4005

In 2022, we must improve child care subsidy rates to the 2020 market rate survey’s 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. 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. For the Legislature to provide subsidy-eligible parents the ability to purchase at the 75th percentile of the current slots available— therefore affording more types of care in our current market—we must offer subsidy reimbursement rates at the 90th percentile of the most recent survey from 2020. Failing to do so reduces a family's ability to find and afford care with the subsidy voucher.

SUPPORT DELC TRANSITION - \$4.3M additional funding in Department of Education budget for Early Learning Division (ELD)

In addition to the \$5.8M in the Emergency Board SPA, ELD needs and additional \$4.3M for a total of \$10.1M. The legislature must provide this funding to hire the staff necessary to ensure the newly formed Department of Early Learning and Care (DELC) can combine all child care and early learning programs and implement a comprehensive funding strategy that is essential to building supply and breaking from past purchasing strategies that have diminished providers’ financial viability. 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 \$10.1M to expand staff capacity.

This \$100 million funding framework takes the essential next steps toward rebuilding child care supply necessary to support Oregon’s economic recovery. A framework that honors the efforts of our child care work force and understands the lifelong value of a quality child care experience for our youngest Oregonians.

