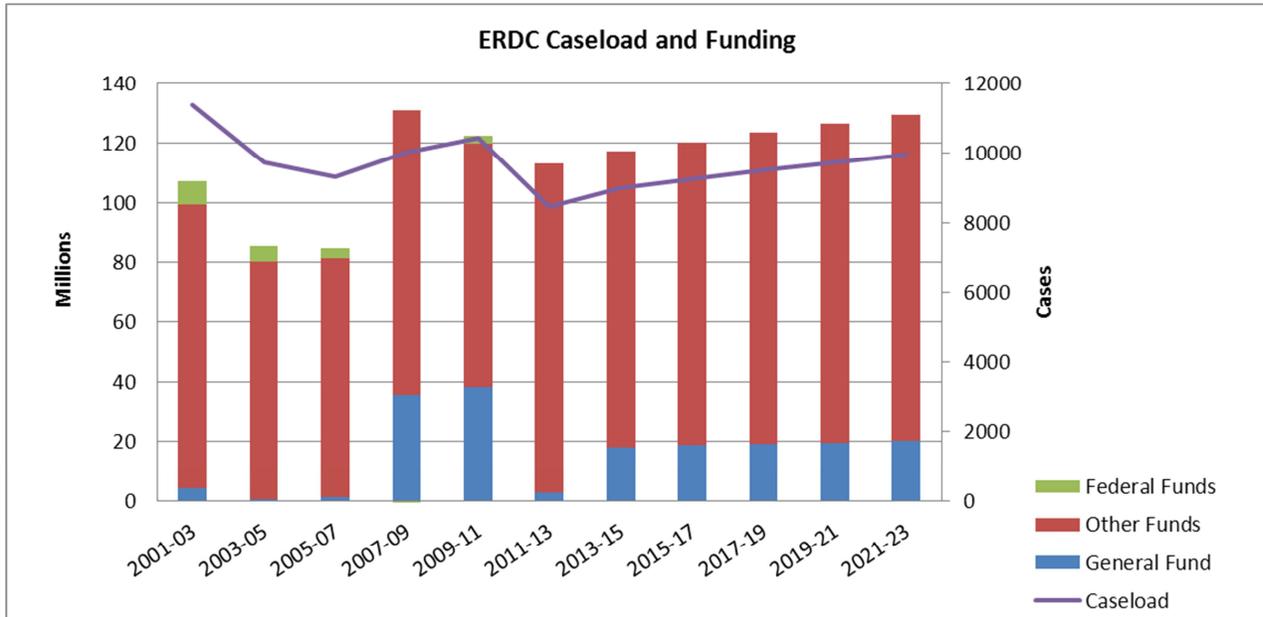


Department of Human Services: Employment Related Day Care Self Sufficiency Program

Primary Outcome Area: Education
 Secondary Outcome Area: Economy and Jobs
 Program Contact: Rhonda Prodzinski, 503-945-6108



Note: out years assume static costs per case with funding inflated each year at 2.3% and invested in additional cases. Added funding could also be used for other quality activities in lieu of increasing the caseload cap..

Executive Summary

The Employment Related Day Care program (ERDC) helps very low-income working families from a variety of cultural and linguistic backgrounds arrange and pay for quality child care. ERDC provides low-income families with the same opportunity to quality child care as other families with higher incomes. Quality child care nurtures a child’s learning and development so the child is better prepared to succeed in school. ERDC helps parents stay employed and gain self-sufficiency by assisting with the consistent, stable child care parents need to remain on the job ERDC also supports care for children with special needs, as well as offering providers who come from diverse cultural backgrounds. Providers required to register with the State must meet a set of health and safety standards, and all are required to complete background checks. They also have access to additional training and education. Providers employed by ERDC clients are contributing members to local economies throughout the state.

Program Funding Request

Employment Related Day Care - Education Total				
	GF	OF	FF	TF
LAB	2,782,511	110,171,917		112,954,428
ARB	18,108,856	98,975,005	0	117,083,861
Difference	15,326,345	(11,196,912)	0	4,129,433
Percent Change	550.8%	-10.2%		3.7%

Significant Proposed Program Changes from 2011-13

ERDC Investments/Reductions	Employment Related Day Care - Education Total			
	GF	OF	FF	TF
Continue ineligibility for ERDC for Self Employed	(1.97)	0.00	0.00	(1.97)
Continue Increased Co-Pay of 10% started in 11-13	(3.41)	0.00	0.00	(3.41)
Increase ave monthly caseload from 8500 to 9000	5.60	0.00	0.00	5.60

(\$ Millions)

DHS proposes continuing two eligibility limitations set to expire at the end of 2011-13 in order to increase the biennial monthly average caseload from 8,500 to 9,000. This budget also includes a General Fund backfill of one time revenues used in 2011-13. This proposal expands opportunities for low-income parents to access child care subsidies and strengthens training for providers in support of positive child development.

DHS, in collaboration with the Oregon Department of Employment’s Child Care Division, will leverage the existing Head Start contracted child care and expand through a field test to Oregon Program of Quality providers. The key goals of the field test are for children to have access to continuous quality child care and for providers to have stable funding. A statewide research team will be engaged to evaluate the field test. The field test for expanding contracted child care is related to priorities set by the Governor and the state’s new Early Learning Council to better prepare children for kindergarten and beyond. DHS is engaged in this work and is building stronger collaborations with other agencies and partners to integrate our ERDC program with the state’s early learning system. Guiding more of our providers through the Oregon Program of Quality will be a priority.

Program Description

To be eligible for the program, a family’s income must be less than 185 percent of the 2012 Federal Poverty Level. For a family of three, this amounts to a \$2,944 gross income per month. ERDC and families share the cost of child care. Families choose their child care provider and ERDC pays the provider directly for the State portion of the payment. The amount ERDC pays is based on the type of care and hours needed. Families pay a portion, called a copayment, of the child care bill. The copayment is based on a sliding scale depending on family income and size. Families often pay additional costs, depending on the provider rates and the amount they are eligible through the program. As the family's income increases, the parent’s share of the child care cost increases while still remaining affordable. Co-payments and additional costs paid by the family are also paid directly to the provider by the parents. Parents must pay their portion to remain eligible in the program.

ERDC helps families find child care and connects child care providers to those needing care. This service is provided through the DHS offices in every county. Most child care providers are self-employed. They have passed a background check including a criminal history and child protective services check. Most are required to register with the Oregon Employment Department Child Care Division and the DHS Direct Pay Unit. Licensed child care providers are represented by the American Federation of State, County and Municipal Employees Council 75 (AFSCME). The Service Employees International Union Local 503 (SEIU) represents family child care providers who are exempt from licensing. These providers are referred to as Family, Friends and Neighbor (FFN) providers.

DHS collaborates and works with multiple partners in support of child care system activities. We contract with local Child Care Resource and Referral (CCRR) agencies to provide consumer

education to assist parents, employers, care givers, and others interested in the ERDC program, and on the importance of maintaining and providing quality child care. These referral agencies educate parents on the importance of choosing the right caregiver. Many parents are not familiar with indicators of high-quality care, as well as licensing standards for child care. DHS partners with nine Head Start programs for full-day, full-year contracts for ERDC families. We also work closely with the Oregon Employment Department Child Care Division.

The major cost drivers are the number of families receiving ERDC, cost per case and contracted services (such as Head Start and Child Care Resource and Referral). The cost per case includes payments to providers which are collectively bargained. Potential changes in Federal requirements and collective bargaining agreements are also factors that drive costs in the program. Currently, the ERDC program serves less than 20 percent of eligible Oregon families with a priority given to families transitioning from TANF. We maintain a reservation list for families that are eligible but not served by the program. As budgets allow, we extend an application to those on the reservation list to apply.

DHS coordinates services across its program areas in order to be as efficient as possible in our service delivery. Families receiving services generally are clients of other programs. Maintaining employment for these families is important as they work towards long-term self sufficiency.

- In March 2012, there were 7,140 ERDC cases and 6,969 (97.6%) were receiving food benefits through the Supplemental Nutrition Assistance Program (SNAP).
- In March 2012, there were 5,079 ERDC cases that had a companion medical case. The medical cases included 13,079 children receiving Oregon Health Plan or insurance through the Healthy Kids program.

Today child care providers enter daily attendance hours and calculate monthly billing amounts manually. DHS is developing an automated Child Care Billing and Attendance Tracking (CCBAT) system to increase program efficiencies. This solution will allow for the electronic capture of attendance and authorization data. CCBAT will provide cost savings, improve program management and accountability, reduce the number of payment adjustments and provide better outcomes for providers and parents. Implementation of the system begins in the Fall of 2012.

Program Justification and Link to 10-Year Outcome

Child care that supports children's development, especially in the early years, helps children succeed in school and better prepares them for their future. Early learning opportunities for children are generally provided for by the parents. Access to quality child care for low-income families is important so that their children also have the same opportunities to develop cognitive, social, emotional and behavioral skills to be ready for school. Low-income families are faced with difficult choices when it comes to child care expenses. They may rely on an older sibling, or a variety of family or friends. This may lead to inconsistent or unstable care that interferes with the employment of the parent. Research shows that ERDC is critical in helping low-income families maintain employment.

The Governor's Early Learning Council (ELC) and the opportunity through the 2012 Race to the Top federal grant embraces the importance of investing in measureable, quality child care. DHS supports improving safety, quality and enrichment of child care programs as well as ensuring low-income families have easy access to a variety of child care settings. DHS is partnering with the Child Care Division and other stakeholders to plan improvements to DHS programs to strengthen outcomes for our children and their parents.

Beginning in September, DHS will offer contracted child care slots for ERDC families with 21 Oregon Programs of Quality (OPQ) facilities and continue contracted slots with some full-day, full-year Head Start programs. OPQ programs have completed a rigorous process of documenting a high level of quality. The goals of the OPQ/Head Start contracted slots are to provide continuity of care for infant, toddler and preschool children in quality programs, access to continuous care for low-income working families and stable funding for quality early learning programs serving low-income children.

Program Performance

In March 2012 there were 7,140 ERDC cases that served 13,193 children. As of April 2012 the average cost per case was \$529. This rate fluctuates greatly depending on the specific family needs. As of April 2012 there were 1,512 licensed child care providers actively providing child care for DHS families across the state.

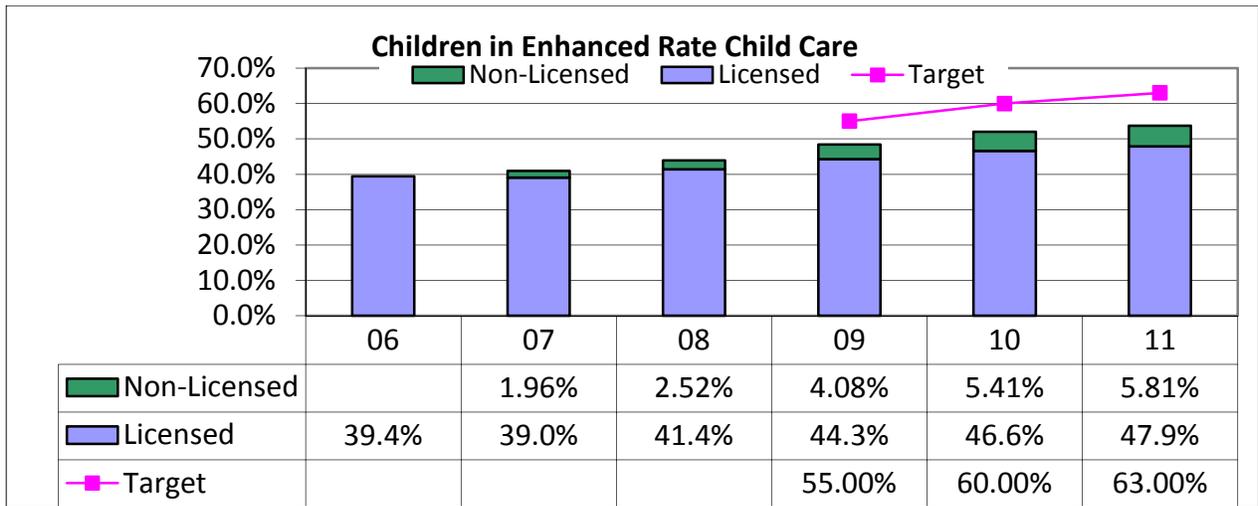
Researchers have identified education and training as an indicator of quality that has been proven to be associated with positive child outcomes. Parent education on selecting quality care is provided through DHS contracts with Child Care Resource and Referral agencies. CRRR's referred 9,643 parents to child care providers during the 2011 calendar year. To improve the quality of care available to subsidized families, DHS provides a higher maximum rate (approximately 7 percent above the standard rate) for license-exempt providers who meet the same basic training requirements that are required of licensed family providers. There has been a steady increase in the percentage of children receiving care either from a license-exempt provider receiving the enhanced rate or from a licensed provider. The rate has increased from 48.4 percent in 2009 to at least 54 percent for the first six months of 2011.

As children near school age more families are accessing licensed care. The percentage of children in licensed care rose almost 10 percent from the infant to the preschool age range. During this timeframe, there were approximately 12,600 children ages 0 to six receiving child care assistance through DHS. Of those children, 50.5 percent were enrolled in licensed care. An additional five percent of children were in care with providers who are exempt from CCD licensing but have completed required training through the Oregon Registry.

The earliest years, from birth to age three, are critical for young children's healthy development. Experiences during the infant and toddler years shape the architecture of the brain – including cognitive, linguistic, social and emotional capacities – at a phenomenal rate and lay the foundation for future growth and learning.¹ Subsidy policy improvements need to be made in order to provide parents of infants and toddlers more accessibility to high quality licensed programs.

The number of children and families we serve in this program is based on available funding. The program is currently capped at 8,500 through legislative action.

¹ Shonkoff and Phillips, etc., *From Neurons to Neighborhoods: The Science of Early Childhood Development*, National Research Council and Institute of Medicine, 2000.



Enabling Legislation/Program Authorization:

ORS 409.010(2)(c), 411.141 and 418.485 provide statutory authority to DHS for administration of the ERDC program.

Child Care and Development Fund (CCDF) grants are administered by the Department of Health and Human Services, Administration for Children and Families Office of Child Care. They are authorized by the Child Care and Development Block Grant (CCDBG) Act of 1990 (45 CFR Part 98 and 99). Authorization for CCDBG expired in FY 2002; however, the Act continues to receive funding through annual appropriations bills.

The Oregon Employment Department (OED) Child Care Division² is designated as the lead agency in Oregon to administer these funds. CCDF funding is transferred from OED to DHS.

Funding Streams

\$110,171,917 Other Funds – Federal grants provided to OED

\$2,782,511 General Funds – Required in order to receive the Federal funds

The Other Funds are the CCDF Federal Funds that are transferred from OED. The General Funds are state revenue that is used for our Maintenance of Effort (MOE) as part of the Federal fund requirement. We also spend General Funds on our administrative expenses and use that money for MOE. DHS spends \$12 million in General Funds per biennium in order to meet our CCDF MOE requirements.

² The DHS ERDC proposal needs to be reviewed with CCD’s proposal.
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