

2013-15 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Office of Self Sufficiency Programs
Program Name: Child care Program
Policy Option Package Initiative:
Policy Option Package Title: Increase the Employment Related Day Care (ERDC) caseload cap
Policy Option Package Number: 105-1
Related Legislation:
Program Funding Team: Education

**Summary
Statement:**

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.

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	\$5,598,558	\$0	\$0	\$5,598,558

1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?** The ERDC caseload is currently capped at 8,500. This policy option would increase the ERDC caseload cap to allow more low income working families to access high-quality child care.

2. **WHY DOES DHS PROPOSE THIS POP?** ERDC helps very low income working families from a variety of cultural and linguistic backgrounds arrange and pay for quality child care. Stable high-quality child care contributes positive outcomes to early childhood development and school readiness. 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 \$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 the family income and size. As the family’s income increases, the parent’s share of the child care cost increases while still remaining affordable. Currently, the ERDC program serves less than 20 percent of eligible Oregon families. This POP would allow more low income working families to receive ERDC. The ERDC program is a vital support that helps parents stay employed and gain self sufficiency. Providers employed by ERDC clients are contributing members to local economies throughout the state.

3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?** 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) embraces the importance of investing in measureable, progressive quality child care.

4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?** Yes, this is tied to the access to quality child care performance measure and aligns with the goals of the Early Learning Council.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? No IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?** N/A

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?** If families are not able to receive ERDC supports they may not be able to access quality child care and maintain employment. This may lead to instability in the family and may cause them to access other more costly services. Child care providers may also be affected as more parents are unable to pay for child care.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Oregon Employment Department as the lead agency for CCDF would be affected because this reduces the amount of state expenditures that count toward MOE.

The following Child Care stakeholders, and advocate groups would be in support of this policy option package: Children First, Oregon Association for the Education of Young Children, One Voice for Child Care, Children’s Institute, Oregon ASK, Oregon Community Foundation, child care providers and provider unions – AFSCME (American Federation of State, County and Municipal Employees) and SEIU (Service Employees International Union), Head Start and Oregon Child Care Resource and Referrals. The Oregon Employment Department Child Care Division also supports increasing the ERDC caseload cap.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP? The pricing of this POP is based on the Spring 2012 forecasted cost per case.

Implementation Date(s): Immediate upon passage

End Date (if applicable): Ongoing

- a. **Will there be new responsibilities for DHS? No Specify which Program Area(s) and describe their new responsibilities.**

- b. **Will there be new administrative impacts sufficient to require additional funding? No Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Administrative Services Division LC/POP Impact Questionnaire (at the end of this document).**

- c. **Will there be changes to client caseloads or services provided to population groups? No Specify how many in each relevant program.**

- d. **Will it take new staff or will existing positions be modified? No For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.**

- e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training? N/A**

- f. **What are the ongoing costs? N/A**

- g. **What are the potential savings? N/A**

h. Based on these answers, is there a fiscal impact? Yes

TOTAL FOR THIS PACKAGE

<u>Category</u>	<u>GF</u>	<u>OF</u>	<u>FF</u>	<u>TF</u>	<u>Position</u>	<u>FTE</u>
Personal Services	\$0	\$0	\$0	\$0	0	0.00
Services & Supplies	\$0	\$0	\$0	\$0		
Capital Outlay	\$0	\$0	\$0	\$0		
Special Payments	\$5,598,558	\$0	\$0	\$5,598,558		
Other	\$0	\$0	\$0	\$0		
Total	\$5,598,558	\$0	\$0	\$5,598,558	0	0.00

DHS - Fiscal Impact Summary by Program Area:

	ERDC	Program Area 2	Program Area 3	Program Area 4	Total
General Fund	\$5,598,558	\$0	\$0	\$0	\$5,598,558
Other Fund	\$0	\$0	\$0	\$0	\$0
Federal Funds- Ltd	\$0	\$0	\$0	\$0	\$0
Total Funds	\$5,598,558	\$0	\$0	\$0	\$5,598,558
Positions	0	0	0	0	0
FTE	0.00	0.00	0.00	0.00	0.00

What are the sources of funding and the funding split for each one? This would be 100% general fund.