Child Care Subsidy Policies and Outcomes: Oregon Case Study

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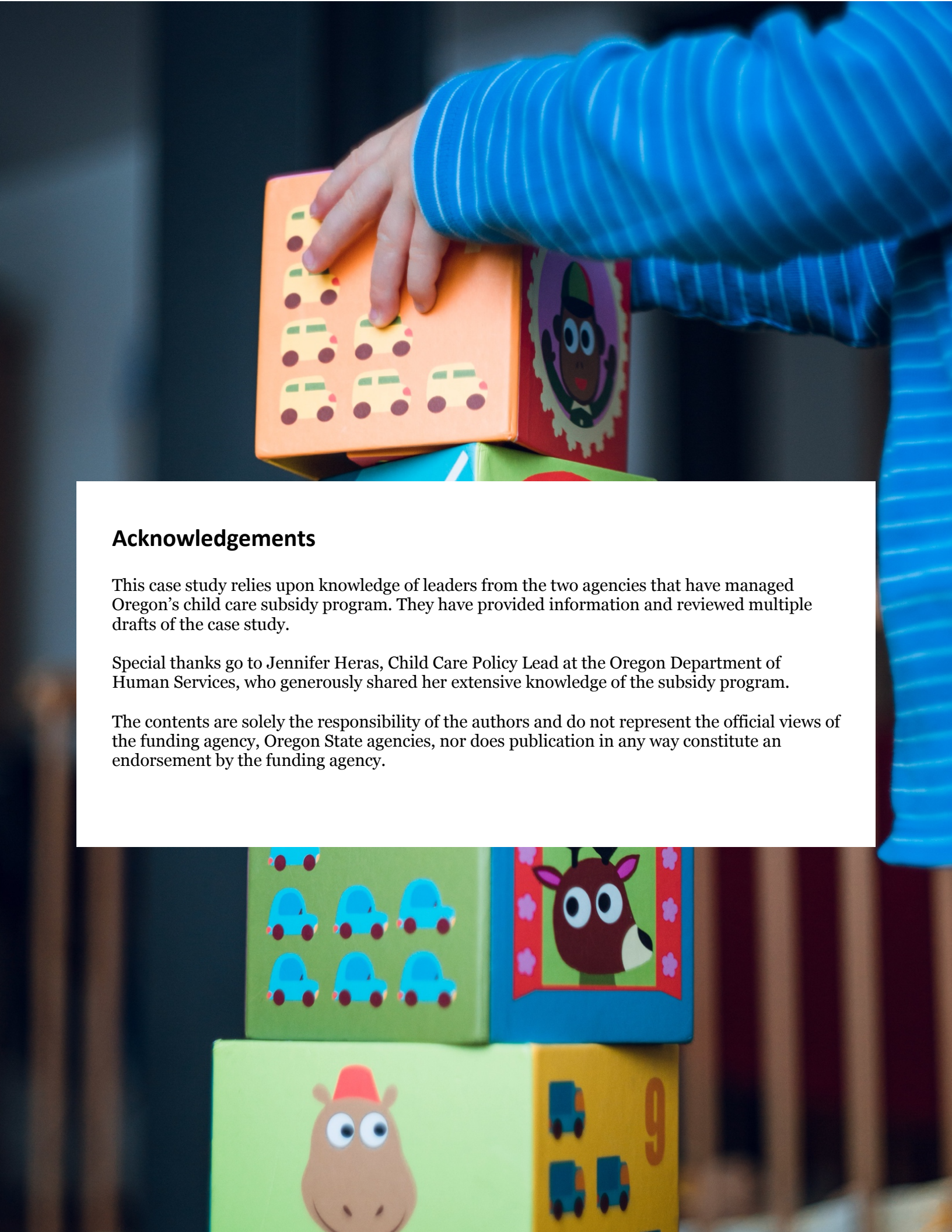

Acknowledgements

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The contents are solely the responsibility of the authors and do not represent the official views of the funding agency, Oregon State agencies, nor does publication in any way constitute an endorsement by the funding agency.

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Introduction

Along with Minnesota, Oregon has produced a case study of the state's child care subsidy program. The purpose of the study was to increase understanding of the association of subsidy program policies and outcomes. The case study began with a description of the Oregon child care subsidy program through 2019. The bulk of the case study is devoted to providing a detailed description of the program over time, including both policies and outcomes. The final section provides a synthesis of the presented material in which key questions about program outcomes are addressed. One or more hypotheses of the association of policies and outcomes is presented; the hypotheses flow from findings of the descriptive study. Finally, the relevance of the findings for Oregon and other states is explored.

This case study references the current Oregon subsidy program, but does not capture program characteristics past federal fiscal year 2019. The 2021 Oregon Legislature has made substantive changes in the management and delivery of early care and education. These changes will have substantive impacts on the subsidy program and the changes are in process at the time of this writing. The study describes the child care subsidy program through September 2019. It would be of great benefit to repeat this study after full implementation of the legislated changes.

Oregon's Child Care Subsidy Program Description

Overview

CCDF Lead Agency and Subsidy Administrative Agency

About the time of passage of the 1990 Child Care and Development Block Grant (CCDBG), Governor Goldschmidt created Oregon's Office for Child Care and originally housed it in his office. He designated it as the CCDBG lead agency. It moved from the Governor's office and became the Child Care Division (CCD), a division housed in different state agencies from 1991 to 2011. In 2011, as part of a major multi-disciplinary, multi-agency effort to improve early childhood in Oregon, the Legislature created the Early Learning Division (ELD) within the Oregon Department of Education. CCD, renamed Office of Child Care, became part of ELD and thus, ELD became the lead CCDF Agency in 2011. Due to legislation passed in 2021 ELD will become the Department of Early Learning and Care (DELC) in 2023. DELC will be its own state agency at that time.

Oregon Department of Human Services (ODHS) has managed the child care subsidy program. The subsidy program started within ODHS in the late 1980s as a part of Oregon's welfare transformation efforts. The original program was funded with a variety of welfare funding streams. With passage of CCDBG, subsidy funds were subcontracted to ODHS from the CCDBG lead agency. ODHS combined CCDBG funds with welfare funding streams. With the 1996 creation of the Child Care and Development Fund (CCDF), in which CCDBG and welfare funding streams were combined at the federal level, the CCDF dollars for child care subsidy flowed from the lead CCDF agency to ODHS. TANF dollars have gone directly to ODHS and in Oregon those for child care subsidies have not been transferred to CCDF, an option since 1996. Since 2011, ELD has been the lead CCDF agency and ODHS has managed the child care subsidy program. The 2021 legislative action which created DELC, mandated the movement of Employment Related Day Care subsidy program (ERDC) to DELC by 2023.

Leadership

The Early Learning Division (ELD) has been headed by an Early Learning System Director who has answered directly to the Governor. An Early Learning Council, whose members have been appointed by the Governor, has advised the System Director. CCDF Co-administrators within ELD have held responsibility for overseeing CCDF programs.

ODHS has been headed by a Director and Leadership Team which has included the Self-Sufficiency Director. A Program Design Manager who has reported to the Self-Sufficiency Director has managed the child care subsidy program. A team of ODHS policy analysts have supported the administration of the subsidy program.

Governance Structure

Prior to the 2023 reorganization, subsidy program governance in Oregon has been the shared responsibility of two state agencies. ELD has been responsible for child care licensing and administering early learning programs such as Spark (Oregon's QRIS), Oregon Head Start Prekindergarten (HS/OPK), Preschool Promise, Baby Promise, and Healthy Families Oregon (home visiting). ELD has led the State's child care supply building and quality improvement efforts. Although ELD has been the CCDF lead agency and has had overall early learning policy responsibility, ODHS has managed the child care subsidy program using multiple funding streams. CCDF dollars have been transferred to ODHS through an Interagency Agreement after receipt by ELD. TANF and State General Fund dollars have gone directly to ODHS.

By itself or working with the Oregon Legislature, ODHS has set and managed subsidy policy. As lead CCDF agency ELD also has had a role in subsidy policy. The Legislature has been most directly involved in setting budgets and provider payment policies. The program has been managed to ensure spending does not exceed budgets. Desired program outcomes have not been explicitly named, although forecasting participation levels has been part of the legislative budget process. Planned organizational changes are currently being implemented.

Policy levers (i.e., eligibility, copayment, payment rates, wait list implementation, establishment of redetermination period length, allowable job search) have been used as budget management tools. It is not clear if any part of state government has responsibility to study or explore possible reasons for outcomes such as changes in participation level and continuity over time, but the state has partnered in research on the subsidy program since shortly after its inception. For over 30 years, Oregon has had a Child Care Research Partnership in which state agency staff, researchers, and practitioners have designed and conducted research, including studies of the child care subsidy program.

Relationship of Child Care Subsidy and Welfare/Work Support Programs.

Prior to the current reorganization, the child care subsidy program has been administered as one of the state's self-sufficiency programs. ODHS has had responsibility for the Temporary Assistance to Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) programs as well as directly managing the child care subsidy program.

Use of TANF.

Oregon has not transferred TANF dollars to CCDF. Both employed and TANF families[1] have received child care subsidies through the same child care subsidy program, but not always with the same policies. Given that Oregon's TANF funds have not been transferred into CCDF, some child care policies have differed for families eligible due to TANF rather than employment. TANF families typically have received child care subsidy to engage in the Job Opportunity and Basic Skills (JOBS) programs which support treatment, training, education, and job search activities. ODHS has moved families between the two programs based primarily on the family's employment status.

[1] Please note that throughout the case study the terms household, parent, and family are used interchangeably. Although parents most commonly qualify a family or household for the subsidy program, rules allow other adults legally responsible for the child to qualify.

Administrative Details.
ODHS has been responsible for determining families' eligibility, calculating copayments, and calculating and issuing provider payments. Licensed child care providers receive regular health and safety inspections conducted by ELD's Office of Child Care. Policies and practices dealing with unlicensed providers have been managed by ODHS, although since 2017 nonrelative unlicensed providers receiving subsidies have been required to receive monitoring visits conducted by ELD's Office of Child Care.

In most parts of the state, families have applied for a subsidy at a local ODHS Branch office where Eligibility Workers have helped employed parents enroll in a variety of Self Sufficiency programs. There has been some centralization of eligibility determination and an online eligibility system recently implemented. Eligibility workers have been guided by State CCDF policies. TANF caseworkers have managed child care for TANF families as a part of the family's TANF participation.

Budget

Budget has played a major role in how policies have been set as well as in shaping program outcomes. In a program with available funds far less than needed to serve all eligible families, managing limited funds has played a major role in both policy setting and program management. We used a measure of budget expenditures derived by summing 801 data on provider payments for each Federal Fiscal Year (FFY). Generally, expenditures increased over time.

Employment related subsidies.
Based on the analysis of 801 data shown below, we observed (1) the amount expended increased steadily with the exception of FFY 2018 when it declined, and (2) expenditures per child increased steadily from 2014 to 2019—from $2635 to $4,083 (35% increase).

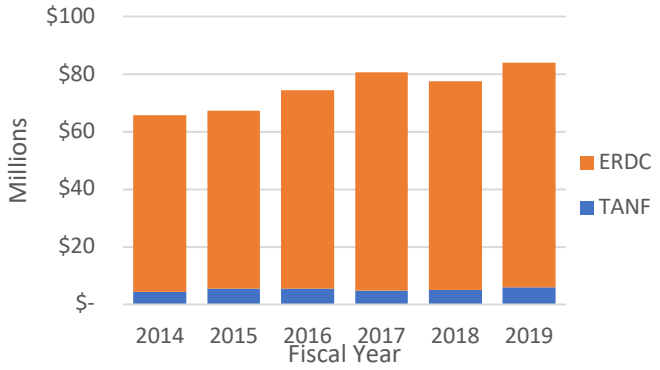
Table 1. Employment Related Subsidy Budget and Expenditures

Expenditures	2014	2015	2016	2017	2018	2019
# Children Served	23,303	21,428	20,504	21,298	19,708	19,147
Exp/yr (Million)	$61.4	$61.8	$68.8	$75.8	$72.4	$78.2
Exp/Child	$2,635	$2,883	$3,358	$3,561	$3,675	$4,083

Employment and TANF related subsidies.

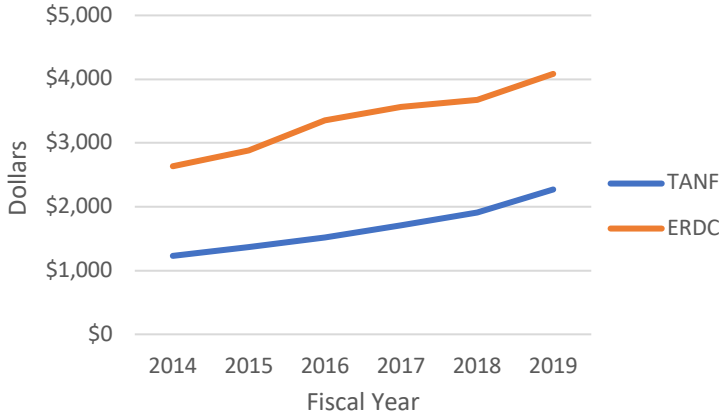
The 801 data supports a comparison of expenditures for employment and TANF related subsidies. In the following graphs, totals are shown for employment and TANF related expenditures from 2014 to 2019. Figure 1 illustrates how employment related subsidy expenditure increased from $61 M in 2014 to $78 M in 2019 with a decline in 2018. TANF expenditures remained low throughout the observed years, ranging from a little over $4 M in 2014 to almost $6 M in 2019, with declines in both 2017 and 2018.

Figure 1. Total Payments Expended for Employment (ERDC) and TANF-Related Subsidies.



Figures 2 illustrates how payments per child were substantially larger for employment related subsidies than for TANF related subsidies (in 2019 $4,083 for employment related and $2,271 for TANF related).

Figure 2. Payments Expended Per Child for Employment (ERDC) and TANF-related Subsidies.



Purpose and Goals

Program Purpose

Across the state, there has been a shared understanding that the purpose of the Oregon child care subsidy program has been to support employment of low-income parents. Support of children's development has been included and was highlighted in the 2021 Legislative action.

Program Goals

At its beginning as a part of early welfare reform efforts in the late 1980s, Oregon's child care subsidy program had employment support as its goal. This goal was not substantially changed by the 1990 passage of the *Child Care and Development Block Grant (CCDBG)*, although support of child development was added. With the 1996 passage of *The Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (PRWORA), TANF diversion (keeping families out of TANF program) was the often-stated program goal. TANF diversion retained its importance, as evidenced in legislative processes, and wait list priorities described below. Support of child development has become increasingly important, especially since passage of the 2014 CCDBG Reauthorization and now with the 2021 Legislative actions.

On its website, ODHS has provided the following description of the child care subsidy program. It is important to note that ODHS has described only the employment related program on the website since the website has not been the tool for letting parents know about TANF-related child care subsidies. TANF families have learned about child care assistance as part of their broader benefits process. Following is the program's description that was posted on the ODHS website at the time of this study:

> *The Employment-Related Day Care program (ERDC) helps eligible low-income families pay for child care while they are working. ERDC is a subsidy program, meaning eligible families still pay part of the child care cost.*
>
> *ERDC also works with providers and other child care partners across the state to help families find and keep good child care, improve the availability of quality child care in Oregon, and to develop resources for parents and child care providers.*

Priority Populations

Priorities could be seen in the definition of parents who could enroll in subsidy services when a reservation (wait) list was added in 2010 to control the budget.[2] Those who could be eligible to receive a subsidy and did not need to enter the reservation list include:

- Families where any member had received a full or partial month of TANF in the preceding three months.
- Families where a parent had an open ERDC case in one of the preceding two months.
- Families where any member is currently or was eligible for a Temporary Assistance to Domestic Violence Survivors grant.
- A child in the family is found eligible for an opening with a contracted slot for Head Start or an Early Head Start Child Care Partnership.
- The family is referred to ERDC by Child Welfare.

In addition to priorities captured by the reservation list policy, the copayment schedule has worked to prioritize the lowest income households. Copays have risen rapidly as household incomes rise, which has meant that copays have been near or in excess of the cost of care for all but the lowest income households.

Efforts directed to support access

The subsidy program has been administered as one of multiple work support/welfare programs (e.g., TANF, SNAP). Access efforts have been primarily focused on ensuring that eligible applicants to any of these programs knew of the child care subsidy when they applied for other benefits such as SNAP. Consistently, about 95% of subsidy recipients (ERDC and TANF subsidy recipients with about the same percentage for both groups) have participated in one or more other self-sufficiency and work support programs. TANF families have had an individual caseworker who managed their case including securing either a TANF or employment related subsidy, depending on parent's employment status.

Until relatively recently, policies, including low provider payment rates (which increased program's ability to serve more families) and few provider requirements (which allowed unlicensed providers to easily meet requirements), were likely designed to support access to the subsidy program. Until 2010, Oregon was able to serve all eligible families that applied. It is worth noting that major policy changes to increase generosity in 2007 were associated with the budget issues that led to the implementation of a wait list in 2010.

Administrative and Accountability Concerns

As a part of managing the child care subsidy program, ODHS has ensured that federal standards were met. Another major concern of ODHS administrators has been ensuring that program expenditures did not exceed allocated budgets. Although CCDF dollars have come to the Office of Child Care in ELD and have then been subcontracted to ODHS for the child care subsidy program, TANF and State general fund dollars for the program have been allocated directly to ODHS. ODHS has been administratively responsible for accounting for program expenditures and providing results to ELD which has been responsible for the federal reports.

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[2] TANF exemption and ERDC reapplying were both original exemptions from the reservation list. Temporary Assistant for Domestic Violence Survivors (TA-DVS) was added Oct 2014, contracted slots was added Sept 2012 (beginning of some Oregon Programs of Quality contracts), and the child welfare exemption was added January 2014. ODHS added exemptions as they saw the need for them arise and could get approval to do so.

Unique Features of State Context that Shape Subsidy Policy and Outcomes

Until recently, the majority of Oregon subsidy participants have used unlicensed relatives and nonrelatives. Indeed, as recently as 2006, almost 85% of children receiving a subsidy were in unlicensed care. By 2014 that rate had come down and was less then 50%, and by 2019 the percent of children in unlicensed care provided by relatives and non-relative providers was close to 25%.

Research focused on the Oregon subsidy program has shown a relationship between family characteristics, especially nontraditional work schedules, and the use of unlicensed care (Weber, Grobe, & Scott, 2017). This research showed that in 2008 almost two-thirds of parents receiving a subsidy had one or more employment related barriers to using licensed care (e.g., nontraditional hours, unpredictable schedule) and that parents with one or more barriers were likely to use unlicensed care.

State Initiatives.

Oregon policy makers have tended to differentiate between early learning programs focused on development and those focused on supporting parental employment. For example, program budgets have gone through different legislative committees. A number of early learning programs were explicitly designed to support children's development. In the late 1980s the Legislature decided to use the federal Head Start Program as its prekindergarten vehicle. State dollars were added to the federal grants and the Oregon Head Start Prekindergarten (OHSPK) program emerged. Almost all of Oregon's Head Start grantees receive both federal and state dollars, with the state share exceeding the federal share. ELD has managed OHSPK and other early learning programs such as Preschool Promise, a mixed delivery system in which the state contracts with qualifying home- and center-based programs to deliver early care and education. These programs typically have operated during the academic year and for six hours or less. Policies for these programs and the subsidy program have not typically been coordinated.

Oregon implemented its Quality Rating and Improvement System (named Spark) in 2013. Starting in 2016, providers receiving a rating of 3 or higher may have been able to receive an enhanced subsidy rate, and parents selecting a star-rated program may have received a lower copayment.[3]

Early Learning Council.

In 2011 Governor Kitzhaber created the Early Learning Council which brought together agencies whose policies affect early learning including human services, education, health, and housing. This comprehensive effort to improve early learning outcomes was captured in the shared strategic plan, *Raise Up Oregon* (Early Learning Division, 2019). References to the child care subsidy program were embedded in the strategic plan.

[3] The parent incentive was terminated with the 10/1/21 restructure to the ERDC copay. Since the lowest income families would no longer have a copay, they also would not be able to receive a copay incentive to encourage them to seek out high quality care. This was determined to be inequitable by ODHS and the request to terminate the incentive was granted.

Unions.

Although centers have had no union representation in Oregon, home-based providers have had two; In 2006 Governor Kulongoski recognized Oregon AFSCME to represent licensed home-based providers and SEIU to represent unlicensed home-based providers.[4] Unions have played a strong advocacy role, have been involved in subsidy rate setting, and have led efforts to increase provider payment rates in the subsidy program.

Advocacy efforts.

In addition to AFSCME and SEIU, Oregon has had a number of strong advocacy organizations that focus on the subsidy program and work to impact policies. These groups have worked collaboratively to influence state agency and legislative policies regarding the subsidy program. Advocacy groups have included Our Children Oregon, Family Forward Oregon, and Children's Institute.

Audits/investigations.

The Oregon Secretary of State (SOS) periodically conducts audits of state agency programs. In 2018 SOS conducted an audit of child care licensing. A 2020 audit focused on safety within learning programs. Its report *Oregon Should Improve Child Safety by Strengthening Child Care Background Checks and State's Sex Offender Registry* (Oregon Secretary of State, 2020), was directed to Oregon Departments of Education, Human Services, and State Police. Findings were welcomed by the Early Learning Division (Oregon Early Learning Division, 2020).

[4] Unlicensed providers need to be listed with ODHS, but licensed providers do not need to be listed to be considered part of the unions.

Policy Levers and Practices

Major Policy Levers

Because CCDBG/CCDF is a block grant, states shape their subsidy program using a key set of policies. Oregon's subsidy policies are described below. A table captures each policy and changes over time. See Table 3. *Oregon Child Care Subsidy Program at a Glance: Outcomes, Budget, and Policies*.

Eligibility.

For most of its history, parent eligibility has moved between 150% and 185% Federal Poverty Level (FPL). From 2007 through 2019, the eligibility ceiling has been 185% FPL. Since 2015, the higher percentage of FPL has been in place for the level at which a parent must exit the program.[5]

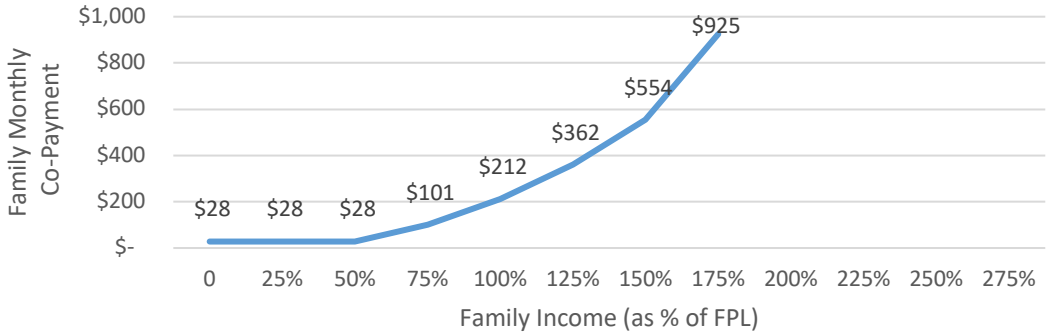
Redetermination Period Length.

Prior to 2007, subsidy participants had to recertify every 3 to 6 months. This period was expanded to 6 months in 2007. There were some attempts to lengthen the redetermination period by aligning it with SNAP recertification in 2009, but the actual change to 12-month eligibility periods was not put in place until October 2015. Prior to 2013 job search was not an allowable activity for subsidy eligibility. As of 2013, policy allowed job search for 1 month and in 2015 it was set at 3 months. Twelve-month eligibility and 3-month job search policies have applied to parents enrolled in the employment related subsidy program, not those in the TANF related program.

Copayment policy/scale.

The copay has been set at the family level and based on family income and household size. Prior to 2007 policy changes, copays could be up to 68% of household income. In 2007, the copay structure was rewritten, and copays were reduced by about 26% on average. In 2012 the Legislature increased copays by 10%. After the 2015 enactment of a higher income level for program exit than entry, a family could pay up to 32% of their income toward a copay. In 2016 copays could be lowered for families who connected with a QRIS (Spark) rated provider. According to the Urban Institutes' CCDF policy database (Urban Institute, 2020), Oregon's copayment levels rank as the third highest among states and territories, ranking below those of Hawaii and Guam. The following graphic shows the copay schedule, although as of March 2020 copays have been waived during the COVID-19 pandemic.

Figure 3. Oregon 2019 Family Monthly Co-Payment Schedule by Family Income.

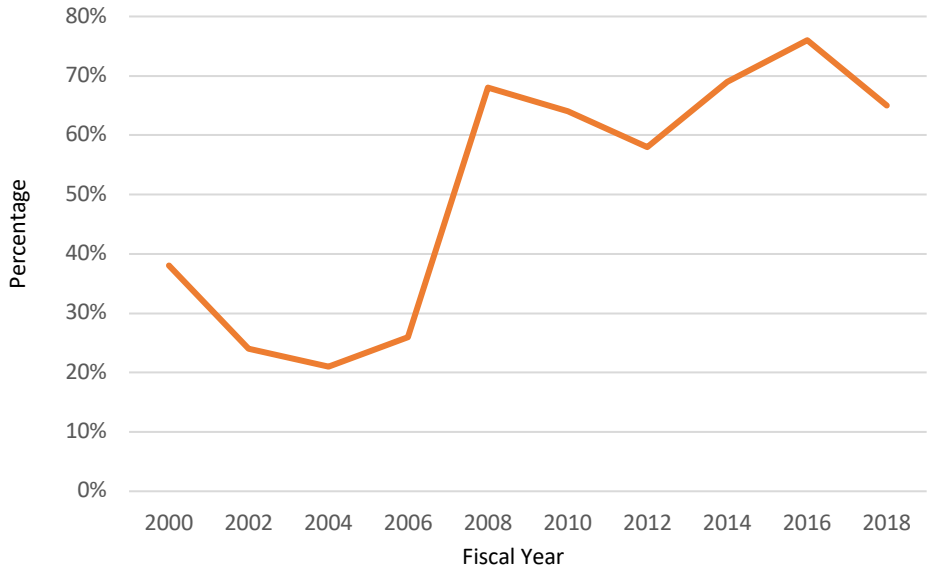


[5] The entry limit increased to 200% as of January 1, 2022

Provider payment rates.

In early years of the program provider payment rates were low, ranging from 21% to 38% of slots that could be purchased with the maximum payment rate. Payment rates for licensed and unlicensed home-based care were the same and have remained close. Since 2007 Oregon has attempted to set payment rates at or near the 75th percentile of market prices, so that 75% of slots could be purchased with the maximum payment rate. In the years 2008-2018 the percentage of slots that could be purchased with the maximum rate has ranged from as low as 58% to a high of 76% of slots as seen in Figure 4 below. An assessment of the actual percent of market slots than can be accessed with the maximum rate has been included in each state market price study report.[6] Using the price for full-time toddler care, the percentage of slots that can be purchased with the subsidy maximum payment rate has been calculated every two years. The toddler price has been used for this estimate as it has been lower than infant and higher than preschool prices.

Figure 4. Percent of Slots that can be Purchased at the Subsidy Program Maximum Rate.



Waitlist procedures.

Oregon has used the term reservation list for its wait list. The list was first implemented in November 2010. Families could bypass the list if any of the following conditions were met:

1) Families where any member had received a full or partial month of TANF in the preceding 3 months
2) Families where a parent had an open ERDC case in one of the preceding 2 months
3) Families where any member is currently or was eligible for a Temporary Assistance to Domestic Violence Survivors grant
4) A child in the family is found eligible for an opening with a contracted slot for Head Start or an Early Head Start Child Care Partnership
5) The family is referred to ERDC by Child Welfare.

[6] Current and past market price study reports can be found at https://health.oregonstate.edu/early-learners/affordability

New families that had not been on TANF in the last 24 months and non-TANF leavers no longer eligible for employment-based subsidy were placed on the reservation list. Families who lost eligibility were added to the reservation list. As noted above, reservation list policy was revised as staff learned of additional needs and got the change approved.

The reservation list was active in 40% (44 of 108) of months between FFY2011 and FFY 2019. See Table 2.

Table 2. Months of Federal Fiscal Year where Reservation List was in Place

Fiscal Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total months with reservation list in place
2011	X	X	X	X	X	X					X	X	8
2012	X	X	X	X	X	X	X	X					8
2013		X	X										2
2014				X	X	X	X						4
2015	X	X	X	X	X	X	X	X	X	X			10
2016				X	X	X	X	X	X	X			7
2017													-
2018		X	X	X	X	X							5
2019													-

Provider Requirements.

Early years of the subsidy program were marked by few provider requirements. Over time requirements have increased. To be eligible to participate in the subsidy program, providers have had to meet at least one of two types of standards. If the provider was required to be licensed, they had to meet Oregon's licensing standards and be licensed by the Early Learning Division. Licensed providers and legally operating but unlicensed providers have had to meet what are known as "listing" standards administered by ODHS. Listing and licensing align in many ways, but not all.

Licensing requirements have been set and managed by ELD include training, criminal records checks, and annual monitoring except for small home-based providers who had to earn biennial training hours and have biennial monitoring visits. Unlicensed providers had to meet ODHS listing requirements including training and an ODHS criminal records check. Specifically, in 2010 an orientation class requirement was added for unlicensed providers. Then in 2013 additional health and safety standards for unlicensed providers participating in the subsidy program were adopted. In 2016, after passage of the 2014 CCDBG Reauthorization Act, additional requirements were added: Training hours were increased, fingerprinting for background checks was added (one process for licensed and another for unlicensed providers), and nonrelatives had to have a monitoring health and safety visit before approval and annually thereafter. Monitoring visits have been conducted by ELD, while provider approval to participate in the subsidy program has been administered by ODHS.

Licensed and unlicensed providers have been responsible for maintaining their approval (licensing or listing) and for maintaining and submitting attendance and other records. Although providers do not enroll parents in the subsidy program, findings from a recent qualitative study indicated that providers often encourage and support parents through the

process of enrolling and recertifying to help parents enroll and maintain their subsidy benefit (Pratt, Chandler, Barrett-Rivera, Thogmartin, & Weber, 2020).

Multiple strategies have been in place to ensure program compliance, including approval of care hours that can be covered. Parents have been required to document employment hours using evidence such as pay stubs. Parent and provider reporting have been key methods for ensuring accountability. Parental reporting requirements have lessened in recent years with parents able to report only increased hours to increase the number of approved hours. Both parent and provider have been required to sign the report of child care hours at the end of a month of care to initiate the provider payment for the just-completed month. In a recent qualitative study both parents and providers described the processes as confusing and difficult (Pratt, Chandler et al., 2020).

Quality Incentives.

Changes to provider and parent policies were implemented in April and September of 2016, respectively, to incentivize use of quality rated providers. Copays were reduced for families that used a provider with a Spark (QRIS) rating. Additionally, providers with a Spark rating could receive a higher payment from the subsidy program.

Process and practices related to creating and revising policy.

The Oregon Legislature and ODHS have been responsible for setting child care subsidy policy. ELD became increasingly involved in policy work. The Legislature has been most directly involved in fiscal matters such as copayment structures and provider payment rates.

The Legislature or ODHS periodically have created committees or Task Forces to address subsidy program issues, but these have not typically focused on program evaluation. An exception was the *Task Force on Quality Affordable Child Care* created by the 2019 Legislature and managed by Legislative staff who were supported by both ELD and ODHS. The Task Force legislation charged ELD with conducting three studies to inform the Task Force work. One study described the system (Oregon Early Learning, 2019), one focused on supply and demand (Pratt, Weber, Sektnan, Caplan, & Houston, 2020), and the third, a qualitative study, captured stakeholder experience and perceptions of Oregon's child care subsidy programs (Pratt, Chandler et al., 2020). The Task Force made recommendations for the 2021 Legislature.

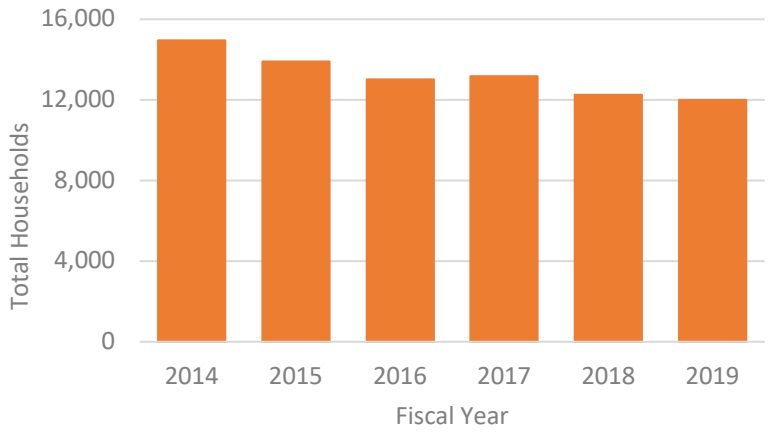
Participants in the Child Care Subsidy Program: Children, Families, and Providers

Households

Number of households.

The number of households participating in the subsidy program has been steadily declining since 2014 (20% between 2014 and 2019) (See Figure 5), but the number participating has varied by type of subsidy; either TANF or employment related subsidy. Given that in these years Oregon's subsidy program has served approximately 16% of eligible children, the reason for the decline does not appear to be associated with a decline in the number eligible for the program (Oregon Child Care Research Partnership, 2022).

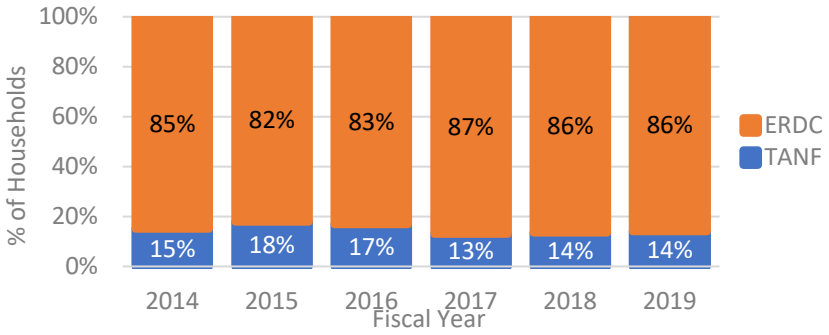
Figure 5. Number of Households Enrolled in Child Care Subsidies over Time.



Percentage of household in employment and TANF related subsidies.

The vast majority of participating families have received an employment related subsidy. Declines have been seen in both subsidy programs. Participation in the employment related subsidy program has declined by 19%. TANF related participation rates have declined 26%. Families on TANF subsidies have represented about 15% of all family receiving a subsidy, although that percentage has varied over time as seen below. Figure 5 shows decline for all subsidy families, both ERDC and TANF. It is also worth noting that some families have moved between employment and TANF related subsidies. See Figure 6.

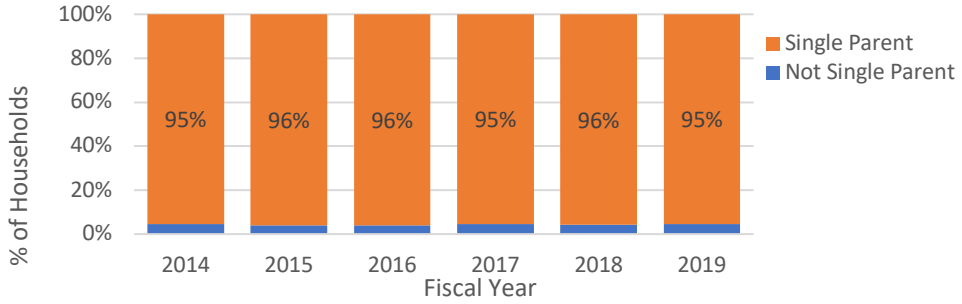
Figure 6. Percent of Households by Subsidy Type over Time.



Percentage single parents.

As seen in Figure 7, the Oregon subsidy program has served almost entirely single parent households (~95%) regardless of type of subsidy or year service was received.[7] Eligibility policy has changed little over time. It is likely that the combination of requirements, policies (e.g, copayment), and targeting priorities (employment, income, and association with TANF) led to the high percentage of single parent households served.

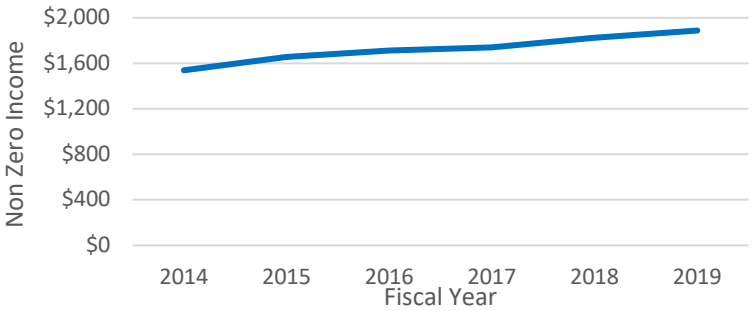
Figure 7. Percent of Single Parent Households over Time.



Family income (mean).

Based on income reported by families in the first observed month we calculated average income for families in the Employment Related Day Care program. Mean household incomes have varied little over the observed years. Mean incomes increased slightly from $1,539 in 2014 to $1,888 in 2019. The average income of $1,888 in 2019 was far below the eligibility limit of $3,288 per month for a family of 3 in 2019 (185% FPL). See Figure 8. Average income could not be estimated for families using TANF subsidies as zero income was recorded for over 90% of them.

Figure 8. Average Monthly Household Income of ERDC Families.



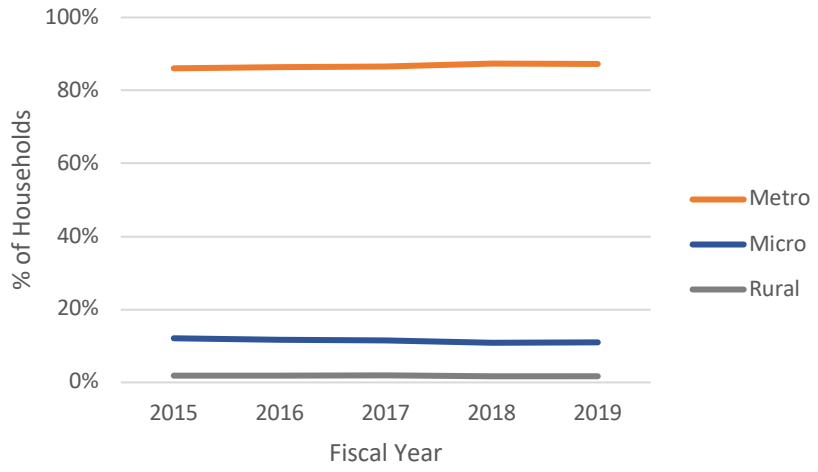
Note: Income not inflation adjusted, zero income observations omitted. An average of 15% of ERDC families have zero income recorded for the first observed month.

[7] In a recent (2021) 3 month period the subsidy program had an average of 10.7% of the cases as 2 parent households. Likely the higher entry limit that was in place until 9/30/21 coupled with the zero copay were two major factors for seeing us serving more two parent homes.

Geographic location (metro, micro, noncore).

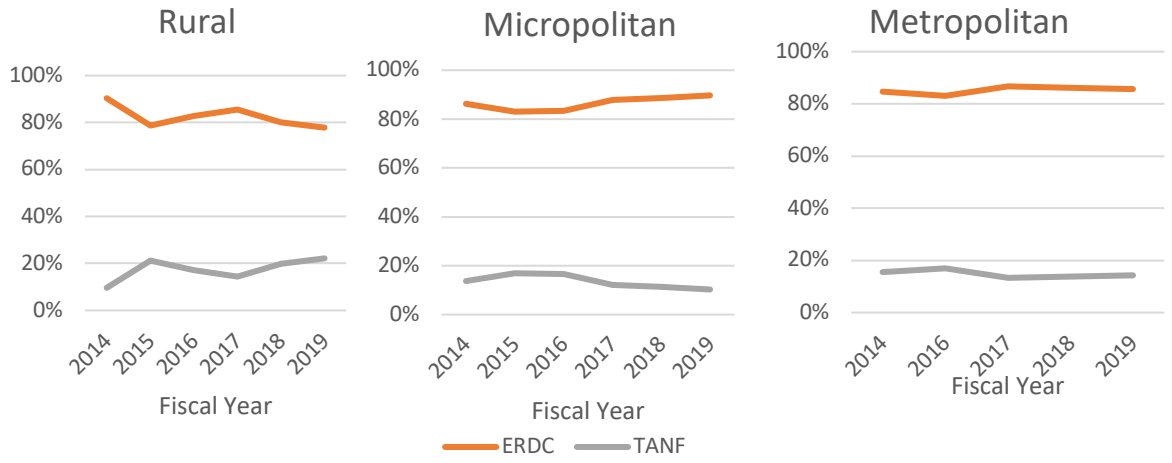
The federal government commonly captures county population levels in three categories: metropolitan, micropolitan, and noncore or rural. Regardless of observed year, most subsidy participants have lived in metropolitan regions. See Figure 9. We have seen a very slight increase of percentage participants in metro from 85% to 87% over the observed years. Regardless of year, only 2% are from rural (noncore) regions. Those living in micropolitan regions declined from 13% to 11% over the years.

Figure 9. Percent of Participating Households by Urbanicity over Time.



Viewing household participation across the two types of subsidies (employment vs. TANF) in each geographic area (metro, micro, rural) has provided a different perspective. As seen in Figure 10, between 2014 and 2019 we have seen an increase in participation in TANF subsidies in rural areas and a decline in TANF subsidies in metro and micro areas. Over time rural families were also less likely to participate in the employment related subsidy (ERDC) program. There was less change for families in metro and micro areas.

Figure 10. Percent of Households Participating in Subsidy Program over Time by TANF or Employment-related Day Care by Geographic Region.

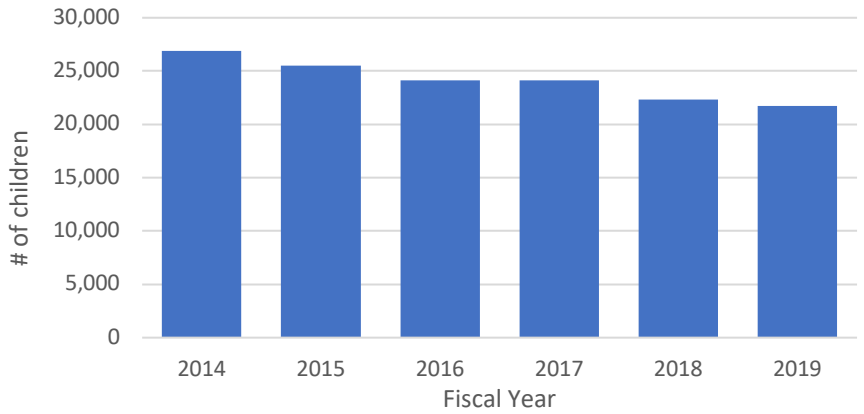


Children

Number.

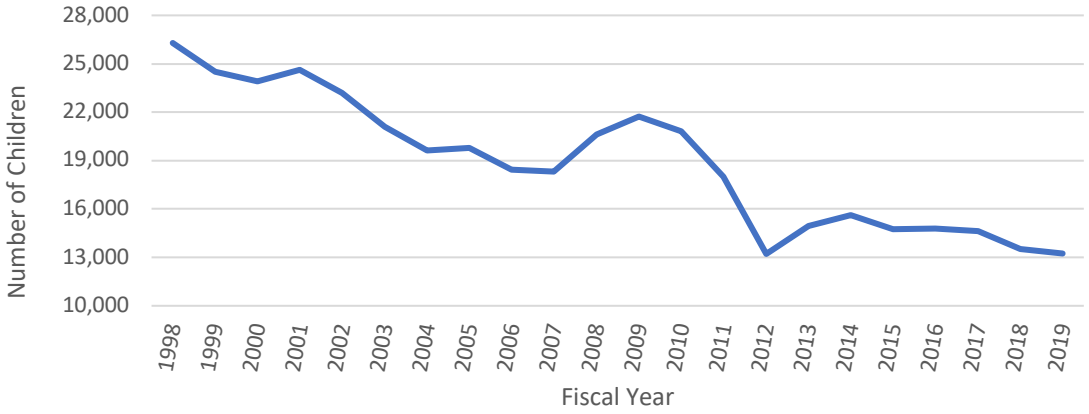
The decline in number of children served by subsidy has been related to that of households. The overall 19% decline in number of children served between 2014 and 2019 (26,885-21,738) was consistent across both types of subsidies (employment- and TANF-related). See Figure 11.

Figure 11. Number of Children Enrolled in Child Care Subsidies by Fiscal Year.



Importantly, the decline in subsidy participation had begun before 2014 when the CCDBG Reauthorization Act was passed. Figure 12 shows a 50% decline in number of children served (employment and TANF related) between 1998 and 2019. Although there was an increase in participation between 2007 and 2009, we saw a rapid decline between 2009 and 2012. The implementation of Oregon's first wait list in October 2010 was undoubtedly related to this decline, but it may be important to determine if there were reasons in addition to budget constraints.

Figure 12. Average Monthly Number of Children Served over Time.

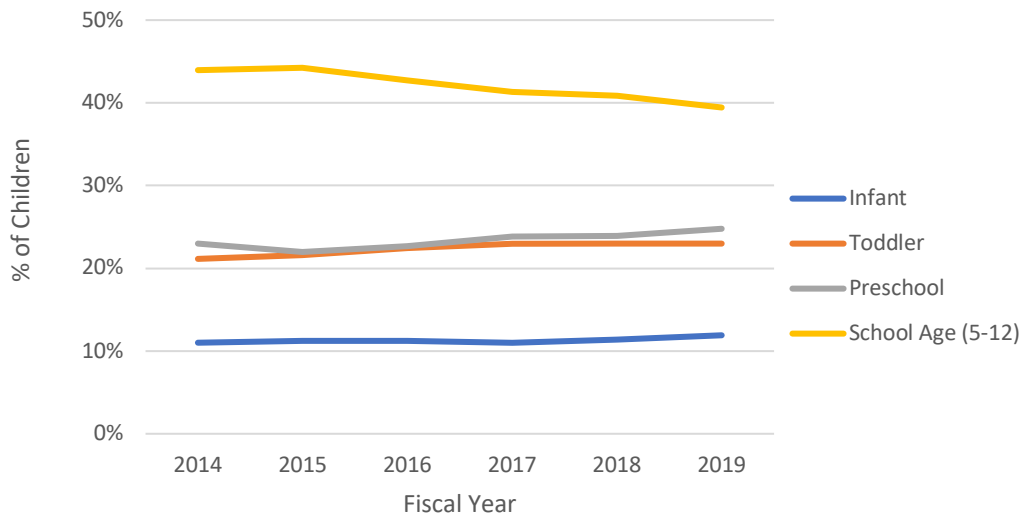


Note: These are average monthly counts of children in subsidy (employment- &TANF-related) for each FFY rather than unduplicated counts of children served, data totals which are not consistently available pre 2014. We use it to illustrate the declining enrollment trends starting in the late 1990s.

Percentage of children in each age category.

Viewing participation of children by age group over time, Figure 13 shows that most of the observed decline between 2014 and 2019 was for school age children (27% compared to an overall decline of 19%).

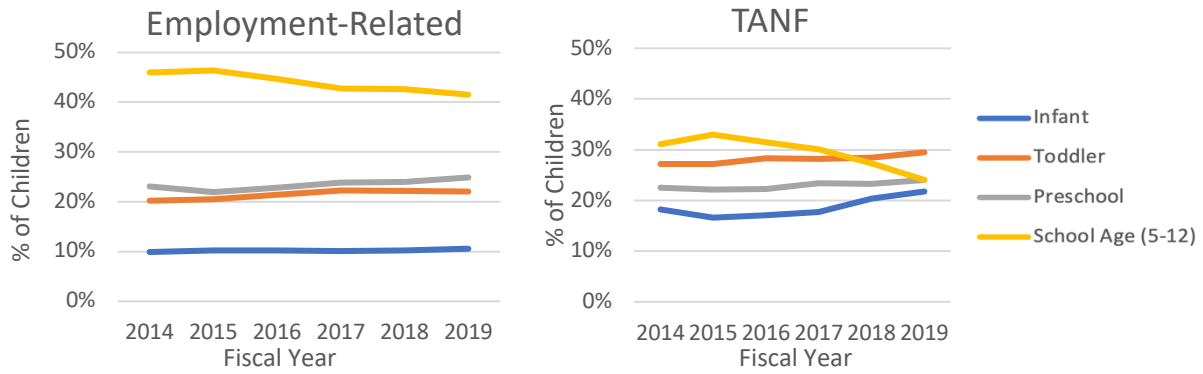
Figure 13. Percent of Children Enrolled in Child Care Subsidies by Age Category over Time.



Viewing children's ages by subsidy program shows important differences. TANF families were slightly more likely to have participating infants and toddlers and this increased over time (18% infants and 27% toddlers in 2014 to 22% infants and 29% toddlers in 2019). For those in employment related subsidies the percentage of infants and toddlers has held relatively steady (10% infants and 20% toddlers in 2014 and 11% infants and 22% toddlers in 2019). It is worth noting that over time, infants and toddlers have made up a larger share of children in TANF than in the employment related subsidy program (from 45% to 51% for TANF vs 30% to 33% for employment related subsidies.

Figure 14 illustrates how school age participation has decreased in both programs, but slightly more in TANF than the employment related program (from 46% to 42% in employment related and from 31% to 24% in TANF).

Figure 14. Comparison of the Percent of Children Enrolled in Employment (ERDC) or TANF Child Care Subsidy by Age Categories.



There has been little variation in the number of children per family participating in the subsidy program, with about half of households having two enrolled children, see Figure 15. Although the number of children in a household has ranged up to 10 children, less than 15% of households have had more than 3 children on the program.

Figure 15. Percent of Number of Children in Participating Household over Time.

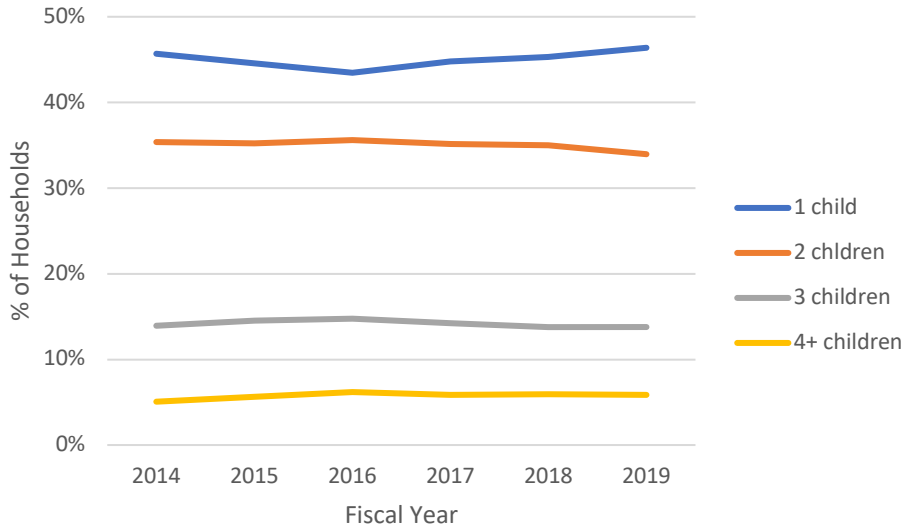
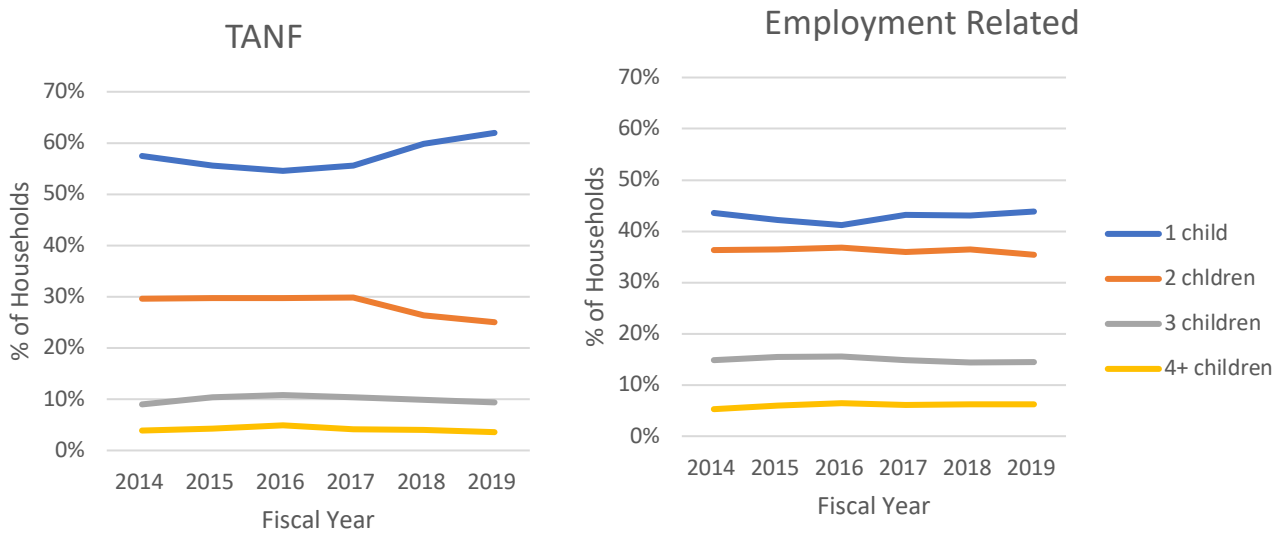


Figure 16 illustrates that TANF households were more likely to have a single participating child than employment related households, and the percentage of TANF one-child households has increased since 2017.

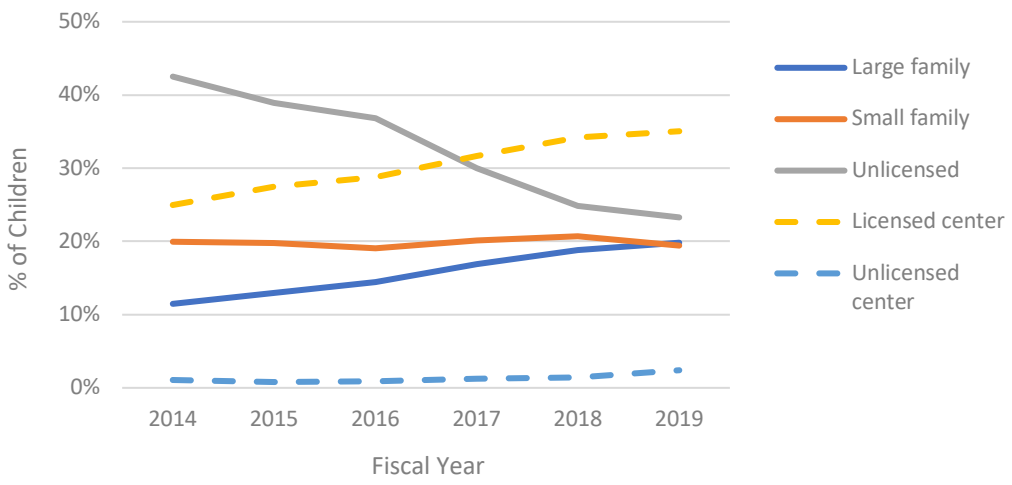
Figure 16. Comparison of the Number of Children in Participating Households by TANF or Employment related.



Type of care subsidized.

Over the observation period, Oregon has seen significant changes in type of care used for children in the subsidy program. As can be seen in Figure 17, the use of unlicensed home-based care (Unlicensed) has drastically declined. Use of small family child care has also declined over time, but only slightly.

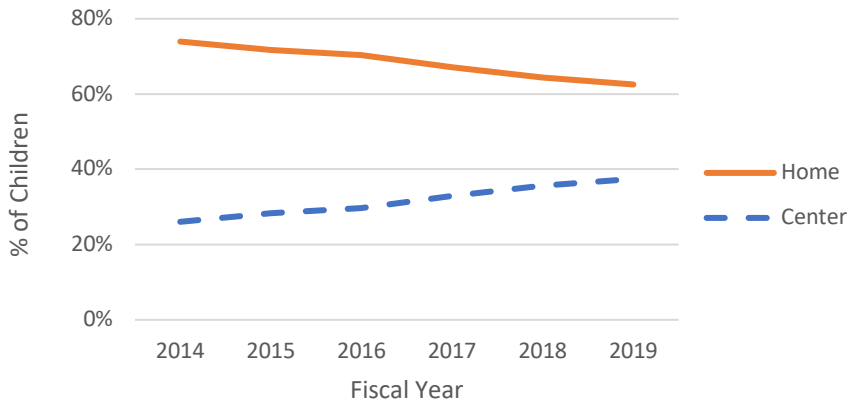
Figure 17. Percent of Participating Children by Type Care.



Note: *Dashed lines indicate center-type of care, solid lines are home-based types of care*

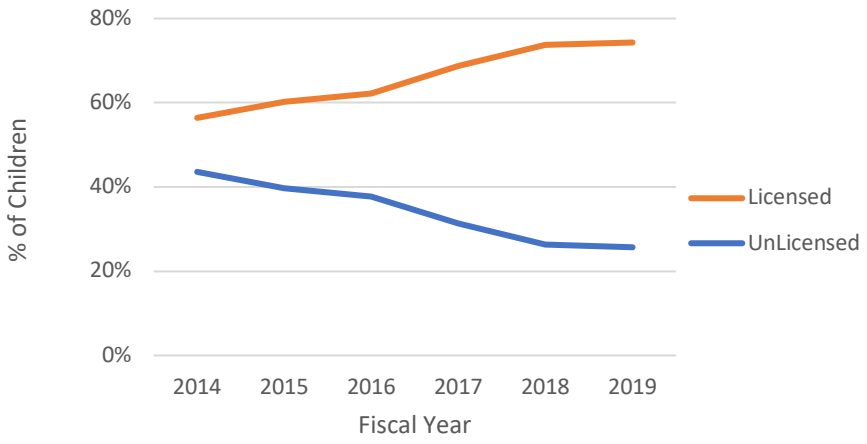
As noted above in Figure 17, we have seen a 19% decline in the number of children served between 2014 and 2019. The decline in the number of children appears largely accounted for by the decline in the use of home-based care. It is important to note that even with the steep decline, the majority of children were still in home-based care in 2019. This decline was seen in licensed and unlicensed home-based care, whereas the use of center care increased slightly as seen below in Figure 18.

Figure 18. Percent of Children in Home-based and Center-based Care over Time.



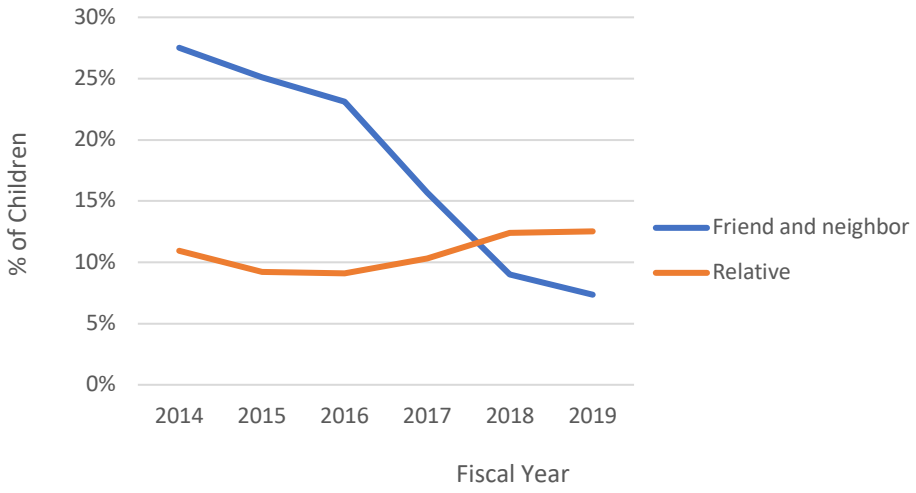
In addition to looking at changes by center and home-based care, we also viewed the trends in type of care usage by licensed versus unlicensed care. Figure 19 illustrates a sharp decline in the use of unlicensed care and a slight increase in the use of licensed care. As the number of children declined, so did the use of unlicensed care.

Figure 19. Percent of Children in Licensed and Unlicensed Care over Time.



The sharp decline in the use of unlicensed care was explained almost entirely by a decline in the use of unlicensed friends and neighbors (non-relatives). The use of unlicensed relatives was relatively stable across the observed years.

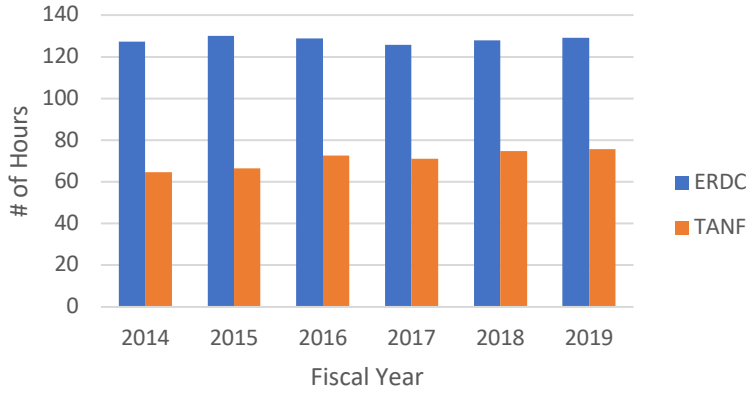
Figure 20. Percent of Children in Friend and Neighbor and Relative Care over Time.



Number of subsidized hours.

We saw almost no variation in the number of hours used in a month for children in the employment related child care subsidy program over time (between 127 and 130 hours per month over the observed years). In comparison, we observed a slight increase in the number of hours used by children on a TANF related subsidy (65 to 76 hours per month over the observed years). See Figure 21. Of great interest is that TANF subsidy-related hours were only slightly more than half of the hours used by children on an employment related subsidy (from 51% to 59% of hours used for children in employment related subsidies).

Figure 21. Average Number of Hours in a Month Children Use Subsidy over Time.



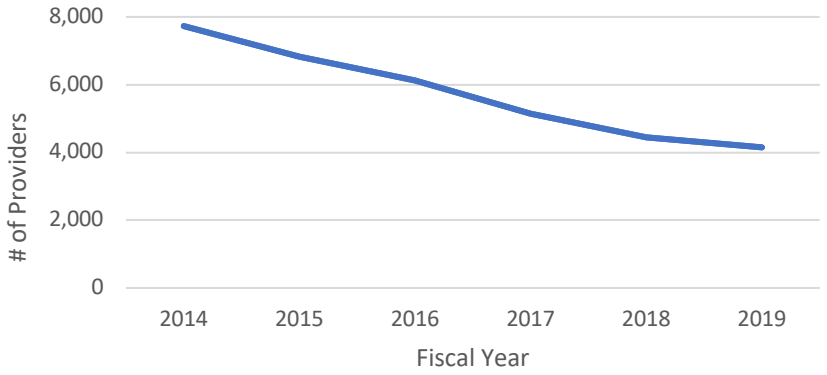
Note: Hours are per child in the first observed month.

Providers

Number.

Given the decline in the number of children served and in the use of home-based providers, the decline in the number of participating providers was expected. But the size of the decline was somewhat surprising. As can be seen in Figure 22, we saw a 46% decline in providers between 2014 and 2019 (from 7,729 in 2014 to 4,150 in 2019).

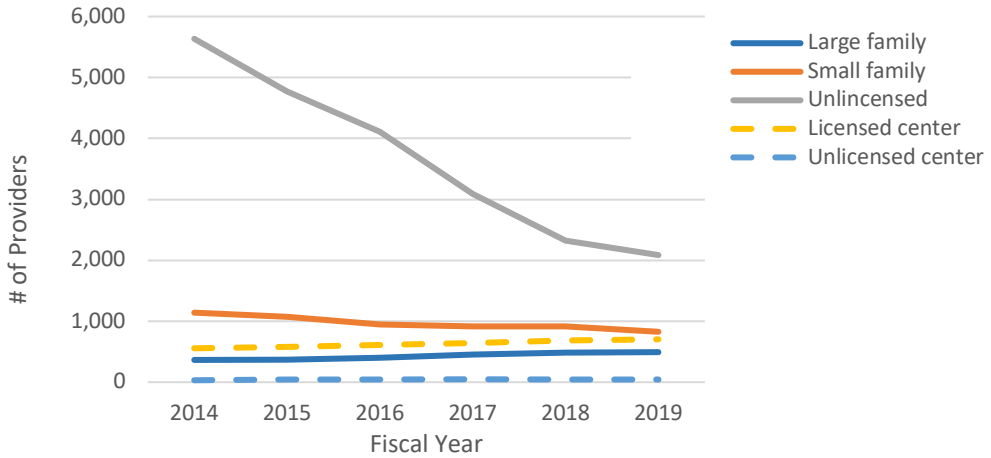
Figure 22. Number of Subsidy Participating Providers over Time.



Type of Provider.

Figure 23 demonstrates how almost all the observed decline in number of providers was associated with the 62% decline in unlicensed home-based providers (from 5,635 in 2014 to 2,086 in 2019). We saw a smaller 26% decline in the number of licensed small family child care providers (1,114 in 2014 to 827 in 2019).

Figure 23. Number of Providers by Type of Care over Time.

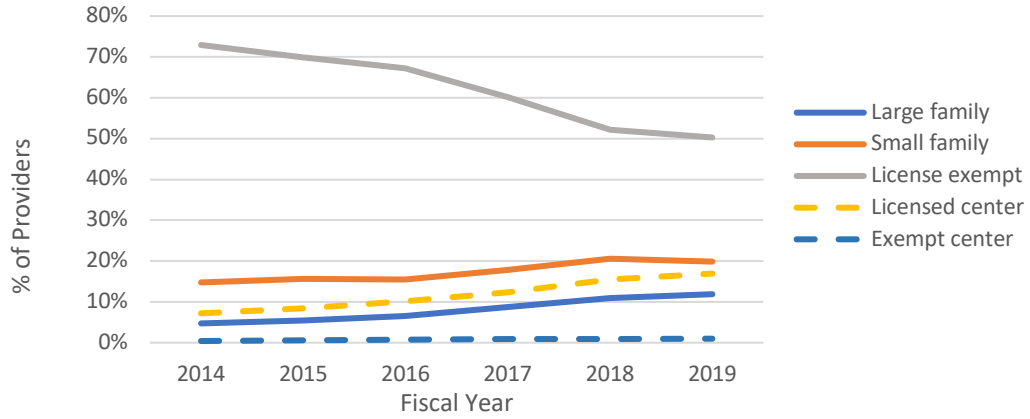


Note: Dashed lines indicate center-type of care, solid lines are home-based types of care

The decline in providers can be compared to a 19% decline in the number of children served over the same period. Further research would be needed to determine the extent to which the decline in unlicensed care led to the decline in number of children served.

Viewing change over time by examining the percentage of the total supply that each provider type represented provided a slightly different picture. Again, Figure 24 shows that the major decline was in unlicensed home-based providers as a percent of all providers. At the same time the percentage of licensed centers, licensed small and large family homes all gradually increased as they accounted for an increasing proportion of care types participating in the program.

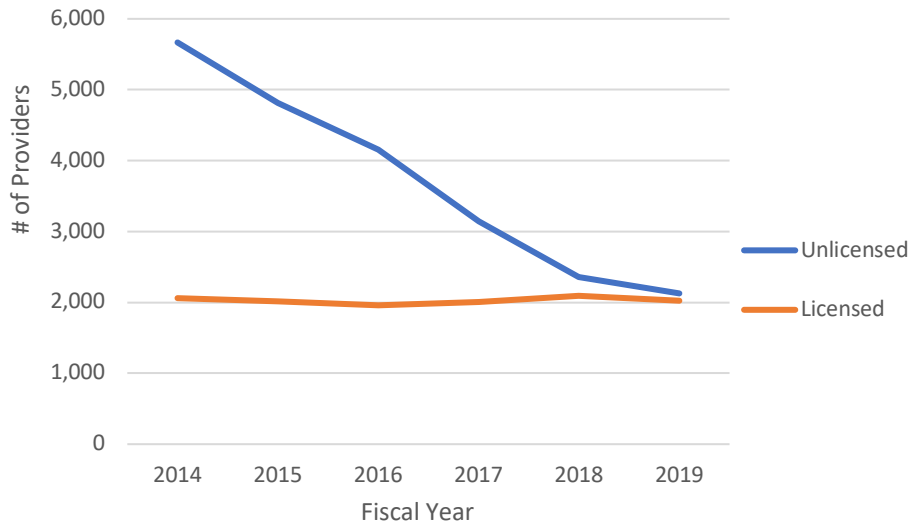
Figure 24. Percent of Providers by Type of Care over Time.



Note: Dashed lines indicate center-type of care, solid lines are home-based types of care

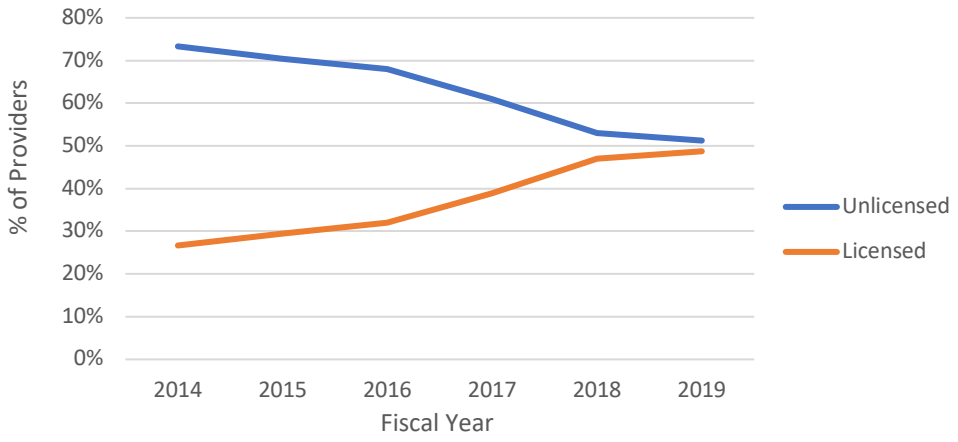
When looking at providers by licensing status over time, we saw a sharp decline in the number of unlicensed providers and a stable number of licensed providers. In 2019 the number of each was nearly the same (2,127 vs 2,023).[8] See Figure 25.

Figure 25. Number of Providers by Licensed or Unlicensed Care Types over Time.



We saw a different perspective when we looked at licensing status by percentage. See Figure 26. There we saw that the decline in the percentage of unlicensed providers meant that the percentage of providers that were licensed had steadily increased. As with looking at the numbers, in 2019 the percentages of licensed and unlicensed were close to equal (51% vs 49%).

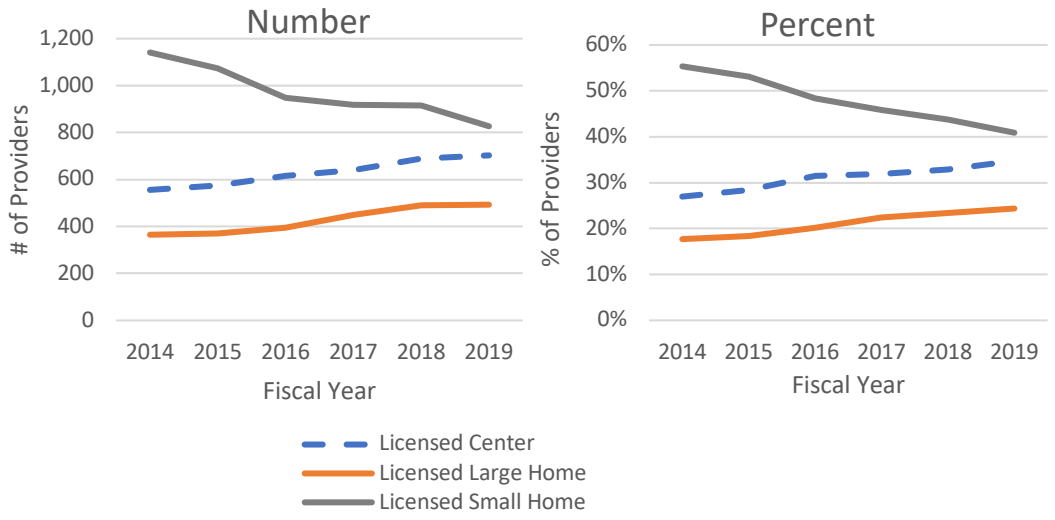
Figure 26. Percent of Providers by Licensed and Unlicensed Care Types over Time.



[8] The decline in participation of unlicensed providers has continued. In February 2022 there were 1,679.

Figure 27 illustrates the changes over time in licensed providers. Amongst licensed providers, we saw an increase in the number and percentages of centers and large family child care providers along with a decrease in the number and percentages of licensed small family child care providers.

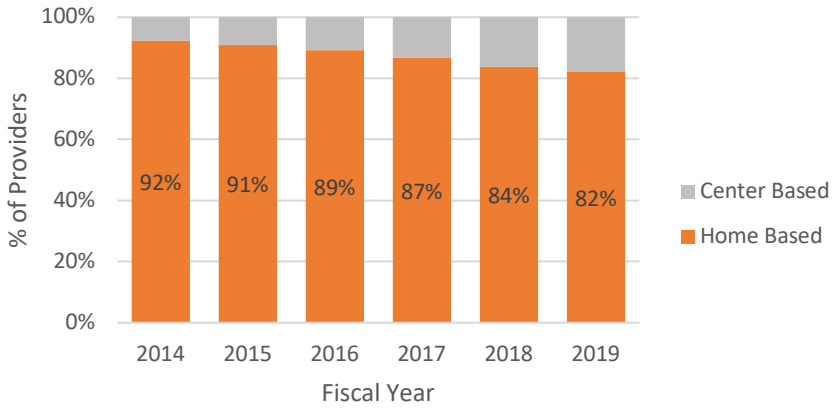
Figure 27. Comparison of Number and Percentages of Licensed Providers over Time.



Note: Dashed lines indicate center-type of care, solid lines are home-based types of care

Figure 28 illustrates how, throughout the years, Oregon has had a high percentage of home-based providers participating in the subsidy program and that remains the case in 2019. Even with the large decline in the number of participating home-based providers (licensed and unlicensed), they still represented the majority of participating providers in 2019 (82%).

Figure 28. Comparison of Percent of Center and Home-Based Providers over Time.

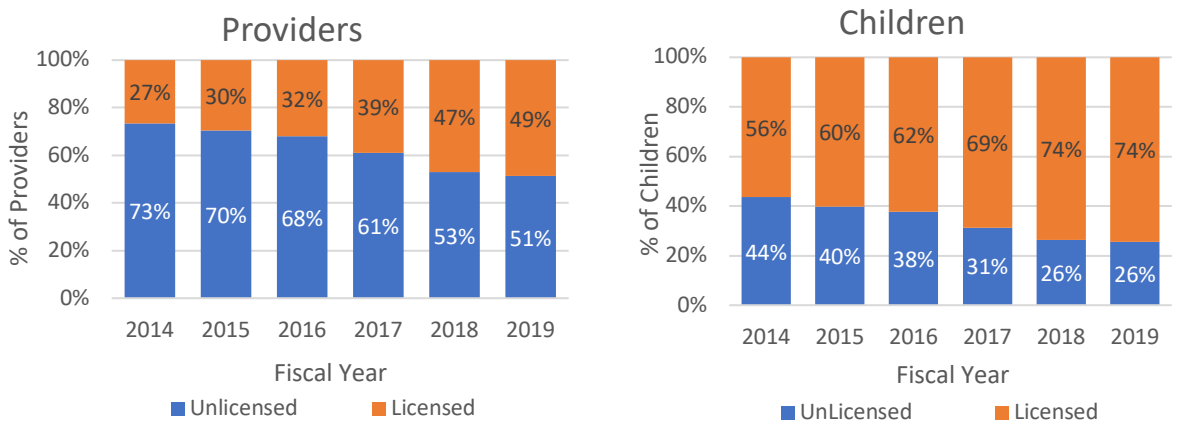


It is important to note the difference between where children are (percentage of children attending center vs homes) and types of participating providers (percentage of centers vs home provider types). Because centers care for larger numbers of children, we found in 2019 that 37% of children were in centers while only 18% of providers were centers.

We saw continued high participation of home-based providers, but participating providers (home and center) were far more likely to be licensed in 2019 than in 2014. Whereas in 2014 only a quarter of providers (27%) were licensed, in 2019 almost half were (49%). The notable change in provider types engaging in the subsidy program appeared to center on the growing percentage of participating home-based providers that were licensed.

When considering how subsidy participation changed over time, it is important to note that the story differs when looking at where *children* receive care compared with participation of *providers*; Figure 29 illustrates how, by 2019, 49% of providers were licensed, but 74% of children were in the care of a licensed provider.

Figure 29. Comparison of Percent of Children in Licensed and Unlicensed Care over Time to Percent of Licensed and Unlicensed providers over Time.



Size (subsidy children as percent of programs' desired capacity).

Children in Oregon's subsidy program filled a small percentage of participating programs' desired capacity. The vast majority of Oregon children receiving subsidies were served in child care and education facilities in which they were typically integrated with children from families not receiving subsidies (Oregon Child Care Research Partnership, 2018). Depending on year, subsidy children made up more than 50% of a facility's desired capacity in:

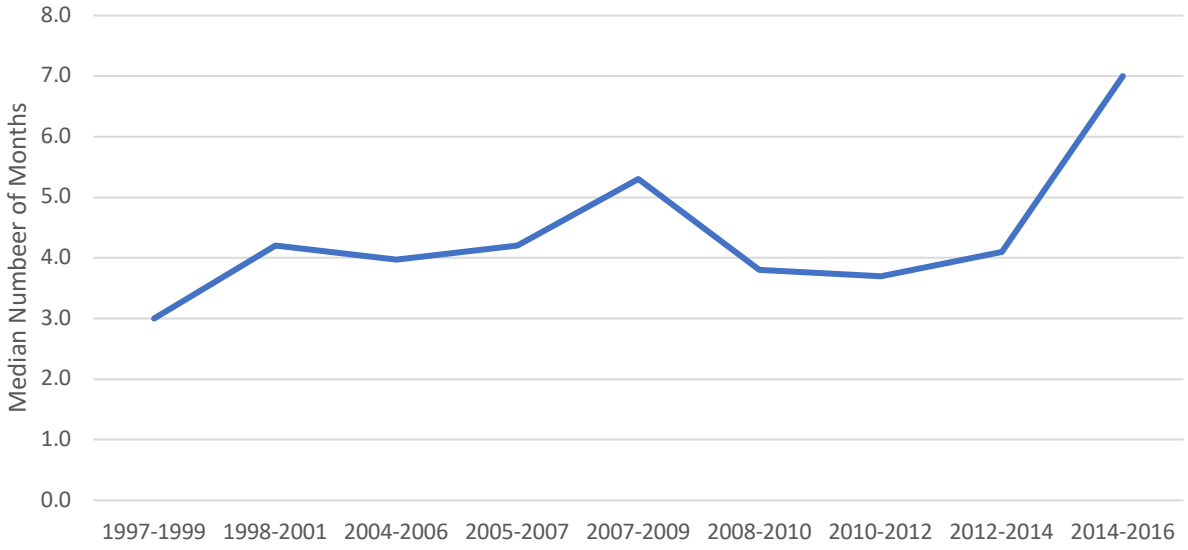
- 1% to 3% of centers
- 4% to 10% of small home-based facilities
- 8% to 19% of large home-based facilities.

Oregon children whose tuition was paid (at least in part) by the subsidy program were typically in a facility with children whose fees were not paid by the subsidy program. A substantial portion of Oregon licensed child care and early learning programs participated in the subsidy program. Almost a third (30%) of small home-based facilities, almost half (45%) of centers, and about half (51%) of large home-based facilities in Oregon cared for at least one child on subsidy. (Oregon Child Care Research Partnership, 2018). In a recent qualitative study (Pratt, Chandler et al., 2020), providers reported limiting the number of children on subsidy they would serve due to challenges of working with the subsidy program.

Dynamics of Subsidy Receipt

Oregon researchers have periodically measured the median duration of subsidy receipt; that is the number of months at which half of parents have exited the subsidy program. As can be seen in the Figure 30 below, between 1997 and 2016, median subsidy spells ranged between 3 and 7 months. The team has also measured the median duration of subsidized arrangements, the number of months a child is with the same provider. Median length of subsidized arrangement spells showed that subsidized arrangements were shorter than subsidy spells. Studies in 2005 and 2016 found median spells of 3 months for subsidized arrangements (Weber, Grobe, & Pratt, 2018). Oregon subsidy spells were shorter than those of most other states (Swenson, 2018).

Figure 30. Continuity in the Oregon Child Care Subsidy Program over Time.



Synthesis

In the following section, we bring together the findings on Oregon's child care subsidy program. First, we provide a table that shows the findings in relationship with one another, *Oregon Child Care Subsidy Program at a Glance*. See Table 3. Next, we share hypotheses of relationships of policies and outcomes. Following that, we present key themes that emerged from this case study, themes that we believe have relevance for Oregon and other states.

Oregon Child Care Subsidy Program at a Glance: Outcomes, Budget and Policies

Governance provides the framework within which a program operates. Oregon's child care subsidy program began as a part of welfare reform efforts in the late 1980's, managed by ODHS. With the 1990 passage of CCDBG, Oregon created an Office of Child Care (OCC) that was designated as the CCDBG lead agency, was sometimes called the Child Care Division, and has moved across state agencies. At the time of this writing, OCC was part of ELD within the Department of Education. Throughout the years, CCDBG/CCDF[9] dollars for subsidy program operation have been transferred by the lead agency to ODHS. Working with the Legislature, ODHS set subsidy policy and managed the subsidy program as a part of its Self Sufficiency Program.

Table 3 brings together years of data and findings on outcomes, budget, and policy with the hope that associations between the three are easier to see when viewed together.

[9] In 1996 CCDBG dollars were combined with other child care funding stream to create the Child Care and Development Fund (CCDF). CCDBG is the major portion of CCDF.

Table 3. Oregon Child Care Subsidy Program at a Glance: Outcomes, Budget, and Policies

Biennial FFYS	1997-1999	1999-2001	2001-2003	2003-2005	2005-2007	2007-2009	2009-2011	2011-2013	2013-2015	2015-2017	2017-2019	2019-2021
Outcomes												
Spell Duration (months)	3	4	-	4	4	5	4	4	4	7	-	-
Unduplicated Enrollment (FFY Year 1, Year 2)	-	-	-	-	-	-	-	-	23,303	21,428 20,504	21,298 19,708	- 19,147
Budget												
Expenditure/child (Yr 1, Yr 2)	- -	- -	- -	- -	- -	- -	- -	- -	- $2,635	$2,883 $3,357	$3,561 $3,675	$4,083 -
Subsidy Policies												
Wait List (months out of 24)	-	-	-	-	-	-	-	16 of 24	6 of 24	17 of 24	5 of 24	-
Eligibility (%FPL)	150%	150%	185% to 150%	150%	150%	185%	185%	185%	185%	185%-Higher exit limit	185%-Higher exit limit	185%-Higher exit limit
Copayment (highest % Inc.)	-	-	-	-	68%	20%	-	32%	-	-	-	Waived 2020 due to COVID
Copayment policy change (description of change)	-	-	-	-	-	Reduced by 26%	-	10% Increase	-	Reduced for QRIS providers	-	-
Payment Rate (% Market Price)	-	38%	24%	21%	26%	68%	64%	58%	69%	76%	65%	-
Payment Rate Policy (date rate increased)	-	-	-	-	-	Oct. 2007	-	-	Oct. 2013	Jan 2016 & Mar 2016	-	Jan. 2019
Reauthorization Policies												
Redetermination Period (number of months)	3	3	3-6	3-6	6	6	6	6	6	12	12	12
Job Search (allowable months)	-	-	-	-	-	-	-	1	-	3	3	3
Provider (new requirements)	-	-	-	-	-	-	Orient-ation	-	Health & safety requirements	-	Health & safety requirements	-

Hypotheses: Association of Governance, Budget, Program Outcomes, and Policy in Oregon

In this section, we address commonly asked questions about how subsidy policy and subsidy program outcomes are associated. We first list the question and then present one or more hypotheses about the association of governance, policy, and outcomes. The hypotheses emerged from the analysis of Oregon data over time.

Question 1: How has the subsidy caseload changed over time?

Relevant Findings.

Over the subsidy program's history, Oregon has seen a major decline in the number of children served, a 48% decline in number of children served (employment and TANF related) between 1998 and 2019. The years between 2009 and 2012 saw significant decline of 19% of the larger 48% decline, even though there was an increase in participation between 2007 and 2009. These declines were consistently reflected in numbers of households and providers, as well as numbers of children served.

Hypothesis: No single policy has led to the decline in the number of children served by the subsidy program. Rather the number of children served flows from the interaction of budget with policies, especially copayment, provider payment, redetermination period, and wait list policies.

- The subsidy budget was not sufficient to serve all eligible children. As costs per child increased, the number served decreased unless additional dollars were added. Policies that determined costs per child included copayment levels, provider payment levels, and length of redetermination period. When costs exceeded budget, implementation of a wait list enabled the state to constrain costs.
- Through 2006, serving high numbers of children was associated with low provider payments and high copayments, policies which constrained program costs and allowed the program to serve large numbers of children.
- The 2006 designation of union representation for home-based providers participating in the subsidy program led to advocacy for more generous subsidy policies including increased provider payments.
- In 2007 copays were reduced and provider payments were increased and have been increased three times as of 2019, with the goal of reaching the 75th percentile of market prices.
- The 2007 increases in provider payment policies and decreases in copayment schedule created budgetary pressure to which the state responded with creation of a reservation (wait) list in 2010 and an increase in copays in 2012.
- The 2010 implementation of the wait list and the 2012 copay increase were associated with an observed 39% of the decline in number of children served between 2010 and 2012.[10]

[10] In July 2010 ODHS sent notice to all ERDC families that effective 10/1/2010 only ERDC families who had received TANF in the last two years would qualify and starting January 1, 2011 they would terminate ERDC for any families who had not met this requirement. By late September only those who received TANF in the last three months could qualify (plus those who had less than a full month break in ERDC eligibility). By early October 2010 a new

Question 2: What changes in subsidy duration/stability have been observed over time?

Relevant Findings.

The most common measure of program continuity is median subsidy spell—the number of months at which half of participants have ended their subsidy spell. Oregon's measure has hovered between 3 and 7 months between 1997 and 2016. Oregon ranks among the states with the shortest subsidy spell durations (Swenson, 2018). About half of families have returned for an additional short spell. Child care arrangements subsidized by the program have been shorter with half having ended by 3 months.

Hypothesis: Short spells over the years flow from prioritization of services to the lowest income employed families and from copayment, wait list, and redetermination subsidy policies.

- Prior Oregon research has shown that the major predictors of unstable subsidy use (short spells) were the need to redetermine eligibility (Grobe, Weber, & Davis, 2008) and job loss (Grobe, Davis, Scott, & Weber, 2017). Research in other states have had similar findings. Short redetermination periods led to short subsidy spells, as did job losses.
- High copayments were associated with the participation of very low-income families as high copays quickly exceeded child care cost for other eligible families. Oregon copays were near the highest in the nation and have been consistently high over the life of the subsidy program.
    - In 2019, average household incomes of $1,869 were well below the 185% FPL eligibility limit of $3,289 for a family of three. The pattern was consistent over time—showing consistently that those served by subsidy had very low incomes.
- Some families move between TANF and ERDC. Oregon has had a policy that very few families can qualify for both ERDC and TANF at the same time. It may be worth exploring if this policy might lead to shorter subsidy spells, and even more importantly, disrupted child care arrangements.
- Wait list policies prioritized services to the lowest income.
- Parents with very low incomes are the most likely to have unstable employment. In an employment-based program, unstable employment is associated with unstable use of the subsidy program.
- Relatively short redetermination policies in past years resulted in many families falling off the program because of failure to complete the redetermination process.
- Oregon's history of managing the child care subsidy program as part of welfare and work support efforts shaped policies and practices. A goal with welfare/work support programs has been to move people from supported to unsupported employment. Yet research shows that Oregon families did not earn off the subsidy program (Grobe, Weber, & Davis, 2008). There has been a tension between a goal of moving families off support and a goal of supporting stable child care arrangements and stable employment.

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notification was sent that E-board allocated more funding to allow ODHS to not cut off families. The funding was sufficient to keep all eligible families on the program through Feb 2011.

Question 3: How has the type of care used by children of different ages changed over time?

Type of care used by subsidy families has changed in important ways. Four changes were noted along with a hypothesis as to the reason for each. The changes are summarized by four relevant findings and associated hypotheses and labeled below as A, B, C, and D.

A. Shift from unlicensed to licensed care
B. Decline in use of unlicensed nonrelatives
C. Decline in use of unlicensed nonrelatives may be associated with a decline in number of children served.
D. Continued reliance on home-based care.

Relevant Findings A.

Over time, there has been a shift from unlicensed to licensed care with the percent in unlicensed care moving from 85% of children in 2006 to 26% of children in unlicensed care in 2019.

Hypothesis A: Policy changes in the areas of provider requirements and payment rates were associated with a shift from unlicensed to licensed home-based and center care.

- Significant policy changes in provider requirements have had a greater impact on unlicensed than licensed providers. These include:
  - Unlicensed home and center-based providers had to meet only minimal ODHS "listing" requirements until 2010.
  - In 2010 unlicensed home-based providers had to participate in an orientation session, and in 2013 they had to meet additional health and safety standards.
  - With implementation in November 2016 of new requirements associated with the revised CCDF Rule, all providers were required to undergo fingerprinting, and home-based providers in the subsidy program had to take additional training. In addition, unlicensed nonrelative home-based providers had to receive monitoring visits from the child care licensing agency.
- Payment rates:
  - Prior to 2007, payment rates represented about 20% of market prices. Market child care providers could not afford to participate in the subsidy program, especially providers that had paid staff.
  - Payment rates had been similar for licensed and unlicensed home-based providers. This meant there was little incentive for a home-based provider to meet licensing requirements and the incentive after the change was very small.
  - Low payment rates and little to no differentiation in payment rates for licensed and unlicensed home-based providers was likely related to the high percentages of children with unlicensed home-based providers prior to 2007.
  - After the 2007 payment rate increases and aiming to keep payment rates at the 75th percentile of market prices, rates were increased in 2013, 2016, and 2019.
  - Licensed family child care and center participation became more feasible with rates approximating the 75th percentile and this change appeared to be associated with the increased share of participating providers that were licensed.

Relevant Findings B.

We saw a steep decline in the use of unlicensed nonrelatives, declining from 28% in 2014 to 7% in 2019.

Hypothesis B: The decline in the use of unlicensed nonrelative providers was likely associated with provider reluctance to meet increased requirements, especially monitoring visits required for unlicensed nonrelatives but not for unlicensed relatives.

- There was a substantial decrease in use of unlicensed home-based care in the observed years (from 43% of all children in 2014 to 23% in 2019) and almost all the decrease was in unlicensed nonrelatives (from 28% to 7% of all children).
- Increasing provider requirements appeared associated with the observed decline in the participation of unlicensed nonrelatives, but not relatives.
    - The use of relatives was relatively stable over these years (ranging between 11% and 13% of all children).
    - The use of licensed center and home-based care was stable from 2014 to 2019.

Relevant Findings C.

The decline in use of unlicensed nonrelatives may have been associated with a decline in number of children served overall. We saw a parallel decline in children's use of unlicensed nonrelatives and the number of unlicensed providers participating in the program.

Hypothesis C: The decline of unlicensed nonrelatives may have been associated with a decline in the participation of families with employment-related constraints.

- Increased provider requirements to improve health, safety, and quality may have been associated with a decline in participation of unlicensed nonrelatives providers. In turn, this may have been associated with reduced participation in the subsidy program for some families.
    - Between 2014 and 2019 Oregon saw a decline of 5,798 in the number of children served by an unlicensed nonrelative.
    - In the same years Oregon had a decline of 5,138 in number of children served by the subsidy program.
    - ODHS staff reported an increase in parents qualifying for the subsidy but not participating—no provider received a payment for the family. At the same time staff shared parent reports of not being able to find a provider. The program was underutilized for at least part of time covered by this report.
- Some parents may have perceived unlicensed nonrelatives as their only care option.
    - Previous research found that almost two-thirds of Oregon subsidy families had one or more employment-related constraints (e.g., seasonal, unpredictable and/or changing schedules, evening, or weekend hours; Weber & Grobe, 2014).
    - Parents with 2 or more employment constraints were more likely to select Informal care and less likely to select enter care (Weber, Grobe, & Scott, 2018).
    - Some parents live in areas in which unlicensed care may be the only option

Relevant Findings D.

Oregon continued to see a reliance on home-based care. Despite a decline in use of home-based care (licensed and unlicensed) from 85% of children's arrangement in 2006 to 63% in 2019, the majority of children on subsidy were still in home-based care in 2019.

Hypothesis D: Characteristics of Oregon's licensed child care supply interacted with subsidy policies and practices that worked better for home-based than center providers to result in the majority of subsidy children being in home-based care.

- Historically, Oregon's overall licensed child care supply has been characterized by a high percentage of home-based providers. Even with a decline in small family child care homes, two thirds of licensed facilities are family child care homes (67%). Even so, the majority of licensed child care slots are in centers (72% centers vs 28% family child care slots).
- ODHS has encouraged parents to use licensed providers and reported the percentage of families using licensed care as a performance measure.
- The first two rows of Table 4 below demonstrate that we saw virtually the same center/family child care breakdown amongst participating providers (almost two-thirds family child care facilities) as in the overall child care supply. But, when we compared the number of center slots in the overall licensed child care supply with the percentage of center slots used for children in the subsidy program (third row in Table 4), we saw a much smaller percentage of subsidy children in centers (47% subsidized children vs 72% of licensed slots).

Table 4. Oregon Overall Supply Compared to Slots Used for Children in Subsidy Program

	Oregon Child Care Supply		Facilities in Subsidy Program	
	Number	Percent	Number	Percent
Facilities				
Centers	1,346	**33%**	703	**35%**
Family CC	2,684	**67%**	1,320	**65%**
Slots/Usage*				
Centers	68,841	**72%**	7,619	**47%**
Family CC	26,141	**28%**	8,735	**53%**

Note: Family Child Care (Family CC) includes both small and large licensed providers. Slots are 2018 Oregon Child Care Supply estimates for total supply. Usage is total number of children using subsidy participating facilities as of FFY 2019.

- Home-based providers were better able to accommodate the very low payment rates that characterized the subsidy program until 2007. With more paid staff, centers had less ability to do so.
- With the 2006 recognition of two unions to represent home-based providers (licensed by AFSCME and unlicensed by SEIU), home-based providers had advocates that centers have not had.
- As part of a 2007 investment in the subsidy program, payment rates were increased from 26% to 68% of market prices. The State was attempting to reach the 75th percentile of market prices.
- Following that change, the percentage of subsidy children in licensed centers has increased from 15% in 2006 to 35% in 2019.
- Payment practices that may be limiting provider participation are harder to document than are policies. In a recent qualitative study, providers reported limiting the number of subsidy children they served due to program policies and practices that threaten their income (Pratt, Chandler, et al. 2020).

Relevance of Case Study Findings: Key Themes

The following reflections flow from findings reported in this case study and are highlighted because of their potential relevance for all states. The reflections are shared under the same categories used to organize findings in the case study.

Governance.

The child care subsidy program is one of many public investments to improve long-term outcomes for children and families. These programs operate within multiple sectors and state agencies, including early care and education, education, health, human services, and housing. There is great potential in thinking of the subsidy program as a component of a larger effort and identifying the special strengths that it brings to the shared effort. A state's effectiveness in improving outcomes will be enhanced by coordinating and harmonizing these multi-sector, multi-agency investments. Use of an equity and a family lens will also enhance the likelihood of outcome achievement. For the child care subsidy program, some of the relevant questions to be addressed include:

- Which public investments are targeted to low-income families? How might these efforts be coordinated and harmonized to support family participation and success?

- What outcomes can be achieved by assisting employed low-income families pay for child care? Examples are likely to include improved developmental outcomes through support of stable arrangements that support development, and increased employment stability.

- Who to prioritize? For which low-income employed families is this assistance most likely to result in long-term improvement in outcomes? Examples might include those who have the human capital to achieve stable employment if supported.

- Parent vouchers provide a different tool than do provider contracts. Are there families better served by a voucher than by a contracted slot? Examples might include those for whom access to a publicly funded slot is constrained by community or family characteristics (e.g., child care supply very limited especially for some age groups or unpredictable work schedules or nontraditional hours constrain access to licensed care).

- Available funding is far below that needed to serve all eligible families and children. If program policies are set to ensure families can secure stable, high quality child care program costs will increase and are likely to further exceed available funds. Can the state secured additional resources? What options does the state have to ration subsidy program services? Can a state avoid the roller-coaster effects in enrollment associated with implementation and opening of a wait list? In addition to implementation of a wait list, are there strategies that better serve families and increase outcome achievement?

- How will we know the extent to which outcomes are achieved? It is important to note that outcomes may become evident years after policy implementation.

- If goals and desired outcomes are not clearly stated, accountability is difficult to achieve.

- How should child care assistance be coordinated with other programs? Using a family lens, how can programs be coordinated so that a family can access the services they need?

Purpose and Goals

The most strongly shared understanding of the purpose of the CCDBG/CCDF subsidy program is employment support of low-income parents. Although developmental support has been a state goal since passage of CCDBG in 1990, participation in the program has much looser links to developmental support than to employment support. Priorities shifted with the passage of the 2014 Reauthorization of CCDBG, but the country is figuring out what this means in terms of policies and practices. An important question for states is the extent to which the program purpose is as much developmental support as it is employment support? The two goals are not in opposition as stable employment helps to keep children out of poverty and its negative child impacts. Almost all policies and practices will be impacted by how the state balances efforts to achieve both goals.

Ideally, delineation of program goals and population prioritizing would result from shared decision making of agencies whose purpose is to improve child and family outcomes. Determination of program goals and population priorities is foundational for determining program policies. Clarity on goals and prioritized populations gives guidance on where to set policy levels which, in turn, shape which families will be served, with what services, and for how long.

Policies and Practices

Policies interact in shaping program outcomes. We do not see linear relationships between a single policy and outcomes and the impact of policy changes may happen years after the policy change. For example, Oregon's 2007 policy changes increasing eligibility, increasing provider payments, decreasing copays, and lengthening redetermination periods led to a budget shortfall countered by a 2010 wait list implementation and 2012 increased copays. The implementation of the wait list was associated with a 49% decline in the number of participating children. Multiple policies are often implemented at the same time and policies interact with each other, both these realities challenge linking an observed impact to any one policy. If subsidy policies were viewed holistically, a state would examine current levels of each policy, how changes would interact, and how changes would likely impact budget and achievement of desired outcomes. Changing policies independently does not support achievement of program goals. Once a state is clear on purpose, goals, and desired outcomes it is in position to examine current policy levels and consider how policy changes would be able to support achievement of goals and produce desired outcomes.

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