

Tax Credit Advisory Committee
May 8, 2007
OCCRRN

Attendees: Heidi McGowan, Dawn Norris, Tom Olsen, Rhonda Prodzinski, Sonja Svenson, Bobbie Weber, and Mary Nemmers

Update on Legislative Activities

Problems with moving the legislation forward. We haven't had a work session; 2810A – sunset – 2811 lift the cap. If the bills don't get work sessions, the bills will die. Red Cross is looking at 2809 as a gut and stuff – won't give permission until all the bill has died. Barnhart won't let there be a work session. Tina is talking to him today on the floor. A work session would cover both the bills. Barnhart wants a discussion in ways and means – that won't happen until the bills pass out of committee. It then becomes a Program Option Package in the Employment Department budget. Both Tina and Kitty Piercy are committed to wooing him on these bills. Kitty is meeting with him this week. Wouldn't hurt to talk to Tina again because she doesn't seem to understand how the budgetary process works. Having an unspecified amount in the bill gets it out of committee, into Ways and Means, and if passed becomes part of the EC budget. Must get the sunset removed or we won't have a program.

For DHS, not much chance of the whole package going through. Subsidy amount has been cut by 50 percent. SEIU and AFSCME are working the lobby part hard as this will be a big coup for the unions if the package passes. Mary – nice to have a group that can do the lobbying for us.

Update on Second Pilot

NPC has been selected as the evaluator on the second pilot project. Melissa Gritz is the project coordinator for the CCCF. Sonja and Dawn meeting with Marilyn States and Melissa on May 16 to get an update on progress of the second pilot. Bobbie – we need to be very clear on our questions now that we have two pilots. EX: how many more families and children can be reached with an increased eligibility level. NPC needs to get the right questions into the design. Bobbie asked all Advisory members to think about what we are trying to achieve with two projects. Tom – if we tweak the model, do we get a better benefit? If we get the cap lifted, we could consider this to be a statewide program. We can keep seeding new programs around the state with the goal of going statewide. Mary – with the first project NPC was supposed to pull out the measures of quality – like the CARES component. Bobbie – we have to follow the law.

2007-09 Budget for this Project

We don't have the spending authority in 07-09 to fully fund two projects. Bobbie – we did fund the pilot projects at a level that we could get good data but not to sustain. DHS is a perfect example of a subsidy program that doesn't really change lives. We don't

want projects like that – we want a model that does affect change. Tom – Oregon is different in the way funding for agencies occur. Even with the interim sessions and a look a budget requests it just becomes a big Emergency Board session rather than meeting every four months. The spending authority for this bill would fall in the 2008 special session.

Mary – if we fund CARES statewide, should it be folded into this project? Tom – a statewide CARES program has to occur in individual counties. Bobbie – would be a good expenditure for the local commission dollars.

Discussion on what a statewide model would look like

Continued from discussion from above. The hydraulics of the project can change to determine what helps serve more children. Bobbie – one of the big ah hahs was the parent subsidy to the provider which stabilized income. How small can that piece get before we don't get a good return on the investment. Tom – the one tweak did make halfway was requiring families to apply for the DHS subsidy. At one point the difference between 10 percent of household income and actual cost will hopefully get smaller.

What we need to keep track of is the DHS subsidy level, the tax credit parent subsidy, and the strategies that are working.

What is the minimum that we can investment for the maximum outcome in terms of quality, affordability and compensation? Mary – predicated on all parts of the system doing their part – and we know that DHS is not doing its part. We need the subsidy program at DHS to get up to the 75th percentile.

CCIP project has a family emergency fund they use to help families.

Tom – what I mean by statewide is that we have a model that we can strategically roll out. Especially if we get the sunset removed and the cap lifted. Look at legislative districts and place models in areas where we need

Bobbie – the more clear we are on what we need to know, the more likely we will have the information we need.

Tom – next summer we will have three years of data on the Lane project and one year of the Portland pilot – will be able to tweak one or both of them.

Bobbie – that is why we need to be very clear on what data we want NPC to collect for us. If we reduce subsidy, what data do we get. If we increase compensation, what data do we get.

Tom – we need to take this to the CCRP and get their best thoughts.

Dawn – do we need to notify Lane project that the funds will decrease. No, but we do need to let them know we will make changes that will get the state investment to a sustainability level. Bobbie – we know that the level of funding is too high now. Tom – no-one knows what level of compensation turns the corner for a child care provider. The professional development dollars might be an incentive to get more education and training, but we do need to know what level of compensation is needed to get to sustainability.

Heidi – Marcy Whitebrook, UC-Berkeley, contact her to get information on sustainable wages/compensation and thresholds amounts for sustainability – a wage supplement that increases retention and improves professional development. Increases professional development and increases retention. Tom – have they done it for family child care? Because we have a model that strengthens the business – not just increase professional development and retention.

Bobbie – we should also ask Kathy Madigliani about studies on wage compensation and retention.

Tom – we are impacting providers much more than we think we are – how do we get an evaluation that can get to that information. Some of the evaluation is constricted by the current state legislation. We can ratchet down the 85 percent of SMI to 185 percent of FPL. Bobbie has done a spreadsheet on different levers of cost – what the fiscal impact is. Bobbie will send to Dawn to work on some scenarios. Rhonda will assist as needed.

Bobbie – if we tweak eligibility, if we tweak the compensation, if we tweak the income (although we can't mess too much with the 10 percent). We must stay above DHS level, so that means 200 percent of FPL (DHS is 185). Mary – maybe 225 is better. Tom = we need to find the tipping point for providers, what keeps them in business. Bobbie – 10 percent is not too high given the incomes of Oregonians – above \$40 k/year, some parent cost is less than 10 percent.

Mary – the CCIP says their retention levels have increased by 33 percent. They don't invest as much in professional development as they do consultation, intervention, and mentoring.

Bobbie – we need to look at whether CCCF brings providers up the professional development ladder. The potential for angry providers is there, but was glad to hear Deborah Murray from Peninsula is an advocate – understands this is a pilot project with long term goals and outcomes.

Action: We need to get to the specific research questions for NPC. Ask CCRP researchers the questions that would get us the data we want. Ex – what is the differential this project is paying between the DHS subsidy and the 10 percent limit. This is a subsidy issue and DHS just isn't covering it. We get the differential two ways = parent copays that don't cover the cost. If the provider's maximum rate is below the DHS subsidy – we also pay that differential. For every DHS family, put them in the

formula, 'for every dollar this project pays to make child care affordable, this project pays X differential which should be paid by DHS subsidy.' This project pays the differential.

Tom – does the combined affect on individual child care businesses end up constituting a living wage? If we tip the compensation to the point where the provider stays in business does that constitute a living wage. A wage per hour is an arbitrary measurement – but economists use that number. Every child care provider has intangibles that keep them in business; own children at home, tax benefits from a small business.

Bobbie – we will be getting good data from the Quinte project on professional development and different modes of delivery. They are looking at Telecourses, telecourses w/mentoring which is all around provider quality and child outcomes.

Mary – we intend to roll out child care provider networks statewide – how can we make all the dollars go farther – the research from these projects may help stretch them. Can we merge projects to help them go farther?

Bobbie – roundtable attended in December on quality investments – she just received the proceedings to review. When they are ready they will be helpful for the tax credit projects. Much of the information we need is being done in other states. Many have QRS imbedded. There is a general consensus that evaluation and assessment is overboard in many states.

Action: Bobbie will develop a draft of research questions for the CCRP – have this group review.

Marketing/CCIP

Tom – I am burnt out on this and someone else will have to take it on – didn't think the group went anywhere in five years.

Mary – we did do Five Steps until child care aware took it over. Employer of Choice. Economic Impact study.

Bobbie – CCIP cannot change public will – too small a group for the child care system.

Tom – we spend so much time and effort and what did it change. We can't measure what has changed. Do we do phone calls? Hard to commit resources to something that isn't measureable.

Heidi – I saw CCIP as a committee of CCECC. It worked on one project at a time. The need for CCIP needs to be focused rather than a lofty goal. Children's Institute has one specific goal and focuses on one goal. What is the focus for child care.

Dawn – I am not a marketer and I need help with the tax credit.

Tom – we need to market what we do with the tax credit, not just the tax credits. We cannot just market child care broadly to the world.

Mary – It seems the CCIP is really a function the R&R's are doing and need to step up. We are taking the CCIP out of the Network's budget.