

# Child Care Contribution Tax Credit Meeting Agenda

September 17, 2007

1:00-3:00

OCCRRN

805 Liberty Street NE

Salem 97301

**People Present:** Sonja Svenson, Terri Hansen, Sue Norton, Bobbie Weber, Stephen Guntli, Sonia Worcel, Melissa Gritz, Beth Green, Marilyn States, Heidi McGowan, Mary Nemmers, and Dawn Norris

## 1. Update on remaining tax credits

Dawn shared there is currently \$555,367 in contributions available and while she has received many calls there has not been many contributors. Dawn will check with David Foster and see how their tax credit is going. Heidi will send Dawn a one page information sheet for Dawn to send out to past contributors. Dawn will send out an e-mail reminding CPAs of the tax credit and remind them the “kicker issue” has been resolved. Dawn will also send out flyers to high end CPA firms.

## 2. Provide feedback on Year 2 CCEP report

NPC shared some initial findings and discussion around how to look at the data.

Bobbie suggested that an analysis of the prices charged by the providers using Lane’s database would help to look at what parents pay and might be a better measure. She also suggested looking at how to answer the following questions.

- Do low income families remain in paid care?
- How do we follow up?
- Do parents choose what they think it is right and then it ends up being too much?
- Look at how to dig deeper into parent behavior and look for more detailed information on types of care parents are purchasing.

NPC reported that child care turnover and changing child care provider from Year 1 and Year 2 resulted in no significant difference between no treatment, comparison and treatment group. This seems to be due to the CARES project in Lane County.

May want to think about collecting this information at the provider level for both the control and treatment. Terri will begin tracking the control group as well. Will look to implement this in the CCFC project.

Bobbie asked for the parents who did not remain on the subsidy if they stay with the provider? Want to look at this small group and see what the factors were.

Provider information – CCEP folks had significantly higher steps and more movement on the Oregon Registry than the control group.

Bobbie-Is the lack of change for the centers due to the fact they are in Year 1 with the intervention versus Year 2 like the Family Child Care Providers? Is it the dynamics of the center which appears to be more complicated? The degree of intervention appears to be higher in family providers versus CCC due to the one on one intervention with family providers. The report needs to spell out the difference of intervention between Family and Center based. NPC will work with Terri to develop a richer description of the difference in intervention.

Bobbie- Is the measure of income sensitive and accurate enough to capture the difference the subsidy is making? Need to look at how this is measured and find a way before Year 3 to capture this.

The small N is really affecting the power of the study. Can we highlight trends versus not significantly different? And to highlight more in the narrative the effect of the small sample size. Need to get a baseline when a new provider comes on before the intervention.

The designs of both projects need to capture how the DHS subsidy is affecting providers.

Heidi reminded us that this ultimately becomes a political document and so it matters how the report is worded.

### 3. Update on CCEP Project (Lane)

Terry has spent a lot of time getting Providers in the Oregon Registry and working on legislative matters. She spent a significant amount of time with parents determining eligibility. The providers are beginning to think about the future of the project and how it will be transitioned.

### 4. Update on CCCF Project (Multnomah)

Currently there are 4 centers, 2 control and 2 treatment, in the project. The pre-observations have been completed and the project is taking what was learned from Lane County to help structure the intervention with centers.

Melissa reported that recruitment has been difficult and appears to be due to the type of providers the project is targeting. Many of these providers have had opportunities to participate in other project and have declined. Currently there are 8 family providers and once 10 is reached they will be split into 5 control and 5 treatment groups. Recruitment efforts will continue. Will look at using licensing specialists for possible recruitment. Melissa will work with Dawn to coordinate with licensing specialists.

### 5. Discuss evaluation plan for CCCF project

Will be sure to use what we have learned in the Lane County Project. Melissa has been very hands off and is just beginning to work with providers. Quarterly reporting will follow the fiscal year.

### 6. Building a Donor Base Through Tax Credit

Stephen shared his thoughts on the importance of building this donor base and shared his ideas on a timeline for how this may occur. See attached information sheet.

A question was raised if we could earmark a certain portion to become matching funds and build a base of support for the future?

Next steps-What do we look at doing after the pilot in 2008 and what is the timeline to explore this. It was decided to carry this conversation over to another meeting and determine the timing to explore this possibility with a look forward. Prior to the next meeting a small workgroup needs to look at the intent of the legislation and what are in administrative rules to determine what the possibilities are.

**Next Meeting Tuesday, November 13 from 1:00-3:00 at the Network.**

## **Building a Donor Base Through Tax Credits**

### Why build an individual donor base?

1. OCCRRN needs to diversify its funding base beyond the Federal Block Grant money received through the state.
2. A key source for that diversification is building a private funding base.
3. Private foundation funding is a limited source of funds, and is usually only available as seed funding for new programs.
4. Between 85% and 90% of private funding comes from individuals (the rest is split between foundation and corporate support).
5. Most funding from individuals is given as general support to an organization, so is a good way to build an organization's operating budget.
6. Building an individual donor base is difficult without some kind of hook for marketing purposes.

### The Oregon Cultural Trust as a model (Stats are for 2006. They have grown in 2007)

1. It has been in existence since December of 2002.
2. It uses tax credits to encourage first time donors.
3. It has raised during that period a total of \$10.3 million (\$2.8 million this year alone)
4. Most of those funds have come from individuals giving up to \$500 per individual.
5. Since its inception there have been donations made from 8,600 households, and many of these have given in more than one year.
6. The number of new donors this year alone is 1,500.
7. Even after their tax credit sunsets, the Trust will have built a very valuable donor base, many of whom would continue to give tax-deductible contributions to the programs of the Trust.

### A potential model for OCCRRN

1. Two special funds would be created, one at CCD and one at OCCRRN, but both funds would be for the same purpose.
2. The use of these funds is to be determined.  
*(The idea would be to create a special revolving fund of public and private money that would be used for a specific project that would excite people and could be marketed as a worthy cause to which to contribute. So the choice of the project that would be funded is critical.)*
3. A tax credit would be established for OCCRRN to use to encourage individual donors.  
*(One of the goals of the Child Care Fund Legislation is to create a funding pool of private contributions that will promote and sustain the operation of quality, affordable child care businesses. So this idea does fit the legislation.)*
4. Donors would make a gift to OCCRRN (half would go to CCD and half to OCCRRN).
5. The half that went to CCD would be a tax credit on the individual's Oregon tax form under tax credits.
6. The half that went to OCCRRN would be tax deductible to the extent that the law allows for both state and federal taxes.
7. OCCRRN would raise private funds to run a direct mail campaign to market the tax credits to individuals and small business owners, and to build the necessary infrastructure to build and sustain this individual and corporate donor base.

8. OCCRRN would also explore seeking foundation funding to match any gift made by an individual. Matching funds raised from foundations would be part of the marketing campaign to encourage first time donors.
9. CCD and OCCRRN would work together to distribute funds brought into their two special funds.

### Possible Sources of Support

1. The Oregon Community Foundation (OCF), which is supporting OCCRRN with 2 three year grants, one for Quality Indicators Project and one for the Child Care Network Project, has an interest in supporting a public/private partnership to seek new funds for child care and early childhood education issues. Mary Louise McClintock, our program officer at OCF, has expressed an interest in the tax credit idea and wants to know if it is something we might be doing. She could be an advocate at OCF and other foundations for support of the tax credit idea.
2. Both the Meyer Memorial Trust and The Paul G. Allen Foundation are possible sources of support for funds to run a direct mail campaign or marketing campaign for the tax credit idea.
3. The Collins Foundation and the Ford Family Foundation are possible sources of matching funds for the campaign, if they were interested in the program that the campaign was funding.
4. If we thought of this entire campaign as a tool to create a “Public/Private Revolving Fund” to create and sustain a particular program to improve the quality and availability of child care, we could approach other foundations (perhaps even outside Oregon), and large corporations to support the fund, and add to the money collected through tax credits and contributions from individuals and small businesses.
5. If this all worked, OCCRRN and CCD could have a very strong case for going to the Legislature in the 2011 for state support of this “Public/Private Revolving Fund.”
6. Once a donor base is established, it can become a source of future funding as well through renewals, major gifts, and planned gifts.