



# The Early Years

A City Club Report on the Care and Education of Children from Birth to Age Five



City Club members will vote on this report on Friday, March 17, 2006. Until the membership vote, City Club of Portland does not have an official position on this report. The outcome of this vote will be reported in the City Club Bulletin dated March 31, 2006 and online at [www.pdxcityclub.org](http://www.pdxcityclub.org).



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City Club of Portland  
901 SW Washington St.  
Portland, OR 97205  
503-228-7231 • 503-228-8840 fax  
[info@pdxcityclub.org](mailto:info@pdxcityclub.org) • [www.pdxcityclub.org](http://www.pdxcityclub.org)

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# EXECUTIVE SUMMARY

Across the 50 states, early care and education for children birth to age 5 has become a discernible public issue as terms such as “universal pre-K” and “ready to learn” become part of the common vernacular. City Club’s review of early care and education in the Portland area coincides with other local and statewide — public and private — attempts to bring public attention to a population that adults have every reason to care about — from moral, political and economic standpoints.

Responsibility to care for and educate children in their earliest years, before kindergarten exposes them en masse to possibly their first public institution, has largely been viewed as an untouchable right and obligation of the family. As a result, differences of opinion have risen over increasing public involvement and the allocation of public resources for young children. Your committee’s charge presumes that parents have primary responsibility for their children, and that other members of society — particularly policy-makers and business leaders — have a parallel responsibility to support parents’ efforts to provide optimum conditions for

the early care and education of children.

Through its research, your committee identified the following five key findings for parents, community leaders and the general public to consider:

1. Brain research makes clear that the early years are the most critical years in human development.
2. Early investment in the welfare of children saves money in the mid and long term.
3. Families are affected by employment policies and practices.
4. Quality early care and education workers provide an important service to our society.
5. Oregon already has an early childhood system intended to coordinate services for families and care and education providers.

Your committee also recognizes the following challenges to ensuring high-quality early care and education for all children:

1. Limited availability of *affordable* high-quality care and education for all children, particularly

- infant care, special-needs care and care during nontraditional hours.
2. Competing demands for public and private funding.
3. Financial impediments to employers providing a desirable mix of employee benefits while maintaining a competitive bottom line.
4. An apparent under-appreciation for the childcare profession.
5. A scarcity of leadership ready and able to capture and maintain public support for early investment in the lives of children.

Your committee offers the following conclusions and recommendations:

## Conclusions

1. Early care and education is a critical public issue, as important as other civic issues such as public safety, economic development and environmental standards.
2. Federal and state family leave programs intended to support working families provide little benefit for parents who cannot afford to take unpaid leave from their jobs.
3. Public and private investment in early care and education will, in the mid and long term, produce significant cost savings and increase tax revenue through greater economic output.
4. Brain research provides a clear and powerful road map to guide early childhood care and education policy in our local communities and state. Research has proved that the fundamental social, emotional and intellectual skills necessary to become a healthy, productive adult are largely determined by development during the first five years of life.
5. Your committee endorses widely accepted scientific research about the importance of proper health care and nutrition during the early years of a child’s life.
6. Many at the forefront of early care and education in Oregon have correctly begun to link research that clearly identifies the features of high-quality early care and education with measurable characteristics of supplementary care and education settings.

- 7.** Little is known about the quality of supplementary care in Oregon, largely because state and local governments have failed to collect or make available comprehensive information about the quality of individual settings in their jurisdictions.
- 8.** Free-market conditions have not and will not adequately support the early care and education needs of families with children. Government must, therefore, fill the gap or accept the consequences, which are more crime, lower economic output and greater societal costs.
- 9.** With childcare costs in Portland among the highest of any major metropolitan area in the nation and increasing faster than average annual incomes, your committee is gravely concerned about the decreasing affordability of high-quality early care and education.
- 10.** Oregon's childcare subsidies are inadequate and restrict childcare choices, particularly for low-income families.
- 11.** Available data often misrepresent the true picture of childcare availability by not accounting for common family-specific variables such as location, hours of operation, age of children (e.g., infant care vs. toddler care)
- 12.** Low wages and inadequate employee benefits are significant barriers to attracting and retaining qualified providers and, as such, are barriers to high-quality early care and education.
- 13.** Regulation of early care and education is an underutilized opportunity to ensure that publicly subsidized settings meet standards for safe, high-quality care.
- 14.** Sustained leadership, adequate and stable funding and a broad public understanding of the vital importance of early childhood development are necessary to ensure high-quality early care and education opportunities for all of the state's youngest citizens.

## Recommendations

- 1.** Access to health care and nutrition support should be guaranteed for all young children and pregnant women in Oregon.
- 2.** State, county and city leaders should assure full funding for early screening and early intervention programs for all eligible children from birth to age 3 and their families.
- 3.** A new position of "chief advocate for early childhood" should be created in the executive branch of state government that would lead Oregon's Early Childhood System and be the public voice for the early years.
- 4.** Funding for pre-kindergarten in Oregon should be increased to ensure access for all income-eligible 3- and 4-year-old children statewide.
- 5.** State- and federally funded childcare subsidies should be increased to a level that enables parents to afford quality care in the context of their family budgets.
- 6.** Resources should be directed toward improving the quality of the early care and education work force by linking wages to training and experience and providing more opportunities for training and education.
- 7.** A statewide information system on childcare quality should be established to inform parents and the public about the quality of individual early care and education settings. Publicized information should include the seven observable and measurable characteristics identified in this report: (1) adult-child ratio, (2) group size, (3) education and training level of providers, (4) caregivers' compensation, (5) caregivers' turnover history, (6) accreditation and (7) record of substantiated complaints against the provider.
- 8.** Employers should provide parental leave benefits, flex time, breast-feeding opportunities and other policies that increase the time that parents can personally care for their children.
- 9.** City Club of Portland should join an emerging movement of private and public sector leaders calling for investment in the lives of young children, in accordance with to the conclusions and recommendations of this report.

# • 1 INTRODUCTION

Early childhood is a time-sensitive population; today in the Portland metropolitan area, more than 100,000 young brains, from birth to age 5 are developing. Social, scientific and economic evidence considered by your committee makes clear that we either invest in the lives of young children now or pay more in social costs later. Your committee asks City Club members to act now, making early care and education a top priority for our community.



In August 2003, City Club launched a study committee to research and report on key issues related to early childhood care and education in the Portland area. Committee members were screened for conflict of interest to ensure that no person had a direct economic or professional stake in the outcome of the study or was publicly identified with a position on early care and education.

City Club's Research Board charged your committee with the following:

- Examine the developmental needs of children during the first five years of life.
- Review published research of the beneficial and negative impacts of child care on early childhood development.
- Describe the need for child care.
- Provide an overview of the current childcare and early childhood education system, focusing on availability, cost and quality.
- Describe employer policies regarding child care and early childhood education.
- Review Oregon and local laws regarding childcare and early childhood education.

- Develop recommendations concerning the roles of local and Oregon state government, businesses, public schools and nonprofit organizations regarding early childhood care and education.

To provide a reasonable scope of work for a volunteer committee, the charge instructed your committee to focus on children from birth to age 5 in the Portland metropolitan area and not to focus on settings that are designed to serve children with special needs as their primary population.

The charge assumes that many young children have multiple caregivers. Readers are advised that this report is about care and education that is *supplementary* to care provided by parents.

## Methodology

Your committee interviewed providers of early child care and education, child development experts, local and state officials, advocates, business people and other representatives of the community. Committee members vis-

ited early care and education centers and schools and attended relevant public meetings. Your committee also reviewed extensive background material about early care and education. Witnesses are listed in Appendix A. Other resources are listed in Appendix B.

Your committee read with interest and respect other locally produced reports and proposals about early care and education. These documents contain valuable information and thoughtful recommendations for change, most of which have not been fully implemented. City Club of Portland itself has long been concerned with the state of early care and education, as exemplified by the number of reports it has issued and public forums it has sponsored (see Appendix C for a list of related Friday Forums). This City Club report builds on previous works in an attempt to focus and inform public dialogue.

## Chronology of 10 Major Local and Statewide Studies and Reports

**Children's Institute of Oregon** — Early Childhood Development: Investing in Oregon's Economic Future (2005)

**Oregon Department of Human Services** — Oregon Child Care Market Rate Study (2004)

**Children First for Oregon** — Status of Oregon's Children: County Data Book (2003 and 2004)

**Oregon Commission for Child Care** — Report to the Governor and the Legislature (2003 and 2005)

**Oregon Commission for Child Care** — Report of the Oregon Task Force on Financing Quality Child Care (2002)

**Oregon Department of Education** — Oregon Kindergarten Survey Report: Readiness to Learn (2002)

**Citizens Crime Commission** — Kids Intervention Investment Delinquency Solutions (KIIDS) (2000)

**Oregon Head Start Collaboration Project** — Essential Elements of Programs for Children: Implementation Plan for Quality (1999)

**Draft report to Portland City Council** — Enhancing the Quality of Child Care and Education in Portland: Research Findings and Recommendations; prepared by Early Childhood Strategies and city employees (1999)

**Portland/Multnomah Progress Board** — Children's Readiness to Learn: Strategies for Improvement (1998)

## • 2 THE PUBLIC'S STAKE IN EARLY CARE AND EDUCATION

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To some people, early care and education may seem to be a private family matter, rather than a public issue. Yet based on current economic and social factors discussed later in this report, your committee believes that early care and education is a critical public issue, as important as other civic issues such as public safety, economic development and environmental standards.

The term “early care and education” refers to a young child’s collective learning and developmental experiences. It does not connote a particular setting. Supplementary care, more commonly known as day care or child care, is care provided by anyone other than a parent.

Early care and education occurs at home and elsewhere, with and without parents present.

Supplementary care generally occurs in childcare centers, preschools and other such settings, as well as in the child's home when care is being provided by someone other than a parent.

The need for supplementary child care has increased in recent decades in response to economic and cultural changes across the country. In Oregon, the percentage of women with children under age 6 who participate in the labor force grew from 43 percent in 1980 to 62 percent in 2000.<sup>1</sup> Likewise, the country's employment rate of single mothers with children under 17 grew to 73 percent, including 59 percent of mothers with children under age 1.<sup>2</sup> Regardless of family circumstances, supplementary care and education arrangements affect most families.

## History of Early Care and Education

Federal support for child care began during the Depression of the 1930s when Congress appropriated funds for nursery schools to provide health and nutritional support to the children of poor families. Public schools housed many of these programs. Public support continued into the 1940s

when World War II demanded a large labor force, and mothers began working outside the home in record numbers, leaving infants and toddlers in formal and informal care. In Portland at this time, the Vanport city housing project, constructed for shipyard laborers, provided childcare centers and preschool facilities that operated from morning through evening to accommodate factory shifts. Kaiser Shipyards also built and operated childcare centers at entrances to the shipyards, staffing them with professionally trained experts.<sup>3</sup>

In 1947, teachers, childcare workers, pediatric nurses and others interested in the development of young children established the Portland Association for Nursery Education.\* This early voice for young children took its opinions and concerns to the Legislature and governor, lobbying for more preschool regulation.

The federal Head Start program was launched in 1965 to provide a nurturing, comprehensive preschool program for low-income families. Locally, two Multnomah County programs, Albina Head Start and Portland Public Schools Head Start, were initiated and

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\* Today this organization is known as the Oregon Association for the Education of Young Children.

funded under the umbrella of a Community Action Program.<sup>4</sup> The Head Start model, largely unchanged since inception, attends to the emotional, social, health and nutritional needs of preschool-age children. The hallmark of the program has always been an emphasis on parental involvement, recognizing that a parent is a child's first teacher.

The 1970 White House Conference on Children identified child care-related issues as "the number one problem facing American children and families." Congress subsequently passed the Child Development Act to establish a national network of childcare centers. In spite of broad bipartisan support, President Nixon vetoed the bill based on concerns that it would move "the vast authority of the federal government to the side of communal approaches to child rearing over the family-centered approach." At the time, this veto was called "the most significant act in the history of infant and toddler child care in the United States."<sup>5</sup>

Federal legislation in the 1970s included two decisions critical to working families. In 1975, Title XX was added to the Social Security Act, expanding childcare eligibility to include low-income families that were not receiving

welfare. This was the first time that states were given freedom to distribute childcare money among different programs. In 1976, Congress enacted the Child and Dependent Care Tax Credit, the first federal employment-related legislation that assisted working families in meeting the cost of child care (and adult care). This was followed 25 years later, in June 2001, with the enactment of the first federal employer tax credit for child care.

The Child Care and Development Block Grant Act of 1990, which sent new money to the states, was a major investment in child care by the federal government. Parental choice and state control of policy remained central when the program was expanded in 1996 as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 commonly known as "welfare reform." Under this act, federal funding for child care was entitled the Child Care and Development Fund. The act propelled a wave of mothers with infants and children into the work force.

In 1993, the federal government enacted the Federal Family Medical Leave Act, which gave some workers the right to, among other things, take up to 12 weeks of unpaid leave to care for new-

borns and newly adopted children. Prior to 1993, the United States provided no federal guarantee that parents could return to their jobs following a family-related leave of absence.

Two years later, Oregon passed similar legislation. The Oregon Family Leave Act ensures similar rights as FMLA, but is generally thought to be more generous to families than the federal act. Instead of affecting companies with 50 or more employees, as does FMLA, OFLA requires organizations with 25 or more employees to provide unpaid leave. Rather than requiring a minimum of one year of employment with the same employer, OFLA requires only 180 days of employment before eligibility takes effect. Unlike FMLA, however, OFLA does not require an employer to continue group health coverage during family leave.<sup>6</sup>

## Implications and Limitations of Legislation

The limitations of federal and state laws have direct impact on families that use supplementary care. For example, a 2000 survey by the U.S. Department of Labor showed that nearly 42 percent of employees in the private sector work for companies that are not required to

offer family leave. Further, FMLA guarantees only unpaid leave, and more than 75 percent of employees who have reason to take family or medical leave do not take it because they cannot afford to miss a paycheck.<sup>7</sup> In other words, family leave protection is not universal, and because it is unpaid, it is less likely to be used by parents for whom employment is an economic necessity.

The 1996 welfare reform legislation noted above requires that program participants, the majority of whom are women with children, work in exchange for the receipt of benefits. The federal government has transferred much of the responsibility for designing and implementing welfare programs, known as Temporary Assistance to Needy Families, to states and provides block grants to support the programs.

Oregon's TANF program requires parents of newborn children to fulfill some type of work requirement (e.g., employment, job search, training or education) when their child is 90 days old. Recipients are eligible for TANF assistance for 24 months in any seven-year period. Sanctions are imposed on those who do not comply with the program requirements, including denial of cash assistance to the entire family.<sup>8</sup>

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**“The underlying rationale for public support of an early childhood care and education infrastructure is straightforward: society benefits from physically, mentally and emotionally healthy children.”**



TANF allows states to temporarily exempt specific categories of individuals from the federal work requirement. According to the State Policy Documentation Project, 28 states exempt low-income individuals from work until their child is 1 year old. Five states exempt individuals from work until their child is 2 to 3 years old. As mentioned above, Oregon parents who receive TANF must return to work within 90 days of the birth of their child. Oregon, unlike other states, also does not provide exemptions for “disabled/temporary illness,” “caring for a household member” or “child care unavailable.”<sup>9</sup>

**Your committee concludes that federal and state family leave programs intended to support working families provide little benefit for parents who cannot afford to take unpaid leave from their jobs.**

## Why Should the Public Care?

The care and education of young children is arguably a private matter, but one with well-defined public implications. The underlying rationale for public support of an early childhood care and education infrastructure is straightforward: society benefits from physically, mentally and emotionally healthy children. More than 100,000 children in the Portland tri-county area are under 5 years old — nearly 7 percent of the area's population.<sup>10</sup> A preponderance of research demonstrates that intervening early with high-quality early care and education services for an at-risk child provides specific economic and social advantages for both the child and the community in ways that are evidenced now and

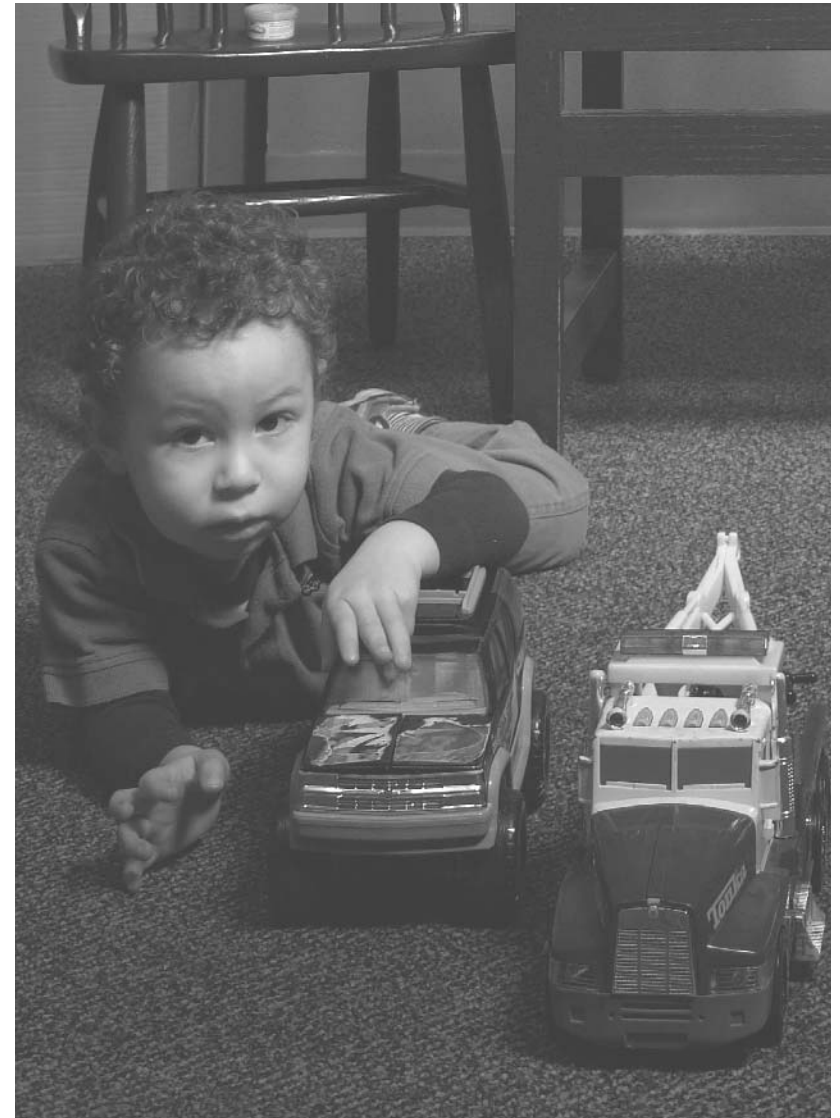
into the future, when these children have children. Children who experience appropriate early intervention are more likely to:

- enter school with better reading, writing and social skills
- score higher on primary grade testing
- stay on grade level and not require special education
- graduate from high school
- enroll in college
- have higher earning power as adults
- have lower rates of juvenile crime.<sup>11</sup>

The High/Scopes Perry Preschool Project, a well-documented, longitudinal study (1962-present) of an early education program in Ypsilanti, Michigan, concludes that for every dollar invested in high-quality early care and education, there is an economic return on investment to society of more than \$17.<sup>12</sup> The return to society results from the reduced cost for remedial and special education; greater tax contributions based on higher earnings once in the work force; savings in welfare assistance; and savings in the criminal justice system and to potential victims of crimes.

Many other studies have also concluded that early investment in the lives of young children is a cost-effective use of public funds. A study released in 2004 by the Economic Policy Institute, a non-partisan think tank, notes that “early public intervention to improve young poor children’s health, brain development, family environment and readiness for school represents one of the best and most productive uses for public funds.”<sup>13</sup> In the study, economist Robert G. Lynch proposes that a comprehensive program, while initially costly, would pay for itself in the 17th year and in 25 years would provide \$31 billion in net budget savings. The report summarily posits that communities are the beneficiaries of increased earned incomes and taxes paid back to society when high-quality early care and education is provided to our nation’s youngest children.

**Your committee concludes that public and private investment in early care and education will, in the mid and long term, produce significant cost savings and increase tax revenue through greater economic output.**



## • 3 HOW DOES A CHILD'S BRAIN DEVELOP?

A profusion of research in the neurobiological, behavioral and social sciences has contributed enormously to the understanding of the long-term importance of the first few years of a person's life.\* Neuronal development in the brain begins shortly after conception, and the most dramatic brain

\* In the 1970s, researchers began demonstrating how cultural patterns can make a difference in child development (Bronfenbrenner, Urie, *Two Worlds of Childhood: U.S. and U.S.S.R.*, Russel Sage Foundation, 1970). By 1980, the focus of child development had moved from the mental health of the mother to interpersonal processes that occur in optimal child care (Kilman, Gilbert W., and Rosenfeld, Albert, *Responsible Parenthood*: Holt Rinehart Winston, 1980). In 1981, beginning with Myron Hofer and colleagues at Albert Einstein College of Medicine, researchers started blending the extensive biological knowledge with cultural and interpersonal constructs that lead to numerous studies on brain structure (Hofer, Myran, *The Roots of Human Behavior*, 1981). Experts declared the 1990s the "Decade of the Brain," and we are currently living in the "Decade of the Mind." In the 1999 book, *The Developing Mind—Toward a Neurobiology of Interpersonal Experience*, Daniel Siegel reviews what is known about care, development, education, nutrition and the social and political challenges that are faced by our society in promoting healthy brain development (Siegel, Daniel J., *The Developing Mind—Toward a Neurobiology of Interpersonal Experience*, Guilford Press, 1999).

growth occurs during an infant's fetal life and first two years. It continues at a rapid pace throughout early childhood. Additional results from recent brain research provides information fundamental to caring for children in the early years:

1. Brain development is promoted by **proper prenatal and birthing care**. Because brain development begins shortly after conception, the health of the intra-uterine environment plays a key role in the child's long-term physical, emotional and social well-being. Socioeconomic factors known to adversely affect brain development during pregnancy include homelessness; unsafe living environments; emotional instability in the household; poor nutrition; and use of drugs, alcohol and tobacco.

2. **The most significant brain development begins in infancy**. In addition to the linguistic and cognitive gains associated with brain development, children from birth to age 5 exhibit "dramatic progress in their emotional, social, regulatory and moral capacities."<sup>14</sup> Dr. David Willis, a behavioral and developmental

pediatrician with the Northwest Early Childhood Institute, told your committee "nearly 85 percent of the fundamental social, emotional and intellectual skills necessary for later success are developed by age 5."

3. A **safe environment** is critical for the well-being of children. Abuse, neglect and exposure to violence are known to jeopardize healthy development, resulting in anxiety, depression and inability for a child to form healthy attachments, and a significantly higher likelihood for violence later in life.<sup>15</sup> The younger the child, the more vulnerable the developing brain is to both physical and environmental trauma. Studies of abused children confirm an association between maltreatment and overall reduction in brain size.<sup>16</sup>

4. Healthy development, including brain development, depends critically on the quality of **nutrition and health care** from birth throughout childhood. Malnutrition during the brain's most formative years can result in delayed motor skills development, social withdrawal and lower cognitive performance.<sup>17</sup> Breast milk, which provides the best mix of nutrients for infants, is recommended for at least the first year of life by the American Academy of Pediatrics and for at least the first two years

by the World Health Organization.<sup>18</sup> Pediatric screenings for genetic disorders, child wellness exams and up-to-date immunizations are vital in promoting healthy development during the early years.<sup>19</sup>

5. Brain development is promoted by **caring and consistent relationships with one or more adults** throughout infancy and childhood, a process known as "attachment." Pediatric specialists declare that "more than any other single factor, the quality of a child's relationships with mature, caring adults determines whether brain development proceeds in healthy ways."<sup>20</sup> Children who lack nurturing personal interactions at an early stage of life have trouble later even forming friendships, let alone negotiating the expectable ups and downs of peer relationships.<sup>21</sup> Actual brain intelligence, researchers tell us, "can neither fully develop nor manifest itself in any meaningful way without having done so in a context of appropriate social development," provided by the child's first teachers — its family or other caregivers.<sup>22</sup>

6. Brain development is also promoted by **planned educational experiences** at home, in child care and in preschool. A child's capacity to benefit from thought-

ful, intentional experiences does not begin at age 5 when children generally enter kindergarten — it begins at birth. This is not to suggest rigorous academic preparation for toddlers, but rather to emphasize that children exposed to environments rich with appropriate linguistic and physical activities will experience a corresponding boost in their neurological development. Adults, beginning with parents, should encourage independence, curiosity, motivation, persistence, self-control, empathy and the ability to communicate.

Given this array of needs and influences on a child's developing brain, for children to thrive, their care must meet some minimum standard of physical safety and adult oversight, whether it is provided by a parent, other caregiver or teacher.

**Your committee concludes that brain research provides a clear and powerful road map to guide early childhood care and education policy in our local communities and state. Research has proved that the fundamental social, emotional and intellectual skills necessary to become a healthy, productive adult are largely determined by development during the first five years of life.**

**Your committee endorses widely accepted scientific research about the importance of proper health care and nutrition during the early years of a child's life.**

## • 4

# ARE YOUNG CHILDREN RECEIVING WHAT THEY NEED TO THRIVE IN SUPPLEMENTARY CARE?

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## Features of High-Quality Supplementary Care

A growing body of social and scientific research consistently defines and emphasizes the importance of high-quality programs and effective public policy on children's well-being. Parents of young children generally want to know where to find high-quality early care and education in their communities. Policy-makers and voters, when allocating resources to early childhood, are appropriately and increasingly asking for data on the effectiveness of publicly funded programs.

Through synthesis of research by early childhood experts, your committee identified seven features of high-quality early care and education that support healthy development:

1. **Stability** — Children are able to build lasting relationships

with a small number of caregivers and other children.

2. **Nurturance** — Relationships between caregivers and children are characterized by warmth and responsiveness. Caregivers seek to develop children's emotional, social, cognitive and moral well-being.
3. **Stimulating and developmentally appropriate curriculum** — Children are exposed to stories, wordplay, new vocabulary and numbers from infancy.
4. **Comprehensive approach to caregiving** — Children are well fed and well rested. They have access to adequate and appropriate medical, dental and psychological care.
5. **Family involvement** — Parents and other family members are well informed when they place their child in an outside care setting. They have opportunities to volunteer and learn parenting skills.
6. **Inclusiveness** — Racial and ethnic differences are respected. In caregivers and curricu-

lum, children see positive examples of diversity.

7. **Safety** — Children are not exposed to hazards to their physical health.

Features of high-quality supplementary care, as described above, have been linked with seven observable and measurable characteristics of the *setting* in which it is provided:<sup>23</sup>

1. **Group size** — Smaller groups allow caregivers more time with each child.
2. **Adult-child ratio** — Standards are based on the age of the child; infants and toddlers benefit from higher adult-to-child ratios.
3. **Education and training level attained by caregivers** — A bachelor's degree or higher is associated with the most effective teaching; caregivers with credentials in child development or associate arts degrees are more effective than individuals with no formal training.
4. **Caregiver compensation** — Caregivers who earn higher wages and benefits are more likely to be better educated and less likely to leave their jobs.
5. **Caregiver turnover** — Low turnover increases the likelihood that a child will experience predictability and security

because they can attach to a consistent caregiver.

6. **Accreditation** — Research links accreditation from national organizations (e.g., National Association of the Education of Young Children and National Association of Family Child Care) with quality.
7. **Record of substantiated complaints** — A history of meeting state regulatory requirements is one indication of safety and quality.

**Your committee concludes that many at the forefront of early care and education in Oregon have correctly begun to link research that clearly identifies the features of high-quality early care and education with measurable characteristics of supplementary care and education settings.**

## **Are Portland-Area Children Receiving High-Quality Early Care and Education?**

While experts can outline what quality looks like, it is usually parents who judge their child's experience in care settings. In a survey by the Oregon Child Care Research Partnership, nearly half of Oregon parents with children

in supplementary care reported feeling that their child's care was deficient in some aspect of quality.<sup>24</sup> This finding is consistent with national results. The National Institute of Child Health and Human Development has rated 61 percent of settings for young children as either poor (8 percent) or fair (53 percent), with care for infants and toddlers earning the lowest ratings.<sup>25</sup> The NICHD study explains that child care rated "fair," while probably not harmful, fails to promote growth and learning.

A 1999 University of North Carolina study reports that most childcare centers in the United States are rated poor to mediocre in quality, with almost half meeting less than minimal standards.<sup>26</sup> Another national study looked at 511 childcare centers and preschool classrooms and rated 76 percent of them as less than good quality. The authors concluded, "Most U.S. child care is mediocre in quality, sufficiently poor to interfere with children's emotional and intellectual development."<sup>27</sup>

Many of Portland's early childhood programs that are funded by private and public dollars undergo evaluations that provide information on quality. Programs that receive funding from

Portland's Children's Investment Fund or from the Oregon Community Foundation's Ready to Learn Initiative, for example, must have evaluation processes to demonstrate their success to grantors. We know very little, however, about the quality of supplementary care (i.e., day-care homes and centers in the Portland metropolitan area) largely because until now there has been no comprehensive effort to gather data about those settings. In summer 2005, public and private partners launched a pilot project in Multnomah County to gather data on the quality of child care in centers and family child care homes that volunteer to participate in the project.\* Other private funders have since stepped forward to extend the pilot study to Coos and Curry counties. The goal is to eventually create a statewide information system that will make the data available to consumers.

Children First for Oregon, a non-partisan, nonprofit child advocacy organization, collaborates with the national Annie E. Casey

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\* The Child Care Quality Indicators Project is sponsored by the Oregon Child Care Division; Multnomah County Commission on Children, Families and Community; Penney Family Fund; and Hanna Andersson Children's Foundation.

Foundation to release an annual report card on the well-being of Oregon's children. Its 2005 grade for early care and education was a "B," an improvement over a "C" in 2004. Compared to an "F" grade for family financial stability and a "D" for health, it would initially appear that Oregon has few problems in the area of early care and education. Upon reviewing the benchmarks that contribute to the grade, however, your committee found that in reporting two of the five measurements, "childcare affordability" and "childcare supply," Children First for Oregon acknowledges that low-income families find it difficult to cover other basic needs after paying for child care, and families struggle to find safe, high-quality child care.<sup>28</sup>

Reports such as the Status of Children in Oregon Report Card, provide a snapshot of cost and availability at a given time and can identify trends that indicate how children are faring. The "B" grade for early care and education is a positive sign. Yet the benchmarks and grades do not report whether specific quality indicators that have been linked to positive outcomes are present in early care and education settings. For example, they do not indicate for parents or the public whether individual supplementary

care settings foster attachment or provide developmentally appropriate learning opportunities.

**Your committee concludes that little is known about the quality of supplementary care in Oregon largely because state and local governments have failed to collect or make available comprehensive information about the quality of individual settings in their jurisdictions.**

## • 5

# BARRIERS TO CHILDREN RECEIVING HIGH-QUALITY SUPPLEMENTARY CARE

Supplementary early care and education has two general purposes: to foster children's development and to support parents' employment and other activities outside the home. This section identifies barriers to providing high-quality supplementary care.

## Affordability

Affordability has emerged as a major issue in Oregon's childcare and education system. The Portland Business Journal reported that according to a privately funded study in 2004 childcare costs in the Portland metropolitan area are the seventh highest out of 140 major metro areas nationwide.<sup>29</sup> According to the 2004 Oregon Child Care Market Rate Study, rates increased at least 30 percent, depending on type of care, from 1994 to 2004. As a rule, the more formal the care arrangement (e.g. centers and schools), the greater the cost. Care for infants is generally more expensive, and preschool-age care is less expensive than toddler care. According to the market

rate study, typical rates (75th percentile) for available toddler care slots statewide are priced at \$450 per month for family care, \$650 for certified family care and \$820 for center care. Rates are generally higher in the Portland metropolitan area.

Nationally, parents pay an estimated 60 percent of early care and education costs, while government programs pay 39 percent (includes federal and state income tax relief) and nonprofit organizations pay 1 percent. In Oregon, the number is higher. Oregon parents pay an estimated 67 percent of childcare costs.<sup>30</sup>

The state defines "affordable child care" as care that costs no more than 10 percent of a family's gross annual income, specifically for families earning less than the state's median income (\$60,262 in fiscal year 2005).<sup>31</sup> In reality, 57 percent of Oregon families with incomes under \$60,262 could not afford child care in 2004 by this definition. The Oregon Progress Board cautiously identified this change as progress given that 65 percent of families found

child care unaffordable in 2002. The report acknowledged that the change might be an indication of families being forced out of the market.<sup>32</sup> Being forced out of the market means that families opt to use less-expensive nonmarket-rate care that has little or no public oversight, including minimum regulations for health and safety.

Using the state's benchmark for affordability, a Portland family's annual income would need to exceed \$60,000 in order to afford even the least expensive type of toddler care. Since the Oregon

Progress Board started tracking childcare costs in 1992, these costs have risen 66 percent, while average annual earnings rose only 43 percent in the same period.<sup>33</sup> Further, a University of Oregon report noted that families earning less than \$25,000 per year spend more than 22 percent of their household income on child care, and low-income single parents spend nearly one-third of their income on child care.<sup>34</sup> The figure below illustrates how unaffordable child care is for many families without public assistance.

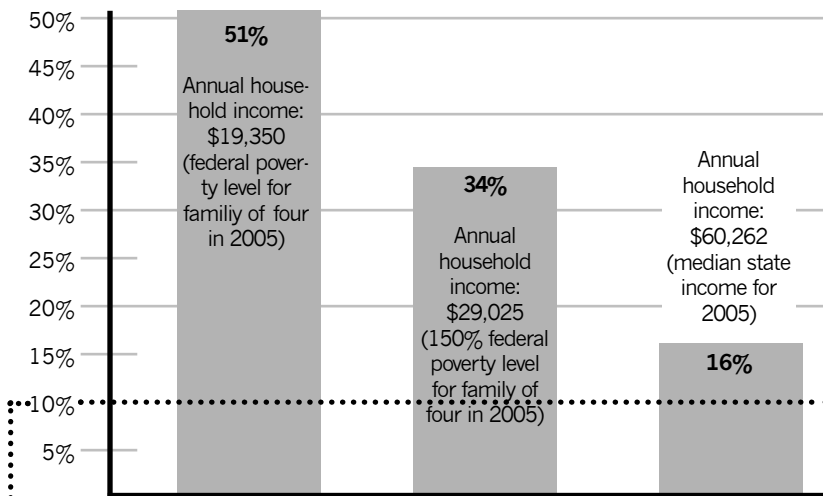
Caring for children is labor-intensive and, unlike other businesses that may use a variety of techniques to maintain a competitive cost advantage, childcare providers have few options to make care more affordable for parents. Regulations limit the number of children per adult, so a care provider cannot simply care for more children while lowering fees.

**Your committee concludes that free-market conditions have not and will not adequately support the early care and education needs of families with children. Government must, therefore, fill the gap or accept the consequences, which are more crime, lower economic output and greater societal costs.**

providers are responsible for collecting co-payments from parents. The federal government expects that these subsidy vouchers should provide access to 75 percent of child care slots in a community, but in Oregon the vouchers cover the cost of only 24 percent of slots — the lowest percentage of any state.<sup>35</sup> When parents cannot find affordable market-rate care, they are forced to choose providers that charge submarket rates, a situation that has been correlated with less stability for children.

Some 1,000 children and 500 families lost the state-administered subsidy when the Oregon Legislature in 2003 reduced income eligibility from 185 percent of the federal poverty level to 150 percent. Efforts to restore eligibility failed in the 2005 Legislature even though federal law permits states to use federal dollars to serve up to 85 percent of the state's median income. High co-payments, subsidies that are significantly below the federal standard, and a low number of families served have been identified by state early childhood administrators as causes of a gap in childcare affordability in Oregon.<sup>36</sup>

### Child Care Costs\* as Percent of Household Income (costs assume no public assistance)



**State benchmark for affordability**

\* \$820 per month (75th percentile) for one toddler in full-time center care.

#### Subsidized Care

Oregon administers the federally-funded Employment Related Day Care subsidy (see page 36) to help working families that earn less than 150 percent of the federal poverty level.\* In Oregon, this aid is compromised by high co-payments that exceed the 10 percent of household income benchmark for affordable child care. ERDC subsidies are paid directly to providers, and

\* 2005 federal poverty level is \$19,350 for a family of four.

**With childcare costs in Portland among the highest of any major metropolitan area in the nation, and increasing faster than average annual incomes, your committee is gravely concerned about the decreasing affordability of high-quality early care and education.**

**Your committee concludes that Oregon's childcare subsidies are inadequate and restrict childcare choices, particularly for low-income families.**

## Availability

In the Portland metropolitan area, parents have an array of care options including paid, unpaid (usually by friends or family), state-subsidized and federally funded programs such as Head Start. However, your committee found that the supply of affordable, high-quality early care and education services for children from birth to age 5 does not meet the current and growing demand.

The Oregon Progress Board defines "available child care" as the number of childcare slots available for every 100 children under age 13. In Oregon the sup-

ply of child care has declined from 20 slots available statewide in 2000, to 17 slots per 100 children in 2003, the most recent year for which data are available. Oregon Progress Board's 2005 report predicts that Oregon will not reach the national standard and Oregon's target of 25 slots per 100 children "anytime soon."<sup>37</sup> "Twenty-five slots per 100 children describes a scenario in which families would be able to find care for their children," explains Bobbie Weber of the Child Care Research Partnership at Oregon State University.<sup>38</sup>

Children First for Oregon provides an annual report of childcare availability by county, measuring availability by the number of slots per 100 children under 13. Their 2004 report showed that Multnomah and Washington counties had fewer childcare slots than in the previous year. Both counties, as well as Clackamas County, were well below the state's target for availability of child care.<sup>39</sup>

Measuring childcare availability by total number of slots in the state or per county fails to show whether spaces are available for a child of a specific age (for example, infant care as opposed to school-age care). Nor does it

indicate whether the locations of providers align with the geographic locations of consumers. Weber told your committee that the gross measurement of slots, "does not take into account the extent to which care available in any given community matches the specific needs of families in that community."<sup>40</sup> Some examples of specific needs are care slots that are near public transportation, that are open irregular hours or provide flexibility to parents. Put simply, child care may be available but it may not be accessible.

**Your committee concludes that available data often misrepresent the true picture of childcare availability by not accounting for common family-specific variables, such as location, hours of operation, age of children (e.g., infant care vs. toddler care).**

## Provider Compensation, Training and Turnover

Ironically, as unaffordable as child care is for many families, childcare providers are among the lowest wage earners in the state. Bureau of Labor statistics for the Portland area show the annual median income for childcare workers is \$18,410. For comparison, this is slightly less than non-

farm animal caretakers (workers in animal shelters, kennels and aquariums), whose median income is \$20,280; and significantly below aerobics instructors, who average \$37,950. Preschool teachers in the Portland area fare slightly better than childcare workers, earning \$24,610 annually, but both earn substantially less than kindergarten teachers, who average \$40,690 annually, plus benefits.<sup>41</sup>

Research done in 2002 illustrates income for family care providers\* compared with the cost of doing business.<sup>42</sup> In this Colorado study, the annual mean provider income (including parent fees and reimbursements, and government food program reimbursements) was \$21,189. Operating costs, including children's meals, equipment, insurance, toys and materials, salaries for substitutes and assistants, professional development, and other costs, were nearly \$7,800, leaving a net income of \$13,418.

A composite example extrapolated from a 2003 Oregon survey of childcare providers illustrates a local picture of low wages and few benefits.<sup>43</sup> The typical

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\* **Family care** refers to facilities in a single-family residence where no more than 10 children are cared for at any time.

provider is a female who provides care in her Multnomah County home, working an average of 54 hours per week. Her annual income is less than \$25,000. Like 70 percent of other home providers in the county, she has no paid vacation, and like 81 percent of them, she has no personal retirement savings. Nor does she have medical insurance, a situation she shares with 30 percent of family childcare providers in Multnomah County. Given this picture, one can begin to understand why high rates of turnover predominate in the field of child care.<sup>44</sup>

The education level of providers corresponds closely to compensation. Simply put, better-educated teachers tend to earn higher salaries. Similarly, care and education facilities with high turnover are likely to be ones where employees are poorly compensated.<sup>45</sup> For these reasons, compensation turns out to be a reliable indicator of quality. The Oregon Child Care Commission's Task Force on Financing Quality Child Care found that, due to chronically low wages, many providers cannot afford to stay in the profession.<sup>46</sup> This was echoed by two Portland-area providers who told your committee that the greatest challenge childcare providers face is financial viability.<sup>47</sup> High

turnover rates among family childcare providers and among childcare teachers and staff "are significant barriers to quality improvement."<sup>48</sup>

State Senate and House bills in support of local early childhood professional development programs, referred to as Oregon CARES (Compensation and Retention Equals Stability) were introduced in the 2005 Legislature. Oregon CARES is a research-based childcare improvement program that combines the use of scholarships and wage supplements to increase the quality of child care and reduce provider turnover. Senate Bill 779 died in the budget committee and House Bill 3107 did not receive a hearing.

**Your committee concludes that low wages and inadequate employee benefits are significant barriers to attracting and retaining qualified providers and, as such, are barriers to high-quality early care and education.**

#### Organizing Providers

A growing number of home childcare providers in Oregon are signing on with one of two labor unions, Service Employees International Union or the American Federation of State,

County and Municipal Employees, to gain collective bargaining power. Similar organizing has taken place across the country over the past two years, with leaders of the movement noting that unions bring experience and power to advocate for more public support.<sup>49</sup> Oregon Governor Ted Kulongoski signed an executive order in September 2005 directing the Department of Human Services and the Employment Department to meet and confer with AFSCME Council 75 representatives on behalf of some 4,500 certified and registered family childcare providers. In February 2006, Kulongoski issued a second executive order, this time authorizing the nearly 6,000 state-listed family childcare providers to begin collective bargaining with SEIU Local 503, OPEU.

Organizers from SEIU and AFSCME spoke to your committee, citing childcare subsidy issues, lack of health insurance, needing a voice in regulation, training to work with special needs children, and "professionalizing" the business as the key reasons for Oregon providers seeking representation.<sup>50</sup> According to union representatives, in addition to being better for providers, organizing care providers will improve quality for children because provider turnover will decrease.

Other local organizations that work with providers toward improving their business acumen and enhancing child care as a chosen profession include the Oregon Center for Career Development in Childhood Care and Education at Portland State University and the nonprofit Child Care Improvement Project.

### **Limited Access to Specific Early Care and Education Programs**

As explained earlier in this report, availability of supplementary care has not kept pace with demand. Similarly, your committee found that publicly and privately funded early care and education programs for young at-risk children are not serving significant numbers of eligible children, largely due to insufficient funding. Perhaps most striking is that this shortage negatively affects children and their families during the critical early years when proven intervention programs have the greatest potential for impact.

Examples of programs operating in Portland that have demonstrated positive outcomes, but which do not currently serve all eligible children and their families include the following:

**Healthy Start** screens all first-born infants, and provides child and family support when warranted (including home visits, breastfeeding information, child development and parenting information and referrals to support groups and social services in the family's community). The primary goal of Healthy Start is to protect children from maltreatment, but participants of the program also benefit in other ways.

Healthy Start children are more inclined to have regular well-child checkups and be immunized; their mothers tend to receive better prenatal care for subsequent births; families are more likely to promote school readiness; and a high percentage of Healthy Start parents consistently use more positive parenting skills. A 2003-2004 independent evaluation of this statewide program documented specific positive gains for Healthy Start children and their parents.<sup>51</sup> The report also noted that the program's limited funding prevents it from serving families to the extent that their assessments indicate is needed. Since the report was published, the program's budget was cut \$4 million by the 2005 Legislature. The reduction for Multnomah County was \$396,841 for the 2005-2007 biennium.

**Children's Relief Nursery** in North Portland is modeled on the Eugene, Oregon relief nursery program, a highly acclaimed, successful early intervention program that is one of six national demonstration projects of the U.S. Department of Health and Human Services. The program is credited with reducing abuse and neglect in high-risk families by providing comprehensive services for children and parents, delivered by professional educators and mental health professionals.

The target population is young children who are at risk for impaired healthy development due to poverty, food insufficiency, housing insecurity, poor attachment and other unmet needs. Actual numbers of children or families that need services is difficult to estimate, according to Children's Relief Nursery administrators, but crime statistics reveal the agency's catchment area has eight times the state average of child abuse and neglect. The program competes with other services for city, county and state revenues and is reliant on private philanthropy to fund approximately two-thirds of its operation. The cost per child is approximately \$8,500 per year.

**Early Head Start** (for children birth to age 3 and their families) and **Head Start** (for 3- and 4-year-olds) are known for making dramatic improvements in the well-being and school readiness of some of the nation's neediest young children and, possibly more significant, positively influencing participants' earning capacity and social well-being in adulthood. The 2002 Oregon Kindergarten Readiness Survey showed that Head Start participants entered kindergarten with their physical well-being, language skills and approaches to learning similar to that of their peers from families with higher household incomes. Local Head Start programs are funded through a combination of federal and state funds that are subject to competing needs and the political process. In Multnomah County, federal and state funds allow only 63 percent of income-eligible 3- and 4-year-olds (a total of 1,932) to be enrolled. This leaves 1,111 eligible children not served. Local programs that are federally funded cost \$9,219 per child; programs funded through Oregon Head Start Pre-kindergarten\* cost approximately \$7,800 per child.

Early Head Start funds from the federal government and the city of Portland allow 10 percent of eligible children from birth to age 3 in Multnomah County, or 482 children, to be enrolled. Over 4,000 eligible children are not served. The average cost per child is \$12,652.

## Employment Policies and Practices

A May 2005 article in Oregon Business magazine notes that in companies with an employee turnover problem, turnover for lack of child care is higher than turnover from retirement or for lack of training.<sup>52</sup> Nationally, close to 80 percent of employees with children miss work at some point because of childcare problems.<sup>53</sup> A 2004 report from the Families and Work Institute found that most supplementary care providers are closed for business on Saturdays and Sundays even though 26 percent of employees nationwide work at least one weekend day.<sup>54</sup>

The Oregon Commission for Child Care has found that the need for convenient, flexible child care is

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\* Oregon Head Start Pre-kindergarten, established in 1987, replicates the Head Start structure and methods that are credited with long-term success for at-risk children. These include individualized and developmentally appropriate learning experiences, low child-staff ratio, health care and nutrition, parent involvement and family support.

particularly acute. In its examination of childcare supply across Oregon, the commission noted a “persistent need for specific areas of care that include infant/toddler care, special needs care, extended hour/odd hour, sick child care and school age care.”<sup>55</sup> The commission, an independently appointed board, also acknowledged in its most recent report to the governor and Legislature that “employees do not leave their childcare problems at home; they take them into the workplace.”<sup>56</sup> Locally and nationally, research on employee productivity provides evidence that treating employees well is good for business. To that end, childcare benefits, flexible work arrangements and extended parental leave have been recognized as family-friendly benefits that help to reduce turnover, reduce absenteeism and increase business productivity.<sup>57</sup>

Yet in Oregon, where both state and federal tax incentives encourage companies to provide a childcare benefit, fewer than 4 percent of employers do so.<sup>58</sup> Oregon’s Employment Department recently surveyed Oregon businesses about their use of child care and found that “very few companies offer childcare services to their employees.”<sup>59</sup> Of the respondents, only seven indicated they had used the state’s Dependent

Care Tax Credit, which gives employers a credit for half the money they spend in support of child care for their employees: four respondents provide their employees with childcare information or referral, one provides its employees with a subsidy for child care, and two provide on-site child care. According to survey results, 77 of 117 businesses had not used the credit because they had not heard of it.

A September 2005 article in *The Oregonian* suggested that while the Dependent Care Tax Credit may not be well known, the low use might instead be attributed to the fact that “most Oregon businesses have little or no tax liability to write down.”<sup>60</sup> The article cites Oregon Department of Revenue data showing that over the past six years, only 21 employers on average have sought the credit.

Cynthia Hurkes, Business Liaison for the Oregon Child Care Resource & Referral Network, surveyed businesses across the state in 2005 and found a broad range of reasons why employers are not utilizing tax credits.<sup>61</sup> Reasons identified include:

- avoidance of morale problems among employees who do not have children

- no financial incentive; using other tax credits
- Private nonprofit or public nonprofit organization (not eligible)
- “we hire the individual, not the family”
- “mind boggling” to implement
- employer cannot afford to offer childcare subsidies
- “if I pay a portion of the costs and the costs are so high, what good is my contribution?”
- employer offers a flexible spending account for parents; parents can use pretax dollars to purchase child care
- employer struggles to offer traditional health benefits; cannot reasonably consider alternative benefits
- did not know the credits existed.

At the same time, according to Hurkes, employers currently using dependent care tax credits are pleased with the results. Hurkes stated, in addition to simply making some “feel good,” some employers believe the tax credits produce direct and indirect cost savings, help recruit and retain employees, and reduce absenteeism.

According to a state survey of employers, when ranked with other benefits, including health insurance, profit-sharing, sick leave, employer-paid transportation to and from work, and

employer-paid meals, childcare benefits are at the bottom of the list of benefits provided in the Portland area.<sup>62</sup> Needing to consider medical, dental and other benefits for 7,000 employees, Legacy Emanuel Hospital and Health Center in 2005 closed its childcare center that had benefited 33 employees at a cost of \$400,000.<sup>63</sup> At the same time, however, employers in the Portland metropolitan area are increasingly offering flexible work schedules and telecommuting, both of which support families with children, as incentives to attract and retain employees. Oregon Employers of Choice, an affiliation of businesses that provide a range of childcare employee benefits, points out that supporting employees’ childcare needs is, “a hard-edged, dollars-and-sense understanding of the economics of employee retention, productivity and satisfaction.”<sup>64</sup>

## • 6 PUBLIC ACCOUNTABILITY

### Governance of Child Care

At the state level, early care and education in Oregon is funded, regulated, supervised and supported by no fewer than four state entities. The Employment Department, the Department of Education, the Department of Human Services and the Commission on Oregon Children and Families all play significant roles in the well-being of children from birth to age 5.

The **Child Care Division** of the **Employment Department** promotes childcare safety, quality, affordability and accessibility. It also initiates and funds innovative programs. Within the Employment Department is the 18-member Commission for Child Care, created in 1985, to advise the governor on critical issues related to child care. The Child Care Division is also home to the Oregon Child Care Resource and Referral Network, a statewide network of 17 community-based child care resource and referral agencies that work to improve the quality, accessibility and affordability of child care for all Oregon families.

Oregon's **Department of Education** oversees federal funding and coordination of Head Start and Early Head Start, and provides education services to infants and young children with disabilities. Through community colleges and universities, the Department of Education has authority in teaching and training early childhood educators, including childcare professionals, and supports research related to early childhood development.

The **Department of Human Services** includes Adult and Family Services for low-income families, the Health Division, Office of Medical Assistance Programs (which administers the Oregon Health Plan), Mental Health and the State Office of Services to Children and Families. DHS provides childcare referrals, information on selecting quality child care, and assistance in applying for childcare subsidies to families receiving federal welfare support (TANF).

The **Commission on Children and Families** provides no direct service but is responsible for statewide planning, standards setting and

policy development for the services provided by 36 county Commissions on Children and Families. State and federal funds flow through the Commission to locally selected initiatives intended to better the lives of children. Examples of these programs in the Portland metropolitan area are Healthy Start (Multnomah, Washington and Clackamas counties), Great Start (Multnomah County) and Children's Relief Nursery in North Portland.

### Coordination of Early Childhood Services

The Oregon Children's Plan, passed in 2001 as House Bill 3659, focuses resources on front-end prevention and treatment, beginning at birth, and expanded the Healthy Start program statewide, with an emphasis on home visits. The bill also established the voluntary Oregon Early Childhood System, which is jointly led by the four entities listed above and run in collaboration with other state and local early childhood partners. That collaborative is known as Partners for Children and Families.

Specific goals of the Early Childhood System, as outlined in Oregon Revised Statutes (ORS) 417.727, are as follows:

- prevent child abuse and neglect
- improve the health and development of young children
- promote bonding and attachment in the early years of a child's life
- support parents in providing the optimum environment for their young children
- link and integrate services and supports in the *statewide* voluntary Early Childhood System
- link and integrate services and support in the *local* voluntary Early Childhood System
- ensure that children are entering school ready to learn
- ensure that children receive quality care.

Additional legislation (ORS 417.728) requires the voluntary system to include services such as screening, assessment, home visiting, community-based services, high-quality child care, pre-school and other early education services, as well as health services for children and pregnant women and mental health services. It calls for the consolidation of administrative functions to the extent practicable, increased coordination through data systems and quality assurance.

This legislative mandate has pressed state and county administrators and staff to work together to plan, coordinate service

delivery, consolidate administrative functions, develop a common data system, and to link the Early Childhood System to services for older children. An independent evaluation of the Early Childhood System completed in 2003 noted positive levels of collaboration, but also identified challenges for the model, including time and staff needed to facilitate coordination efforts, and differing eligibility criteria across programs that serve young children.<sup>65</sup> It noted that the purpose of further evaluation ought to be on improving implementation of the initiative rather than on evaluating impact.

The structure of the Early Childhood System does not designate an administrator or director to lead its many efforts.

## Regulation of Early Care and Education

Regulation of caregiving provides a means and an opportunity to influence the quality of early care and education. In Oregon, the Child Care Division of the Employment Department is charged with regulating care through licensure of individual providers, preschools and child-care centers.<sup>66</sup>

In Oregon, licensed providers are of the following three types:

### Registered Family Childcare

**Homes:** Residence-based providers that serve at least three children of other families and a total of no more than 10 children (including the provider's own children) must be registered by the state. The home must meet health and safety standards, and the provider must have an infant/child CPR and first-aid license, a food handler's license, and training in recognizing and reporting child abuse and neglect. All adults in the home must be enrolled in the Child Care Division's Criminal History Registry. Registration must be renewed every two years, and the provider must complete eight hours of training in each two-year period. A representative of the Child Care Division makes one announced visit during the two-year registration period; additional visits may be made to investigate complaints. As of 2005, the state has approximately 5,000 registered family childcare homes.<sup>67</sup>

### Certified Family Childcare

**Homes (Group Childcare Homes):** Residence-based providers that serve no more

than 16 children, including the provider's own, must be certified by the state. This is a higher standard of regulation than registration, so in addition to meeting the same health, safety and training requirements as registered providers, certified providers must have at least one year of childcare experience or a minimum of 20 college credits related to child development. The state has the right to investigate providers' physical, mental and moral fitness for caring for children if a criminal background check suggests further review. Certificates must be renewed annually and 15 hours of training are required each year. The Child Care Division makes one unannounced visit annually. Approximately 250 certified (group) child care homes statewide were listed by the Child Care Division in 2005.<sup>68</sup>

### Certified Childcare Centers:

Facilities that serve more than 12 children and are located in nonresidential buildings must be certified by the Child Care Division. Requirements are similar to those for certified family childcare homes, with the addition that the fire department, Department of Human Services and Child Care Division must inspect and

approve the facility prior to children being in care, and are re-inspected annually. Certificates must be renewed annually. Announced and unannounced inspections by the Child Care Division are performed annually in these facilities. As of 2005, about 1,000 centers are on the state's list of certified facilities.<sup>69</sup>

A number of providers are exempt from licensure requirements. Exempt care includes a range of paid and unpaid care choices that are not subject to safety and health inspections, criminal history checks, adult-child ratios, caregiver training level or any other state regulation. Your committee identified the following examples of exempt care:<sup>70</sup>

- **in-home care:** provided in the child's home by parents, a sibling, relative or babysitter
- **small-service care:** residence-based providers caring for fewer than three children or children from only one family
- **part-time preschools:** education-focused care less than four hours per day for children age 3 to kindergarten
- **occasional care:** care provided on an occasional basis by a person, sponsor or organization not ordinarily in the business of providing child care

- **specialty care:** supervised, child-focused enrichment classes such as dance, drama, music or religion
- **government care:** facilities and programs operated by a school district, political subdivision of the state or a government agency.

The largest category of exempt care is informal, in-home care provided by parents, siblings, other relatives and babysitters, yet no one knows with much accuracy or certainty how many children under age 5 this includes, nor the quality of care they are receiving. Bobbie Weber, of the Oregon Child Care Research Partnership, estimates that 40 percent of children (in child care) are in “nonmarket” care, that is, exempt small-service care and care provided by family, friends and neighbors.<sup>71</sup>

Nationally, an increase in the use of informal care has been linked to the high cost of market-rate care and parents’ need for flexible schedules and unconventional hours. Family and friends often are more willing to accommodate schedules that are outside the typical workday.<sup>72</sup>

Some expert witnesses interviewed by your committee

expressed concern that exempt categories represent significant loopholes in Oregon’s childcare laws. Tom Olsen, Administrator of the Child Care Division, acknowledged that he would “love to be able to license all pre-schools,” but “the fiscal impact would be large — lots more staff — and the Legislature has not been disposed to spend general funds on that sort of thing.”<sup>73</sup>

**Your committee concludes that regulation of early care and education is an underutilized opportunity to ensure that publicly subsidized settings meet standards for safe, high-quality care.**

### **Government’s Role in Providing Consumer Information and Education**

Your committee found that parents, when seeking child care, turn to friends and families, use word-of-mouth referrals, bulletin boards, fliers, newsletters and newspapers, the Yellow Pages, employee assistance program referrals, schools, government agencies and the Internet to locate early care and education providers in their communities.

Oregon has a Child Care Research and Referral network of

17 community-based entities that contract with the Child Care Division to maintain databases of providers in their respective areas, which may be one or more counties.\* Statewide, the network includes approximately 6,562 providers, of which about 4,140 are voluntarily listed on a searchable online database.<sup>74</sup> A Portland-area parent searching for an appropriate program for his or her child can search for providers by ZIP code, by type of care desired, and for available care for a specific age group. The database also specifies regulatory status, days and hours care is provided, capacity and vacancies, activities available, professional affiliations maintained by the provider, and national accreditation.

While this information is useful to parents, R&Rs offer only referrals, not recommendations. Further, the system provides no specific data on quality of care, largely because such data have not been collected. (As noted earlier, a Multnomah County pilot project to assess and report on quality

indicators in center-based care is underway.) Under the present system, providers give information listed in the network voluntarily, and it is not always verified through calls or visits.\* Provider violations (that is, complaints investigated and substantiated by the state) are not currently included in the database; consumers need to contact the Child Care Division’s licensing program to learn if a provider has any recorded violations. Substantiated complaint information is expected to be online when the state makes technology upgrades, but a target date has not been stated.

In addition to making referrals, the R&R network staff assist providers becoming licensed, improving their early childhood development knowledge base, developing business and financial skills, and networking with other providers for support and professional growth.

\* The local R&R entities that contract with the Child Care Division are Child Care Resource and Referral of Multnomah and Clackamas Counties ([www.ccr-mc.org](http://www.ccr-mc.org)), and Child Care Resource and Referral of Washington County ([www.communityaction4u.org](http://www.communityaction4u.org)).

\* In cases in which a provider/facility is regulated or licensed by the Child Care Division, certain regulatory requirements have been met; however these do not fully represent the quality standards identified earlier in this report.



## • 7 PUBLIC SUPPORT FOR FAMILIES AND PROVIDERS

Nationally, governments subsidize about 39 percent of childcare costs. In Oregon, public support is a smaller percentage, with families paying an estimated 67 percent of costs. This section explores ways government programs help Oregon families pay for care. Public assistance for providers is also discussed.

### Financial Assistance to Families\*

General tax benefits for families include a federal tax deduction of \$3,200 per child or dependent, the federal Child Tax Credit of up to \$1,000 per child (which is phased out at higher income levels), the federal Earned Income Tax Credit and Oregon's Earned Income Tax Credit for low-income working families. In addition, federal and state tax credits, flexible spending accounts and subsidies are also available to eligible working parents.

### Childcare Tax Credits

One federal and two state childcare tax credits are also available to qualifying families in Oregon. None of these credits cover the entire cost of child care, and all require parents to pay providers first, then claim credits at the end of the year with proof of payments.

The **federal Child and Dependent Care Tax Credit** provides assistance to eligible tax filers if they or their spouse need child care in order to work or look for work. The credit decreases as adjusted gross income increases, with a maximum credit of \$1,050 for one child or dependent and \$2,100 for two or more for families with adjusted gross incomes of \$15,000 or less. At the high end, with an adjusted gross income above \$43,000, the maximum credit is \$600 for one child or dependent and \$1,200 for two or more. Also, unlike the federal Child Tax Credit, this credit is nonrefundable, meaning families cannot obtain a refund if the credit exceeds total taxes owed.

\* Tax information in this section is for the 2005 tax year.

Oregon is one of 26 states to offer a **state Child and Dependent Care Tax Credit**. Available only to families with adjusted gross incomes below \$45,000, this tax credit of up to \$1,800 is determined by income level.

The **Oregon Working Family Child Care Tax Credit** is for families with incomes defined by the federal Earned Income Tax Credit (earned income of \$31,030 or less for single with one child, up to \$37,263 if married with two children). Families earning a minimum of \$6,750 annually can receive credit of up to 40 percent of qualifying childcare expenses with no limit. This credit is refundable, meaning if it exceeds taxes owed, the family will receive the difference.

#### Child Care Flexible Spending Accounts

Also known as Dependent Care Assistance Plans, these accounts are offered through employers and offer employees the opportunity to pay for child or dependent care with pre-tax dollars. Up to \$2,500 if filing individually (\$5,000 if married and filing jointly) can be placed annually into a special account where proof of payment is required in order to be reimbursed. These dollars cannot be claimed for the Child and Dependent Care Tax Credit.

#### Employment Related Day Care Subsidy

Funded largely by federal dollars and administered by the state, this early care and education subsidy program provides monthly financial assistance for approximately 9,500 Oregon families who earn less than \$29,025 annually (150 percent of the federal poverty level). The subsidy is available only to families when all potential adult caregivers are working, and only up to a maximum rate that depends on the number of children in child care, their ages, the location of care and type of care.

Only 20 percent of eligible children in Oregon currently are beneficiaries of this subsidy, largely because of the high co-payments parents must make. The ERDC provider reimbursement rate (or subsidy) in Oregon is lower than in any other state. Actual disbursement goes to the childcare provider and parents are responsible for a co-payment that is based on family income. Paying market rates produces high co-payments for parents, so they are often inclined to purchase less expensive care that is below the subsidy rate.<sup>75</sup>

Subsidies help families pay for care, but being “on assistance” can also result in unstable care

experiences for children because eligibility is tied to income thresholds. Even a minor increase in income can result in a sudden loss of benefits that may be greater than the income increase, thereby forcing parents to find a different (less expensive) childcare provider. This is disruptive for the child, parents and provider.

#### Student Child Care Program

Created in 2001, this program provides childcare assistance to a limited number of low-income parents who are students. The program, administered by the Department of Human Services, disburses the subsidy directly to childcare providers. The 2005 Legislature renewed \$1 million in funding for the 2005-2007 biennium, which will aid 100 families per year. At least 700 families are on a waiting list.<sup>76</sup> The Oregon Student Association, an advocate for the subsidy program, notes that “student childcare programs are at the intersection of two powerful and cost-beneficial factors for a strong economy: post-secondary education and quality child care.”<sup>77</sup>

provides an *enhanced* ERDC subsidy rate of 7 percent to individuals and centers that meet specific requirements, including training standards established by Oregon Center for Career Development in Childhood Care and Education at Portland State University.\*

The percentage of subsidized providers that received the enhanced rate increased from 14.9 percent in 2000 to 21.5 percent in 2002.<sup>78</sup> While this is a welcome sign that a greater number of providers are enhancing their professional development, a 2004 market rate study showed that even Oregon’s enhanced subsidies are generally inadequate to fully cover the cost of market child care. Only 21 percent of toddler slots were covered by the enhanced subsidy rate, down from 38 percent in 2000 and 24 percent in 2002. Subsidies are particularly insufficient for center-based care, where rates are higher than the enhanced ERDC benefit.<sup>79</sup>

## Financial Assistance to Providers

As an incentive for providers to increase their education level, the Department of Human Services

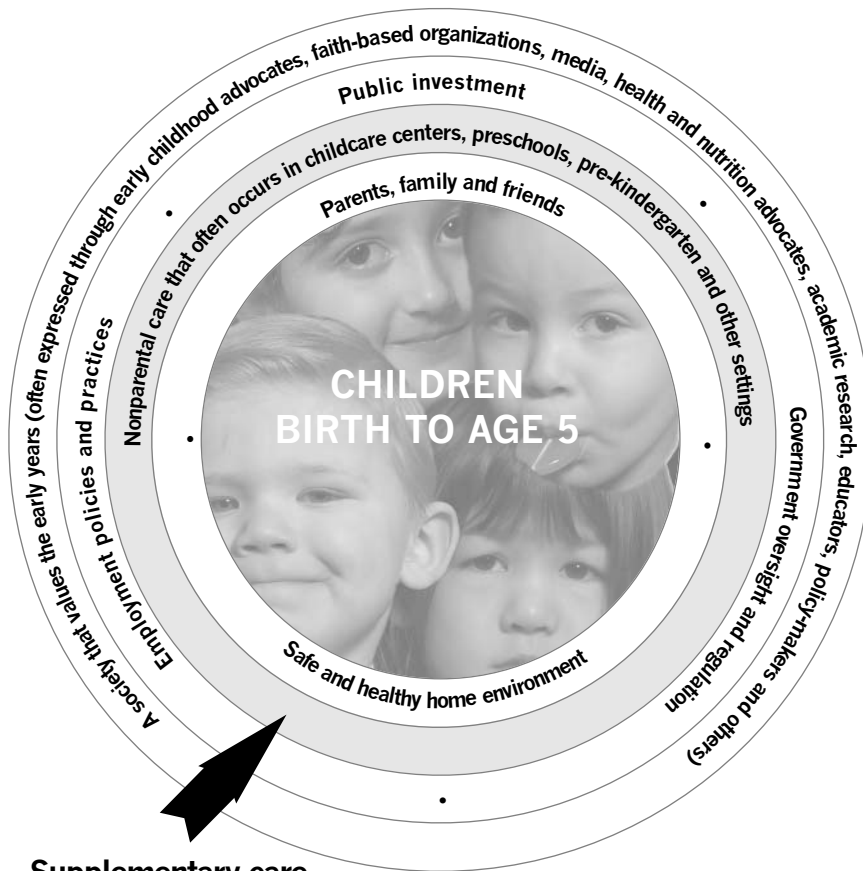
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\* National Early Childhood Technical Assistance Center, Oregon’s Childhood Care and Education Career Development System certifies six professional development levels based on knowledge in 12 care categories, including human growth and development, guidance and discipline, learning environments, nutrition and others.

## • 8 DISCUSSION AND ANALYSIS

A young child, a family, employers, a community of friends, public and private institutions, government, and society as a whole — what are the connections between

these systems and early childhood care and education? Your committee suggests the following figure as one way to conceptualize the relationships:



**Supplementary care**

**“Early care and education by broad definition is every experience — mental, physical and social — that a child has, from birth to age 5. These experiences shape human potential, so making sure they are favorable to healthy development is of vital importance.”**



These relationships include the allocation of resources — dollars, leadership and time. The relationships, or systems, are not restricted to a child’s or family’s immediate surroundings. Your committee found that programs and policies, funding sources and institutions that influence a child’s development extend from Portland’s neighborhoods all the way to the federal government. Layers of complexity and social attitudes influence the use of resources at every level, reaching across city, county, state and federal political jurisdictions.

Early care and education by broad definition is every experience — mental, physical and social — that a child has from birth to age 5. These experiences shape human potential; making sure they are favorable to healthy development is of vital importance. Negative experiences — poor birthing care, trauma, malnutrition, lack of consistent caregiving, severe illness — also leave imprints on the developing brain that are as enduring as positive ones. No longer ought our society assume that attending to our youngest citizens when they arrive at kindergarten is adequate. Doing so would be economically short-sighted and irresponsible as outlined repeatedly in social and scientific studies and articles.

## Start Early

With the knowledge of early brain development and the need for optimum conditions early in a child's life, guaranteeing access to health care and nutrition for pregnant women and all children from birth to age 5 should be the foundation of early childhood policy. Medical providers have a unique opportunity to screen a child's physical, social, cognitive and emotional development, and work with parents to make treatment and referral decisions at the earliest possible time. Yet today some 35,000 Oregon children under age 5 have no insurance — public or private, meaning they are unlikely to be followed by a pediatrician during this critical stage of development.

Health care has, in fact, been described as one variety of "early intervention," a term applied to an array of services and strategies from outside the family that work with families to maintain or improve young children's well-being. Earlier in this report, your committee cited examples of early care and education programs that target specific populations of children and their families in the Portland area, including the Healthy Start screening program and relief nurseries. Your committee believes that invest-

ment in early intervention programs is a logical response to brain development research and a wise use of public resources. These programs prepare vulnerable young children for social and academic success. Yet our community and state have failed to exercise public leadership to secure the resources to adequately deliver the successful early intervention programs that are available to some, but not all. As recently as July 2005, state budget cuts pressed Healthy Start administrators to find ways to reduce the number of babies screened.

## Shore Up Subsidies

Your committee stresses that quality early care and education is not a "welfare issue for the poor," but one that crosses socioeconomic lines. Many, if not most, Portland-area parents, at one time or another, are concerned with finding and keeping reliable childcare providers so they can go to work and school. Some parents have many childcare choices, including the choice of "staying at home" or having a nurturing, consistently present grandparent or other relative participate in caregiving. But middle- and low-income parents who need two salaries and employer-

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**“While supplementary care issues affect all income levels, the challenge is most severe at the lowest end of the income spectrum. Your committee strongly emphasizes that any policy discussions about early care and education, including health care and nutrition, must include the variable of family income.**



sponsored health insurance to make ends meet and single parents have fewer options. These are the parents who often patch together childcare arrangements that are chosen for affordability or flexibility over quality or consistency. As your committee learned, consistency of a caregiver, whether parent or other adult — what is referred to as attachment — is believed to be the most critical element to support healthy child development.

While supplementary care issues affect all income levels, the challenge is most severe at the lowest end of the income spectrum. Your committee strongly emphasizes that any policy discussions about early care and education, including health care and nutrition, must include the variable of family income. The Annie E. Casey Foundation and Children's Defense Fund note that the numbers of children living in poverty is the most widely used indicator of child well-being. Multnomah County's rate of children living in poverty (23 percent in 2003-2004) brings this issue home to Portland.<sup>80</sup> For three years running, Children First for Oregon has given the state a failing grade for "family financial stability." For low-wage earning parents, the competing

costs of housing, transportation and other necessities severely impair their ability to provide basic economic and emotional security for their children, including the stability of a consistent caregiver.

Oregon's Employment Related Day Care program, which provides child care assistance to low-income working families, receives 90 percent of its funding from the federal Child Care and Development Fund block grant. At the time of this writing, the block grant is subject to budget cuts that will eliminate day-care subsidies for an estimated 330,000 children nationwide. For several years already Oregon's ERDC administrators have carefully balanced provider reimbursement rates — the lowest in the nation — with numbers of families served and co-payment rates. Current co-payment rates are among the highest in the nation and exceed Oregon's 10 percent of household income benchmark. Experts believe that these are the circumstances that drive many parents to use "nonmarket care," about which little is known. Even as the state was already ranked dismally in childcare assistance, the 2005 Legislature threatened to cut the ERDC budget by \$12.7 million. While this cut was avoid-

ed, failure to adequately fund the ERDC program would appear to violate the spirit, if not the letter, of the Family Support Act of 1988, which states that "federal funding requirements have stipulated that child care subsidy rates be informed by market rates." According to the 2004 Oregon Child Care Market Rate Study, federal policy requires states to conduct market rate surveys in order to establish maximum childcare subsidy rates high enough to enable families receiving assistance to enter the childcare market able to find and afford care.

## Value the Profession

Childcare providers are some of the lowest paid workers in America. This holds true in Oregon. The under-valuing of this profession is in stark contrast to the importance of the work: these are the individuals who interact with a child during the critical early years. Low salaries and few, if any, benefits for providers leads to high turnover, which disrupts a child's sense of security and attachment. Higher wages are also linked with higher quality of care. Efforts to enhance wages should be considered by policy-makers.

Increasing provider wages without putting even higher costs on the backs of parents is a challenge, but one that has been addressed in some areas with innovative solutions. Some 27 states fund programs that link early childhood training with wage supplements.

In Oregon, a wage-enhancement project, "Lane County CARES," used city of Eugene, Lane County and federal funds to help cover the cost of training for childcare teachers while providing them a modest wage supplement. Positive results prompted the introduction of two bills in the 2005 Legislature asking for an allocation of \$1.5 million to create an Oregon CARES program, as noted earlier. The failure of the House bill suggests the low priority for this issue, a further indication that the childcare profession is undervalued and lacks clout.

At the same time, labor unions have emerged as a voice for early childhood care providers in Oregon. The impact of union organizing on providers and families remains to be seen. Your committee, nonetheless, encourages public and private partners to direct resources toward improving the quality of Oregon's early care and education work force.

## Inform Parents About Quality

Your committee heard from experts who advocate for greater regulation and standards for childcare settings, not because unregulated care is inherently poor or that regulated care would guarantee greater safety or quality, but because study after study demonstrates a clear link between accreditation and quality. Yet it is difficult to criticize unregulated or nonaccredited care in general terms because this category includes many nurturing and attentive individuals, often grandparents, other family members and close friends, who may be parents' best choice for quality care. Public agencies in Oregon, like their counterparts in other states, walk a fine line between establishing and enforcing guidelines that support safety and quality, while respecting the choice of families to hire someone with whom they have a personal and positive relationship, even if that person is not a regulated provider.

Your committee recommends the implementation of a public information system that will help parents make informed choices when selecting a provider. The state's current Resource and Referral system gives limited

information about quality. The Child Care Quality Indicators Project has the potential to inform parents about the quality of specific provider settings, encourage professionalism for providers, and identify programs worthy of funding. The cost of Oregon's information system when fully implemented statewide will be little more than the current Resource and Referral budget because it expands and improves an existing program rather than creating a new one. Development costs for the first two years are estimated to be \$200,000, including \$80,000 in public funds and the remaining from private donors.<sup>81</sup>

Earlier in this report (page 14), your committee listed seven observable and measurable characteristics of early care and education settings. In addition to these, parents must also consider the flexibility of caregivers' schedules and the parents' own ability to balance work and family life.<sup>82</sup> Your committee was challenged to determine the balance between what is best for a child and what works for the parent given that parents' personal satisfaction, or lack of, also impacts children. We conclude that an active societal appreciation for the early years, including workplace solutions that encourage parents to be both pro-

ductive employees and engaged parents, is needed. We believe that employers must play a greater role in this area and challenge Portland's business leaders to design and implement systems that benefit their employees' families, without compromising their businesses' bottom lines.

### **Expand Pre-Kindergarten**

With compelling longitudinal evidence that early investment in the lives of children fosters school readiness and holds great promise for our economic and societal well-being, a publicly supported pre-kindergarten program for Oregon's 3- and 4-year-olds was identified by your committee as a potential win-win remedy for today's children and tomorrow's economy. Oregon is fortunate to already have a respected comprehensive pre-kindergarten model in place, but because of limited funding thousands of eligible children in the state are not enrolled, and because eligibility is restricted to families at 100 percent of poverty, thousands more low-income children who would benefit from the program are shut out.

Two states (Oklahoma and Georgia) have charted varying courses to fund universal pre-

kindergarten, and several states are moving in that direction (e.g., California, New York, West Virginia, North Carolina and Florida). In Oregon, conversations and collaborations that promote pre-kindergarten programs have intensified in recent years, with the possibilities of targeted or universal systems being considered by advocacy organizations, educators and elected officials. Your committee heard and read routinely that school readiness is not just an issue for at-risk children or children from low-income families. Universal programs guarantee access without monitoring family income, which often fluctuates and can result in inconsistent eligibility for a child. In addition, universal programs are believed to receive greater public support because they are income-neutral and support the notion of equal access.

While respecting those arguments, your committee was influenced by expert witnesses who cautioned against the delivery of a pre-kindergarten program in a manner that sacrifices quality for quantity. If under-funded, spreading limited resources across the entire population of 3- and 4-year-olds could dilute the quality, impair the potential of a child's growth and, hence, the economic

viability of this investment. Prioritizing quality programs for 3- and 4-year-olds whose family income is 150 percent of poverty would be, your committee concludes, a strategic first step.

Your committee acknowledges the concerns of early childhood educators and policy-makers who caution that part-day preschool programs must correspond with a family's supplementary care choices and support a smooth transition to kindergarten. These are elements of quality that must be included in a blueprint for a first-rate pre-kindergarten program in Oregon.

### **Establish Leadership**

Multiple bureaucracies at various levels of state, county and city government are involved in supporting young children and their families and each has a specific interest. While this can lead to confusion and possible duplication of efforts, your committee determined that, in the past two years, progress has been made toward integrating separate state entities under the Early Childhood System, which requires communication between departments and integration of services. Your committee found that individuals

at every level of government are deeply involved in improving early care and education practices and policies.

Yet while many qualified program administrators, business owners, elected officials and other citizens understand and care about young children, your committee heard from a number of expert witnesses that more focused leadership is needed. Among those voices was Multnomah County Commissioner Lisa Naito, who told your committee “there are no longer any early childhood champions in the state Legislature to move decisions forward.”<sup>83</sup> Duncan Campbell, founder of Friends of the Children and Children’s Institute told your committee that “an early education champion would hopefully withstand the political turnover of leaders like the governor, mayor and county chair.” As a candidate, Mayor Tom Potter stated that the city’s highest priority should be its children, yet his agenda in this regard remains unclear to your committee.

Your committee concludes that Oregon needs a statewide leader who is focused solely on the state’s early childhood mission and can raise the visibility of early childhood policies, build on col-

laborations, and use his or her bully pulpit to advance the welfare of young children. This idea is not original. New Jersey has an Office of the Child Advocate, and Massachusetts has an Early Education and Care Commissioner. In January 2006, Washington State Governor Chris Gregoire took a more drastic approach calling on their Legislature to consolidate all early learning programs into a single agency. Washington’s situation is similar to that of Oregon: multiple programs spread across numerous agencies with no clear vision.

Your committee is calling on state officials to strengthen Oregon’s statutory effort (ORS 417.727 and 417.728) to coordinate disparate early childhood programs. Your committee recommends the creation of a new position in the executive branch of state government for a “chief advocate for early childhood” to lead the Early Childhood System and be the public voice for the early years. The position will be the state’s top advocate for informed, visible and aggressive leadership in early childhood care and education issues and serve as a liaison between the governor’s office, the Legislature, and the Partners for Children and Families collaboration. Based on figures used in

current state administrative budgets, your committee estimates the annual cost of this office to be \$375,000.

Readers should note that your committee has made recommendations that will require allocation of federal, state and local dollars to remedy gaps in the delivery of a comprehensive Early Childhood System, without identifying revenue sources. Distributing limited resources among competing human services programs, education, economic development and public safety needs requires a deliberative legislative process that is beyond the scope of our charge, particularly because it would involve detailed analysis of city, county, state and federal budgets, all of which contribute to the services and programs we have identified as critical needs.

Revenue sources used by other states might guide individuals and groups whom we hope will move forward with your committee’s recommendations. Georgia, for example, uses lottery dollars to fund universal pre-kindergarten, and South Carolina raised its sales tax by one cent to fund pre-kindergarten. California’s pre-kindergarten initiative, to be placed on the ballot in 2006, would be funded by raising state income taxes on those making

more than \$400,000 per year. In Oregon, past legislatures have considered targeting Common School Fund distributions, which by state law are to be distributed based on each county’s population of 4- to 20-year-olds. Proponents of this idea, including former Secretary of State and former Superintendent of Public Instruction Norma Paulus, believe that revenue from the Common School Fund is relatively insignificant for the state’s K-12 budget, but when dedicated to early childhood, the concentrated effect would be vastly greater. Your committee believes this idea deserves further consideration.

Ideally, innovative, stable and adequate funding solutions will be brought forward by the many individuals and groups who understand the implications for quality early care and education in Oregon, and who will press forward in leadership roles to get the work done. It is hard for your committee to imagine a public policy issue with more agreement among scientists, government officials and child advocates. With this report, your committee recommends that City Club of Portland join an emerging movement of private and public sector leaders calling for early investment in the welfare of children.

## • 9 CONCLUSIONS

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- 1.** Early care and education is a critical public issue, as important as other civic issues such as public safety, economic development and environmental standards.
- 2.** Federal and state family leave programs intended to support working families provide little benefit for parents who cannot afford to take unpaid leave from their jobs.
- 3.** Public and private investment in early care and education will, in the mid and long term, produce significant cost savings and increase tax revenue through greater economic output.
- 4.** Brain research provides a clear and powerful road map to guide early childhood care and education policy in our local communities and state. Research has proved that the fundamental social, emotional and intellectual skills necessary to become a healthy, productive adult are largely determined by development during the first five years of life.
- 5.** Your committee endorses widely accepted scientific research about the importance of proper health care and nutrition during the early years of a child's life.
- 6.** Many at the forefront of early care and education in Oregon have correctly begun to link research that clearly identifies the features of high-quality early care and education with measurable characteristics of supplementary care and education settings.
- 7.** Little is known about the quality of supplementary care in Oregon, largely because state and local governments have failed to collect or make available comprehensive information about the quality of individual settings in their jurisdictions.
- 8.** Free-market conditions have not and will not adequately support the early care and education needs of families with children. Government must, therefore, fill the gap or accept the consequences, which are more crime, lower economic output and greater societal costs.
- 9.** With childcare costs in Portland among the highest of any major metropolitan area in the nation, and increasing faster than average annual incomes, your committee is gravely concerned about the decreasing affordability of high-quality early care and education.
- 10.** Oregon's childcare subsidies are inadequate and restrict childcare choices, particularly for low-income families.
- 11.** Available data often misrepresent the true picture of childcare availability by not accounting for common family-specific variables such as location, hours of operation, age of children (e.g., infant care vs. toddler care)
- 12.** Low wages and inadequate employee benefits are significant barriers to attracting and retaining qualified providers and, as such, are barriers to high-quality early care and education.
- 13.** Regulation of early care and education is an underutilized opportunity to ensure that publicly subsidized settings meet standards for safe, high-quality care.
- 14.** Sustained leadership, adequate and stable funding and a broad public understanding of the vital importance of early childhood development are necessary to ensure high-quality early care and education opportunities for all of the state's youngest citizens.

## • 10 RECOMMENDATIONS

1. Access to health care and nutrition support should be guaranteed for all young children and pregnant women in Oregon.
2. State, county and city leaders should assure full funding for early screening and early intervention programs for all eligible children from birth to age 3 and their families.
3. A new position of “chief advocate for early childhood” should be created in the executive branch of state government that would lead Oregon’s Early Childhood System and be the public voice for the early years.
4. Funding for pre-kindergarten in Oregon should be increased to ensure access for all income-eligible 3- and 4-year-old children statewide.
5. State- and federally funded childcare subsidies should be increased to a level that enables parents to afford quality care in the context of their family budgets.
6. Resources should be directed toward improving the quality of the early care and education work force by linking wages to training and experience and providing more opportunities for training and education.
7. A statewide information system on childcare quality should be established to inform parents and the public about the quality of individual early care and education settings. Publicized information should include the seven observable and measurable characteristics identified in this report: (1) adult-child ratio, (2) group size, (3) education and training level of providers, (4) caregivers’ compensation, (5) caregivers’ turnover history, (6) accreditation and (7) record of substantiated complaints against the provider.
8. Employers should provide parental leave benefits, flex time, breastfeeding opportunities and other policies that increase the time that parents can personally care for their children.

9. City Club of Portland should join an emerging movement of private and public sector leaders calling for investment in the lives of young children, in accordance with the conclusions and recommendations of this report.

Respectfully submitted,

John Butler, M.D.  
Ben Cannon  
William Connor, M.D.  
Shirley Deale, M.D.  
Peggy King  
Judy Moore  
Nan Newell  
Jake Oken-Berg  
Marilyn Richen

Bethany Wurtz, co-chair  
Julie Young, co-chair

Mark Magnuson, research adviser  
Wade Fickler, research director

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- <sup>83</sup> Naito, Lisa. (04/21/05). Multnomah County Commissioner. Interview with your committee.

# APPENDIX A: WITNESSES AND OTHERS CONSULTED

*Titles are as of time of interview.*

Swati Adarkar, Executive Director, Children's Institute  
Renea Arnold, Early Childhood Specialist, Multnomah County Library  
Art Ayre, State Employment Economist, Oregon Employment Department  
Lorraine Barton, Division Director, Children and Family Services, Volunteers of America (Oregon)  
Richard J. Bjelland, State Housing Analyst, Oregon Housing and Community Services  
Angela Braxton-Johnson, Certified In-home Childcare Provider  
Jody Burnham, Head Start Director, Mid-Willamette Valley Community Action Agency  
J. Duncan Campbell, Founder, Friends of the Children, Children's Resources, and the Children's Institute; Chairman, The Campbell Group  
Susan Castillo, Superintendent, Oregon Department of Education  
Myra M. Classen, Manager Worklife, Life Era  
Joann Contini, Director, Center for Career Development in Childhood Care and Education, Portland State University  
Barb Eakins, Teacher, The Learning Tree  
Jonah Edelman, Executive Director, Stand for Children  
Jill Eiland, Vice President, Corporate Communications, Knowledge Learning Corporation  
Elena Emlen, Early Childhood Coordinator, Multnomah County Commission on Children, Families and Community  
Dell Ford, Education Program Specialist, Head Start Collaboration Project, Oregon Department of Education  
Randy Franke, Lobbyist for Oregon Commission on Children and Families  
Heidi Franklin, Interim Chief Financial Officer, Portland Public Schools  
Doug Geisler, Organizer, SEIU Local 503, OPEU  
Beth Glascock, Communications Coordinator and Child Care and Development Program Specialist, Oregon Commission on Children and Families  
Sheila Hale, Executive Director, Children's Relief Nursery  
Nancy Hamilton, Co-Director, Children's Investment Fund  
Jim Harper, Executive Director, CASH Oregon  
Jean Hart, Executive Director, Social Venture Partners Portland  
Ron Herndon, Director, Albina Head Start; Board Chair, National Head Start Association  
Cynthia Hurkes, Business Liaison, Oregon Child Care Resource and Referral Network  
Patsy Kohout, Program Specialist, Center for Career Development in Childhood Care and Education, Portland State University  
Tina Kotek, Policy Director, Children First for Oregon  
Nancy Latini, Assistant Superintendent, Office of Student Learning, Oregon Department of Education  
Constance Lehman, Principal Investigator, Child Welfare Partnership, Portland State University  
Jack Levine, President, Advocacy Resources  
Meg McElroy, Program Specialist, Children's Investment Fund

Heidi East McGowan, Project Director, Multnomah County Child Care Quality Indicators Project; consultant for Oregon Child Care Commission  
Mary Nemmers, Executive Director, Oregon Child Care Resource and Referral Network  
Sue Norton, Director, Lane County Resource and Referral  
Kristen O'Dell, Research Associate, Child Welfare Partnership, Portland State University  
Tom L. Olsen, Administrator, Oregon Child Care Division  
Andy Olshin, Evaluation Director, Children's Investment Fund  
Norma Paulus, Former Oregon Secretary of State; Former Superintendent of Public Instruction  
Lisa Pellegrino, Program Director, Children's Investment Fund  
Carolina Peterson, Owner, The Learning Tree  
Vicki Phillips, Superintendent, Portland Public Schools  
Kitty Piercy, Chair, Oregon Commission for Child Care  
Diane Ponder, State Early Childhood Comprehensive Systems Planning Initiative Project Manager, Child and Maternal Health, Department of Human Services  
Gary Rebello, Vice President, Human Resources, Mentor Graphics Corporation  
Diane Ruminsky, Healthy Start Program Manager, Multnomah County Health Department.  
Steffen Saifer, Director, Child and Family Program, Northwest Regional Educational Laboratory  
Aimee Schoenky, Director, The Learning Tree  
Michael Schruck, District Attorney, Multnomah County  
Nita Shah, Business Consultant, Child Care Resource and Referral of Multnomah and Clackamas Counties  
Susan Skousen, Program Director, Childcare Resource & Referral of Multnomah and Clackamas Counties  
Abby Solomon, Organizer, SEIU Local 503, OPEU  
Tripp Somerville, Interim Executive Director, Children First for Oregon  
Marilyn States, Project Coordinator, Child Care Improvement Project  
Ann Stone, Success by Six/Vision Council Manager, United Way of the Columbia-Willamette  
Sherreena Torrence, Certified In-home Childcare Provider  
Jon Ulsh, Executive Director, Children's Relief Nursery  
Kathy Walsh, Director of Development, Children's Relief Nursery  
Bobbie Weber, Coordinator, Oregon Child Care Research Partnership Family Policy Program, Oregon State University  
David W. Willis, M.D., Medical Director, Northwest Early Childhood Institute  
Carol Wire, Deputy Director, Oregon Commission on Children and Families  
Sue Woodbury, Oregon WIC Program Manager, Department of Human Services  
Gary Withers, Executive Director, Children's Institute  
David Wynde, Board Co-Chair, Portland Public Schools  
Fay Zepeda, Child Care Education Specialist, AFSCME Council 75

## APPENDIX B: OTHER RESOURCES

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### City Club Reports

- City of Portland Ballot Measure 26-33: Five-year Levy for Children's Investment Fund. (10/18/02). Vol. 84, No. 20.
- Survey of Child Care Benefits Provided by Portland Metro Area Employers. (4/17/87). Vol. 67, No. 46.
- Survey of Child Care Benefits Provided by Portland Metro Area Employers. (2/7/86). Vol. 66, No. 36.
- Survey of Child Care Benefits Provided by Portland Metro Area Employers. (3/15/85). Vol. 65, No. 42 .
- Child Care Needs of Working Parents in the Portland Metropolitan Area. (3/30/83). Vol. 63, No. 46.

## APPENDIX C: RELATED FRIDAY FORUMS

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*Audio and video recordings available for most programs.*

Blackwell, Angela. (06/25/93). *Ending the Cycle of Poverty for Children.*  
Campbell, Duncan and Orin Bolstad. (09/10/93). *Hopeful Strategies for Portland's Children.*  
Foley, Ramona (06/23/2000). *Protecting Our Children: Addressing the Marked Increase in Oregon's Child Abuse Cases.*  
Francesconi, Jim. (10/22/99). *Uniting Portland, Its Children and Its Families.*  
Friedman, Dana. (04/18/86). *Child Care? It's None of our Business.*  
Fuks, David. (06/24/94). *A Look at our Children's Future: 2010.*  
Goddard, Jewel. (05/10/85). *Making the Difference in Children's Services.*  
Hewlett, Sylvia Ann. (06/14/91). *Cost of Neglecting our Children.*  
Kagan, Sharon. (02/23/01). *Reinventing Early Childhood Care and Education.*  
Kitzhaber, Governor John. (02/09/01). *State of the State Address (Oregon Children's Plan).*  
Knitzer, Jane. (03/12/99). *Oregon's Children: Protecting Our Families, Our Youth, Our Future.*  
Kuhl, Patricia. (03/08/02). *The Scientist in the Crib: Minds, Brains & How Children Learn.*  
Kulongoski, Governor Ted. (03/05/04). *State of the State Address.*  
Levine, Jack. (06/11/04). *Our Children, Our Future.*  
Liederman, David. (06/06/97). *Protecting Children is Everybody's Business.*  
Pellegrino, Lisa, Margaret MacLeod and Diane Yatchmenoff. (01/27/06). *Raising Opportunity: Where Investment in Early Childhood Programs Makes a Difference.*  
Schore, Allan. (04/20/01). *Early Brain Development and Our Sense of Self.*  
Toran, Kay. (07/16/99). *Our Children, Our Families: The State of Oregon's Future.*



## NOTES

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901 SW Washington St., Portland, OR 97205  
503-228-7231 • 503-228-8840 fax  
info@pdxcityclub.org • www.pdxcityclub.org