

SENATE COMMITTEE ON GENERAL GOVERNMENT

January 21, 1999 Hearing Room C

3:00 p.m. Tapes 5 - 6

MEMBERS PRESENT: Sen. Verne Duncan, Chair

Sen. Cliff Trow, Vice-Chair

Sen. John Lim

Sen. Marilyn Shannon

Sen. Frank Shields

STAFF PRESENT: Marjorie Taylor, Administrator

Patrick Brennan, Administrative Support

MEASURE/ISSUES HEARD: INFORMATIONAL MEETING

CHILD CARE OVERVIEW

-Child Care Division

-Child Care Commission

SB 109 PUBLIC HEARING

SB 110 PUBLIC HEARING

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 5, A		
005	Chair Duncan	Calls meeting to order at 3:05 p.m. States that the meeting will be dealing with child care issues. Recognizes Rep. Kitty Piercy and offers the courtesy of testifying in regards to SB 109 and SB 110.
<u>CHILD CARE OVERVIEW</u>		

010	Rep. Kitty Piercy	House District 39, House Minority Leader. States that she has worked with the Oregon Child Care Commission for three years.
042	Chair Duncan	Expresses appreciation for her testimony.
044	Rep. Piercy	States that Oregon has no on-site review of family child care facilities. Offers testimony in support for SB 109 and 110 (EXHIBIT A). States that the first 18 months of a child's life are vital for brain development.
051	Chair Duncan	Mentions that it is a "frightening experience" to realize that by 18 months a child's lifetime development can be hindered by inadequate care.
053	Rep. Piercy	Tells story about misdiagnosed problems and development issues. States that welfare-to-work programs require child care provision. States that she hopes that this is the legislative session in which real differences are made for Oregon's children.
061	Chair Duncan	Thanks Rep. Piercy for her testimony. Provides an overview of the child care presentation to be offered in the meeting
070	Virlena Crosley	Director, Employment Department Child Care Division. Discusses the presentation that will be made by the Child Care Division (CCD) and presents materials (EXHIBIT B). Refers to materials in explaining the Employment Department's role in child care development. Mentions the fact that more women are now in the workforce as the reason for moving child care to the Employment Department.
110	Chair Duncan	Interjects that he met with small business owners that were concerned with child care tax credits for businesses. States that the money is tied to the Federal Income Tax Plan.
118	Crosley	States that Oregon could have its own plan.
120	Chair Duncan	Concurs. Mentions that he asked Legislative Counsel to look into the possibility of developing such a tax plan.
122	Crosley	Mentions that Oregon has child care credits, but that they have been underused, partly due to lack of public knowledge of their existence.
126	Chair Duncan	States that small business owners do not get that type of information.
129	Crosley	Continues to give an overview of the presented materials. Describes the structure of the CCD's organization of programs: <ul style="list-style-type: none"> • Child Well-being • Community Information and Support • Affordable Child Care

		<ul style="list-style-type: none"> • Inter-Agency Coordination • Business and Public Involvement
160	Crosley	Discusses regulatory responsibility. States that there are two primary groups: regulated, certified child care facilities and family child care homes.
169	Chair Duncan	Asks for an explanation of the registration and certification processes. States that there is often public confusion as to whether or not a facility is certified or registered, and what the difference is between the two.
174	Crosley	States that regulation and certification mean two different things, and that they are often mistakenly interchanged. States that certified facilities are usually larger, such as group homes, and are subject to greater regulation, including unannounced on-site visits, advice on cleanliness, etc. Says that registered facilities (officially referred to as "registration without inspection") are those located within a home, caring for 10 or fewer children, and require only a criminal background check for the employees.
190	Chair Duncan	Asserts that such a facility could be of very low quality.
191	Crosley	Concurs with the chair's statement.
192	Chair Duncan	Adds that the fact that they are not inspected does not imply that they are of low quality, but simply means that there would be no way for authorities to know.
194	Tom Olsen	Administrator, CCD. States that there is no way for any authorities to know the quality of such facilities, since the authorities do not actually go into them.
195	Chair Duncan	Confirms that the owners of family day care facilities must simply register with the CCD, which then performs a criminal background check.
196	Crosley	<p>Confirms the chair's assertion, and adds that such a background check is performed only if there are between three and ten children cared for. States that the CCD also administers the Federal Child Care and Development Fund, for certification, registration, training and regulation. Discusses the consolidation issue and recent policies that have retained the current system of operation, rather than restructured the organization. Discusses quality issues in child care, specifically basic needs for safety and health regulation. Discusses size of child care system in Oregon. Says that there are 235,000 children are in child care for some period of time, while 196,000 are in paid child care from one of three types of providers:</p> <ul style="list-style-type: none"> • Facilities regulated by the Child Care Division • Exempt providers, and • "Listed" providers that receive subsidies, but are too small to be regulated.

250	Sen. Trow	Asks for a clarification in regards to the second number given.
251	Crosley	<p>Answers that the most current number is 205,000 children in paid child care. States that the regulated child care category includes:</p> <ul style="list-style-type: none"> • 50,000 within family child care facilities • 70,000 within group homes and centers <p>States that more than 90% of families with children under 13 have one or both parents within the workforce.</p> <p>Gives the number of providers regulated by the CCD:</p> <ul style="list-style-type: none"> • 10,253 family child care homes • 220 group homes • 975 child care centers
258	Chair Duncan	Mentions that the child care industry is becoming very large.
260	Crosley	Calls attention to the budgetary statistics for the CCD provided to the members. States that federal funds come with certain issue areas that must be addressed as a condition of receiving the block grants. Mentions the chart that indicates where the Division's budget is allocated.
290	Chair Duncan	Asks how much of the CCD's budget actually goes towards meeting the needs of children.
294	Crosley	States that the funds are allocated to listed providers which qualify for funding.
296	Chair Duncan	Asks for example of a listed provider.
297	Crosley	States that such providers could be family members or persons in the community.
303	Chair Duncan	Asks whether any person in the community could apply for funds to set up a child care center.
310	Crosley	Discusses the process for becoming a provider, and how the providers receive funds.
321	Chair Duncan	Discusses the correlation between child care and Medicare providers.
329	Crosley	Discusses the efforts of Adult and Family Services to increase the amounts given to providers.
338	Sen. Trow	Asks whether there are co-pays for each individual, in cases where grant money

		is provided.
342	Olsen	Answers that there is a co-pay for parents who meet certain guidelines, but that there is an effort to decrease it to no more than 10% of income per family.
352	Chair Duncan	Indicates that benchmarks will be analyzed by the committee.
356	Crosley	States that 70% of children who are in employment-related daycare are cared for in homes, rather than in centers.
364	Crosley	<p>Mentions care for children who are "at-risk" fall into certain groups:</p> <ul style="list-style-type: none"> • Children of migrant workers, • Children of teen parents, or • Children whose parents are in alcohol or drug programs <p>Mentions that money goes through training facilities that train and recruit child care providers, as well as offer opportunities for those that would like to find child care for their children.</p>
380	Chair Duncan	Asks if only certified providers are referred in response to such inquiries, or whether facilities that are only registered are also referred.
382	Crosley	States that registered facilities are also referred upon request by the registered providers.
383	Chair Duncan	Inquires as to whether the training facilities take complaints in regards to poor child care facilities.
385	Crosley	States that she believes that the training facilities do take complaints and often notify the CCD upon receiving them, but that the committee would be better served by directing the question to others within the Division.
412	Crosley	Discusses the revenue and overhead information of the CCD, and how and where money is allocated, as outlined in the materials provided. States that there has been a history of legislative notes that state that the Division is chronically under-funded.
TAPE 6, A		
030	Sen. Trow	Asks for confirmation that the additional responsibility for background checks and review of facilities would require additional workers. Asks if more federal funds could be acquired to pay for those workers.
035	Crosley	Answers that a similar package has been "built into" the Governor's budget.

038	Sen. Trow	Asks whether that implies that the Governor's budget anticipates implementation of such a program to review child care facilities.
040	Crosley	Mentions that the Governor's budget does indeed anticipate funding portions of the programs that would be mandated by both SB 109 and SB 110.
045	Crosley	Describes some of the future challenges for the CCD: <ul style="list-style-type: none"> • Insure basic health and safety of children in all care settings. Mentions HB 2240 and HB 2241. • Child care for parents who work non-traditional hours • Child care for children with special needs
054	Chair Duncan	Asks if there is difficulty in finding providers to keep up with the demand for child care in Oregon.
055	Crosley	Answers that there is. Mentions "resource and referral" programs designed to train child care providers. Mentions "un-served" areas of the state which have no resource and referral.
065	Sen. Trow	Asks which communities are currently un-served.
067	Crosley	Answers that there are four, but that she is only sure that Coos-Curry and Malheur counties were two of them.
068	Olsen	States that the un-served areas are also within Gilliam, Wheeler, Sherman, and Lincoln counties.
071	Sen. Trow	Mentions the problem in Coos-Curry county.
072	Crosley	States that all of the areas are now being served, with the change being implemented fairly recently. Mentions problems that were faced in the implementation of the programs within the un-served areas.
078	Chair Duncan	Mentions that the gaps of service fit right in with the other problems suffered by distressed areas of the state.
081	Crosley	Offers to provide a map of such areas. States that cutbacks in funding will put the same areas at risk again, which is what makes cutbacks so risky.
088	Chair Duncan	Asks whether or not SB 109 and SB 110 would address these concerns.
090	Crosley	Answers that the bills deal more with the safety issues. Mentions the extra training that could result through implementation of the bills could have an effect and prevent the problems from resurfacing.

094	Chair Duncan	Asserts that the problems still exist.
095	Crosley	States that there are budget packages that are going through the legislative process that would help alleviate the problem. States that the process of creating a database for tracking criminal histories is in progress, and scheduled for completion by the end of the biennium. Says that the current paper filing system makes cross-checks difficult and allows individuals to slip through the cracks.
109	Sen. Shields	Asks whether the new database is Year 2000 (Y2K) compliant.
112	Olsen	Mentions that the new system is Y2K compliant.
116	Crosley	Discusses other issues of priority for the CCD, specifically safety.
119	Chair Duncan	Asks if the CCD is on the right track.
120	Crosley	Affirms that the CCD is on the right track.
127	Sen. Lim	Asks about working parents and the costs of child care to those parents. Mentions that those parents often have little money left over after paying for basic needs, as well as child care.
140	Crosley	States that she does not have the information currently. Offers to go back to her research to find out the information and report back at a later time. States that many who people who pay for child care earn significantly below the average wage for Oregon.
143	Sen. Lim	Discusses welfare to work program and its effect upon working families which require child care.
148	Sen. Trow	Inquires as to whether the Federal laws require welfare recipients to find jobs.
152	Crosley	States that those individuals who receive welfare and are required by law to go to work qualify for child care subsidies. States that working poor still often have difficulty providing for child care while at work or in school. Promises to report further information to the committee.
156	Sen. Trow	States that day care is "absolutely essential" for parents who are required to enter the work force
157	Crosley	Mentions the large number of "working poor," for whom providing child care is a serious problem. Promises to report back to the committee with information regarding the plight of the working poor. Mentions that there is interest both in the legislature and the Governor's Office about a refundable tax credit program that would address the working poor issue.

162	Olsen	Mentions that there is a "flattening out of income" that occurs among lower income levels due to the impact of child care costs. States that, for those making between \$12 and \$17 per hour, there is virtually no difference in disposable income due to the cost of child care provision.
173	Annette Talbott	Offers to provide the committee a copy of the report that Olsen mentions in regards to the "flattening out of income."
180	Olsen	States that the primary interest of the Child Care Division is on the safety of children in Oregon. States that the CCD faces the "tri-lemma" of investing in the enhancement of accessibility, affordability, or safety and quality of child care. Feels that safety and quality are the baselines upon which the system should be built. States that SB 109 is an excellent way to enhance the safety of children in child care. Discusses the issue of safeguards within the child care system and the lack of such safeguards within family child care facilities. Mentions that the lack of safeguards has allowed for the possibility of a "time bomb waiting to happen", regarding unregulated child care facilities.
214	Chair Duncan	Mentions the video that will be shown later in the meeting.
216	Olsen	Says that KOIN TV's series on family-run child care in Oregon was a wake up call for the administrators of the system. States that Oregon is one of only five states with no regulatory authority over family child care, and of the five it is last in regards to the limited authority that does exist. States that SB 109 would act as a definite improvement upon this problem.
230	Chair Duncan	Asks Olsen not to testify on behalf of the bill until the public hearing is opened, but rather to simply give an overview of the child care issue.
238	Olsen	Discusses the complaint process in regards to safety in child care. States that the CCD only responds to the most serious complaints about family care homes, and that it can only respond to 10% of complaints, due to the limited numbers of workers compared to that of providers. States that there are only 19 full-time individuals who investigate such complaints within Oregon, in addition to their regular work load.
257	Chair Duncan	Asks whether a complaint filed against a child care provider, upon which no action is taken, is nonetheless retained on record so that it could be accessed by parents looking for child care providers.
264	Olsen	Responds that such complaints are kept and are accessible by the public. Mentions that child care providers so accused are given the opportunity to contest, and that the information that they provide is also included in the reports that are accessible by the public.
290	Chair Duncan	Mentions that three of the committee members are also on the Health and Human Services Committee, which is currently examining similar issues. States that he is interested in finding out whether disgruntled individuals can create problems for providers that are actually doing a good job. Asks at what point such complaints are taken off records, and whether complaints could have an unjust,

		adverse affect upon a child care provider's business.
300	Sen. Shannon	Comments on the issue of complaints, and mentions that complaints stay on file forever, even when providers are exonerated of any charges that may have instigated the complaint.
306	Chair Duncan	Asks if unsubstantiated or exonerated charges are retained on permanent records.
307	Olsen	States that under current procedures such charges do remain on record, but that the process is under review at the current time.
308	Sen. Trow	Asks whether such complaints are kept under the name of a particular business or the individual who runs the business.
313	Olsen	Answers that in the case of larger providers the complaints are kept under the name of the business and that complaints against smaller family child care providers are kept under the name of the individual, since such businesses are usually a staff of one.
318	Talbott	Discusses the issue of complaints. States that the CCD has never been given the resources to investigate charges to discover whether they are legitimate or not.
326	Sen. Shannon	Clarifies her statement, that even cases where investigations and trials have exonerated the providers, the complaints remain on permanent record. States that more money or staff would not change such a policy.
330	Talbott	Mentions that the serious complaint process is under scrutiny. Discusses the impact that larger staff size could have on the process.
338	Sen. Shannon	Says more staff is not necessary to handle false reports. Gives an example of a case where a charge was found to be false when the child making the accusation admitted to making up the story, yet the original complaint remained on the permanent record.
351	Olsen	Summarizes the requests made by the CCD.
369	Talbott	States that the Child Care Commission (CCC) should be the ones to comment on SB 110.
373	Chair Duncan	Asks the Child Care Commission to present an overview.
375	David Barenberg	Commissioner, Child Care Commission. States the overview could wait for the public hearing.

380	Chair Duncan	Thanks the CCD delegation for their presentation. Introduces the KOIN TV video on the subject of family child care providers that is to be shown.
383	Marjorie Taylor	Administrator. States that the title of the video is "Day Care Nightmares." (EXHIBIT C)
395	Craig Cheatham	Reporter, KOIN TV, Channel 6, Portland. Gives background for the reason that the investigation took place. Mentions that KOIN performed background checks on all family child care providers in Oregon and found that many had criminal records or ties to criminals. States that the CCD had found some of them, but also that it had failed in many cases to find them, due to insufficient funding, lack of organization and poor technology, letting some "slip through the cracks." Says the CCD has been neglected over the years and that the leg must make a statement that children are important. Says that the bills should be backed.
TAPE 5, B		
035		<p>VIDEO PRESENTATION BY KOIN NEWS: "Day Care Nightmares."</p> <p>Documents a number of problems within the family day care industry in Oregon. Describes several instances where criminals and sex offenders were allowed to work for day care providers and to come into contact with children. Explains that much of the problem is related to a lack of sufficient staff resources as well as no laws governing the family child care industry.</p>
301	Sen. Shannon	Asks if the Child Care Commission had come to KOIN and requested that the story be done.
303	Cheatham	States that the story was not done at the behest of anyone. Mentions that he has two children and has friends with children, which prompted him to look into the system that takes care of children when their parents cannot be there for them.
<u>SB 109 PUBLIC HEARING</u>		
316	Annette Talbott	Child Care Division. Testifies in support of SB 109. Discusses provisions of the measure. Mentions HB 2241, prepared by the Child Care Commission, which has fewer components as well as a lower fiscal impact.
343	Talbott	<p>Discusses the fiscal impact of SB 109 as well as the bill issues. States that there are several components of SB 109:</p> <ul style="list-style-type: none"> • Pre-registration on-site basic health and safety review • Renewal on-site health and safety review • 10% monitoring component, which provides for unscheduled health and safety reviews • Serious complaint investigation • Clarification of terminology regarding enforcement, registration, and certification.

TAPE 6, B

009	Sen. Trow	Asks if SB 109 requires either registration or certification to operate as a child care facility.
012	Talbott	Answers that registration or certification is required for any facility caring for more than three children, but that there are some exemptions.
017	Sen. Lim	Comments on the size of the project that is created by the mandating of over a thousand child care facilities.
022	Crosley	Discusses the process that is currently in place for investigating group homes and centers.
025	Sen. Lim	Responds that he is referring specifically to family child care facilities.
026	Crosley	States that there is a difference between SB 109 and HB 2241, in that the latter would apply to new providers only, while SB 109 would mandate inspection for all 10,000+ family child care providers in Oregon.
030	Chair Duncan	Asks which bill the CCD prefers, SB 109 or HB 2241.
031	Crosley	Says that the CCD prefers SB 109. States that the Child Care Commission has also testified in favor of SB 109. States that if there are funds for it, SB 109 is definitely the more beneficial of the two bills.
036	Chair Duncan	Says that both bills would end up in the Ways and Means Committee.
039	Talbott	Compares HB 2241 to SB 109, and says the house bill has a limited duration of funds and would have a pilot status. Compares that to SB 109, which would cost \$1.9 million for first biennium during phasing in. Clarifies the requirements that the bill would set up, in that it would begin inspecting new facilities and review those as their registrations came due. Continues discussion of various sections of SB 109.
077	Chair Duncan	Discusses the interim subcommittee and the strong feelings of the members on the issue.
085	Talbott	Refers to the fiscal issues and the beginning date of the project.
088	Sen. Trow	Asks what the cost would be for operation through an entire biennium.
089	Talbott	Answers that the cost is estimated at \$2.1 million. Discusses the bill's requirements for oversight of family child care facilities. States that monitoring

		of facilities as mandated by SB 109, would help to alleviate some of the major problems that were brought up in the KOIN video presentation.
105	Sen. Trow	Asks if the bill grants the CCD the authority to apply sanctions upon violators.
109	Talbott	Refers the question to Olsen.
110	Olsen	Discusses the statutory ability that allows a fine on violators of up to \$100 per occurrence.
120	Talbott	Briefly discusses the remaining bill sections. States that in comparing proposals, the CCD believes that SB 109 is better than HB 2241.
146	Sen. Trow	Mentions that SB 109 has no appropriations clause. States that the Governor's budget has the funds available for the less expensive HB 2241. Asks what sort of funding it would receive from the Employment Department to provide for the activities the bill would require.
156	Crosley	States that the block grant and General Fund are used for child care. States that the CCD is limited in the amount of funds that can be taken from the Employment Department. Mentions that the issue was raised during the 1997 Session, and that it could be considered again.
172	Chair Duncan	Asks Sen. Trow if he is on the Ways and Means Health and Human Services Subcommittee.
174	Sen. Trow	Answers that he is not, but that Sen. Shields is.
176	Talbott	Mentions that the CCD's budget issues have been assigned to the Transportation Subcommittee.
178	Chair Duncan	Mentions that the committee might wish to discuss the issue with members of that committee. States that the committee will hold a concurrent hearing on both SB 109 and SB 110.
<u>SB 110 PUBLIC HEARING</u>		
195	Merrily Haas	Executive Director, Oregon Association for the Education of Young Children (OAEYC). Testifies in support of both bills (EXHIBIT D) and states that OAEYC strongly supports both SB 109 and SB 110. Mentions concern in regards to SB 110's requirement for training, specifically the lack of opportunity for training in rural areas and for low income providers. Mentions that there may be a need for appropriation for training as well as for transportation to training from rural regions.

233	Sen. Trow	Asks what monetary amount might be necessary to fund such a program
235	Haas	States that there is a pilot project through Chemeketa Community College that is funded at \$50,000, which could be contributed to serve as funding, perhaps even expanded to \$100,000.
238	Haas	Mentions that there is not currently an adequate number of staff to do background checks on providers that would be required by SB 109. Says that OAEYC would encourage further appropriations to provide for more adequate staffing.
260	Valerie Jahns	Representative, American Red Cross. Testifies in support of SB 110 (EXHIBIT E). Discusses unintentional injuries and the possibility for provision of first aid training for child care providers.
328	Chair Duncan	Says that training is helpful and that more information on the subject would be valuable to the committee. States that the problem of unintentional injuries is frightening, given that small children are involved.
346	Chair Duncan	Closes public hearings on SB 110. Asks the vice-chair if he feels that the hearings should be continued for the next meeting.
348	Sen. Trow	Suggests that the committee continue on the issue in the next meeting.
350	Sen. Shields	Asks whether a work session will be held on SB 109 and SB 110 at the meeting on 1-26-99.
356	Chair Duncan	Answers that there will be a public hearing and possible work session on SB 109 and 110, as well as a discussion regarding a possible referral to the Ways and Means Committee.
364	Chair Duncan	Adjourns meeting at 4:50 p.m.

Submitted By, Reviewed By,

Patrick Brennan, Marjorie Taylor,
Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 109 and SB 110, testimony, Rep. Kitty Piercy, 1 p.

B ñ SB 109 and SB 110, printed materials, Annette Talbot, 65 pp.

C ñ SB 109 and SB 110, Videotape, Craig Cheatham, oversized.

D ñ SB 109 and 110, testimony and printed materials, Merrily Haas, 7 pp.

E ñ SB 110, testimony, Valerie Jahns, 2 pp.