



Oregon moms and caregivers fighting for gender, economic, and racial justice.

To: Oregon Department of Early Learning & Care

Date: June 7, 2024

RE: CCDF 2025-27 State Plan Comments

Dear Director Chatterjee,

Thank you for the opportunity to provide comments on the [2025-2027 CCDF State Plan](#). Given that CCDF is our largest source of federal funding for child care, Oregon must utilize the CCDF funding in all the ways allowable under federal regulations to address the child care crisis in our state, as directed by the Task Force on Access to Affordable Quality Child Care. While affordability is a significant barrier for parents in need of care, lack of child care supply in every county of this state is equally concerning for families with young children. The current wait list for ERDC is a significant barrier for workforce participation and vulnerable families escaping danger; state policies that limit CCDF eligible families from accessing ERDC also create barriers to child care. In addition, labor shortages in the child care industry, fueled by low wages and lack of benefits, limits availability of child care state-wide.

The CCDF state plan should reflect the best that Oregon can do with its portion of CCDF funds. We should be meeting every requirement, exceeding every recommendation, and innovating on strategies to meet CCDF goals around access to care, affordability for families, expanding supply, financially supporting providers and connecting families with the child care they want and need.

Investing in child care access and supply is a two-prong workforce strategy; allowing parents to work and educating Oregon's future workforce. Oregon's CCDF State Plan should meet not only the requirements of operating CCDF funded child care programs, it should support and fit into the larger goals set forth by the Oregon Legislature's Access to Affordable Quality Child Care Task Force. The Task Force envisioned that Oregon's child care system should be universally accessible and equitable, and truly work for all families, prioritizing children and families who have been historically marginalized. The Task Force recognized that in order to meet this goal, child care programs needed to be affordable, easy to access, support child development and meet families' needs. The Task Force also recognized that child care businesses and workers are critical partners, and that the state needs to ensure a sustainable financial business model and higher compensation for employees.

In April 2023, President Biden released an [Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers](#) that directed federal agencies to "make all efforts to provide support for caregivers, increase access to affordable care for families, and provide more care options for families." As a result, Administration for Children and Families (ACF) announced regulatory changes to the Child Care and Development Fund (CCDF). While Oregon is meeting some of these requirements, due to implementation of HB 3073 (2021), the following are areas that Oregon needs to revise to come into compliance.

- 1) Improve child care provider payment rates and practices: In order to improve predictability and stability for providers, ERDC should pay like private pay clients. These practices include paying prospectively for services and paying based on enrollment not attendance. While Oregon has made strides towards meeting this goal, as previously set out in HB 3073 (2021), there is more the state could do to meet this new CCDF requirement. Paying providers in the same manner required of private pay clients, not only increases financial stability for child care providers, but increases the number of providers willing to serve ERDC families.
- 2) Utilize grants and contracts to increase the supply of child care for infants & toddlers, children with disabilities, and geographically underserved regions: Oregon currently uses CCDF funds to operate Baby Promise, contracted slots for infants and toddlers. But there is no grant program for children with disabilities or geographically underserved areas. In order to come into compliance with this new requirement, Oregon must quickly develop grant programs for these two underserved populations. Contracted slots is a good strategy to increase child care supply for care that is more expensive to provide, creating steady reliable funding for providers who are typically financially disincentivized from providing this care.

In addition to these new CCDF requirements, *new CCDF guidance is encouraging states* to implement policies that address barriers for families attempting to access child care subsidies and improve payment practices. The following are areas Oregon could improve our State Plan in order to follow these new CCDF regulations.

- 1) Make greater use of existing income documentation to verify financial eligibility for ERDC: Oregon does allow use of existing income verification data for other state programs like food stamps or health insurance. However, only if that verification was within the last two months. Oregon could go further and allow the eligibility for other programs throughout the eligibility period of those other programs. This policy unnecessarily requires families to re-verify income to apply for ERDC; as enrollees in other assistance programs, families are already required to report any change in income during the enrollment period. Therefore the arbitrary two month period is unnecessary and creates an administrative barrier for enrollment in ERDC.
- 2) Speed up enrollment through presumptive eligibility for all eligible applicants: Oregon limits the use of presumptive eligibility to two populations: foster kids and those experiencing homelessness. This “priority processing” policy should be extended to all families. Parents are already in need of a child care subsidy when applying for ERDC, due to the eligibility requirement that parents are actively working or in school at the time of application. Since these families are already in need of child care, any delay in eligibility determinations could result in lost employment or school attendance. It is beneficial for families to eliminate this barrier to ERDC; in addition it bears no financial risk to the state. If the subsidy recipient does not supply proper income documentation or is found not eligible, states are not required to pay back those CCDF funds, as presumptive eligibility is an allowable expense.
- 3) Pay child care providers the full agency-established payment rate to account for the actual cost of care, even if it is higher than the price the provider charges private-pay families: Current policy punishes child care providers that offer a discounted rate to private-pay families struggling to afford care, but who do not qualify for ERDC. By offering a lower rate to



those struggling to afford child care without an ERDC subsidy, that provider is also required to charge the lower rate to the state's ERDC program. Providers have found this practice confusing and punitive. Oregon can avoid this issue by implementing a policy to always pay the maximum rate to providers.

- 4) Eliminate ERDC co-pays for all families allowed under CCDF: Oregon already meets one of the new CCDF rule changes to increase families affordability; HB 3073 (2021) capped copays at 7% of household income. However, DELC should consider adopting CCDF guidance allowing states to eliminate copayments for specific populations: families up to 150% FPL, children in foster care, those experiencing homelessness, children with disabilities, and families enrolled in Head Start and Early Head Start. Any co-pay amount can be a barrier to family participation and increase likelihood providers collect less tuition for care when clients cannot afford the copay. Eliminating more families' ERDC copay reduces families out of pocket child care costs and increases participation in child care subsidy programs.

In addition to the policy recommendations regarding CCDF rule change, below are additional areas for State Plan improvement. These are not new in the CCDF rules, but have been allowable under CCDF rule for many years.

1. Use a new methodology to determine ERDC payment rates that reflects the true cost of providing child care services: The current Market Price analysis is flawed in two respects. First, it is based on the rates that families can afford to pay, not the true cost of providing child care. Second, the survey which provides data to inform these rates is old, so rates are based on data from two-three years prior. This can cause significant differences in the current cost to purchase child care and the established payment rate. For example, the national average price for child care rose 3.7% from 2022 to 2023¹, but Oregon ERDC providers are limited to a rate determined by 2022 child care price data. Implementing the "True Cost of Care" alternative rate methodology as required in HB 3073 (2021) is necessary to adequately compensate providers and ensure financial sustainability for these businesses. Oregon should update the "True Cost of Care" formula with current cost assumptions and use this method to determine ERDC rates. This change should be implemented immediately using the current provider payment system, rather than waiting for the new Provider Management Platform.
2. Implement expanded eligibility criteria allowed under CCDF and required by HB 3073 (2021) & HB 2683 (2023): Oregon statute has an expanded definition of ERDC eligibility beyond the current ERDC operating policies. The state statute reflects CCDF rules. ERDC should start accepting all families allowed under CCDF and Oregon ORS. Families currently left out of ERDC are those that qualify due to being classified as "vulnerable populations" and those needing care for work search or training activities. "Vulnerable populations" -- including children in foster care, families in or at risk of needing child welfare, homelessness or domestic violence services-- are CCDF eligible regardless of work participation and income requirements. ERDC currently serves only one "vulnerable population" TANF families, a policy change enacted when Oregon eliminated the TANF child care program and moved all cases into ERDC.

¹ <https://www.childcareaware.org/thechildcarestandstill/>




3. Utilize CCDF funds for “Child Care Navigators” to help families access child care assistance and connect to a provider: Current strategies through 211info are ineffective. Oregon has ~4300 families on ERDC that are not connected to a provider; that represents 25% of the ERDC current caseload not using child care because they can’t find a provider with an opening². This problem is not due to lack of child care supply. Recent efforts by the legislature to invest in creating new slots are working. However, these providers report low enrollment and possible closure due to lack of clients. We can solve both problems – families looking for care, providers looking for clients – by contracting with “Child Care Navigators.” A child care navigator does more than 211info, which provides families a list of providers in their region. Navigators are identifying providers with openings and connecting them to ERDC families. Oregon could use a portion of CCDF’s 211info funds to provide this much needed navigator services.
4. Utilize CCDF funds to provide recruitment and retention bonuses to the child care workforce in order to alleviate the serious labor shortage in child care: According to a 2024 state commissioned workforce study, child care has the largest shortage of workforce at 12.6%³. This labor shortage causes lower supply of child care slots, even as the state has invested in opening new child care businesses. Without the workforce, new buildings and child care employers will be unable to serve families. Oregon’s Child Care Recognition Payments⁴, currently funded through pandemic money, will expire at the end of 2025 without additional funding. These workforce incentives are critical to ensuring the labor needed to supply care to CCDF families.

Thank you for the opportunity to share our feedback. Our organization remains committed to working with the Department of Early Learning and Care to reimagine our child care system to better serve parents, providers, and kids.

Sincerely,



Marchel Marcos
Political Director
Family Forward Oregon



Regan Gray
Child Care Policy Advisor
Family Forward Oregon

² <https://www.oregon.gov/delc/data/pages/default.aspx>

³ https://www.oregon.gov/highered/strategy-research/Documents/Reports/2024-talent-assessment.pdf?utm_medium=email&utm_source=govdelivery

⁴ <https://sites.google.com/pdx.edu/workforce-recognition>

