



Oregon

Tina Kotek, Governor



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Dr. Ruth Friedman, Office of Child Care Director
Administration for Children & Families
330 C Street SW
Washington, District of Columbia 20201

Dear Director Friedman,

This letter serves as Oregon's official request for three transitional waivers in the implementation of several elements of the new Child Care Development Fund final rule provisions:

- § 98.45(m)(1) — *Pay providers prospectively*
- § 98.45(m)(2) — *Use enrollment-based payment*
- § 98.16(z), § 98.30(b)(1), and § 98.50(a)(3) — *Some grants or contracts for direct services for infants and toddlers, children with disabilities, and children in underserved geographic areas*

As you know, Oregon has begun making investments into updating technological systems with the intent of better serving families and child care providers. While our state has already rolled out an integrated eligibility system with other safety net programs to provide increased access to child care subsidies, we have been operating with an outdated legacy system for provider payments. All three of these rule requirements have significant impacts upon the payment of providers, and until we are able to finalize work on a new provider management platform and release said platform to the public, we are not yet able to implement these provisions. The provider management platform is currently in the design stages and is being planned for release by mid-2026.

Oregon is working with a contractor on the development of our new provider management platform, which will combine subsidy payments, enrollment, licensing, training, safety and compliance, and quality improvement into one easy-to-navigate location.

Specifically, our state plans to come into compliance with these requirements as follows:

§ 98.45(m)(1) — Pay providers prospectively

Oregon has made advancements beyond many states in providing payment sooner to providers than reimbursement at the end of the month. With our current system, we were able to offer pre-billing to child care providers beginning in April 2019 in the form of a pilot with certified centers. After seeing the success of this initiative, we permanently adopted and expanded the policy for all provider types in the summer of 2021. Providers are issued billing forms for each month prior to when services are provided and can then bill based upon scheduled hours of

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care with no limitation to absent days that may occur during the month. While this was a significant step in the right direction, Oregon does acknowledge that payment is not made by the first of the month, but rather, typically mid-way through the second week of the month with mail/processing times. We are hopeful that the new provider management platform will provide expedited payment options, as well as the option for providers to bill virtually. The provision of a waiver for this item will allow Oregon to adopt this policy thoughtfully and meaningfully, taking into account the experiences and feedback of child care providers to best make this change and pay according to their preferred methods. This additional timeframe will better serve Oregon families and providers as a whole by intentional, thought-out changes to our policies and processes. The provision of a waiver will also support service delivery by ensuring that Oregon is able to properly design and test our provider management platform to avoid any potential disruptions to provider payments.

§ 98.45(m)(2) – Use enrollment-based payment

This is another area in which Oregon made progress, however, further analysis of the final rule has identified additional changes to meet full compliance. In January 2023, we changed our child care subsidy eligibility to approve families for either a part-time or full-time allocation. We also vastly expanded the criteria for allowable child care usage – after initial eligibility with a qualifying activity, families may use their child care hours for whatever they need without worry of losing their child care coverage. We also, as stated above, allowed providers to bill for an unlimited number of absences so long as the child was still considered enrolled in their program – for our purposes, a child is considered disenrolled if they have been absent for over a full calendar month. These policy changes were made to offer greater stability to both child care providers and families, but due to antiquated systems that still require a number of hours to be billed, we are not yet able to completely delink payment from attendance.

Once again, we anticipate that we will be able to offer full enrollment-based payment through our new provider management platform, although this change will also require significant additional state investment or reduction in caseload. The provision of this waiver will allow Oregon to request funding necessary from our state legislature prior to the next legislative session in early 2025, plan for the specific systematic requirements necessary to implement this change in the new provider management platform, and moreover, will better serve families as we implement this policy with a detail-oriented mindset and partnership with our child care workforce. The provision of a waiver will also support service delivery by ensuring that Oregon is able to properly design and test our provider management platform to avoid any potential disruptions to provider payments.

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§ 98.16(z), § 98.30(b)(1), and § 98.50(a)(3) — Some grants or contracts for direct services for infants and toddlers, children with disabilities, and children in underserved geographic areas

While Oregon does offer contracts for increased access and quality to infants and toddlers through our Baby Promise program, we hope to expand this program to more regions across the state with a state investment in the program through the 2025 legislative session. We are working to identify how to best implement grants or contracted slots for direct services for children with disabilities and children in underserved geographic areas, particularly as nearly all counties in Oregon are identified as child care deserts. The provision of this waiver will allow Oregon to conduct research and analysis around how contracts or grants for direct services can be implemented with the most opportunity with the funds and systems we have, all while building these slots into our new provider management system. This will better serve Oregon families and providers by engaging with our communities to assess their needs for the greatest impact. The provision of a waiver will also support service delivery by ensuring that Oregon is able to properly design and test our provider management platform to avoid any potential disruptions to provider payments.

For all requests listed above, Oregon is requesting a retroactive waiver to April 30, 2024 through the full waiver period ending August 1, 2026. Further, we certify that the health and safety of children will not be compromised as a result of these waivers. Oregon is committed to expanding access and high quality care to all children.

Thank you,

Alyssa Chatterjee
Early Learning System Director, DELC

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