Oregon
Tina Kotek, Governor

Oregon Department of Early Learning and Care
700 Summer Street NE #350
Salem, Oregon 97301
DELC.Info@delc.oregon.gov
Oregon.gov/delc

Date: March 7, 2025

From: Alyssa Chatterjee, Director of the Department of Early Learning and Care

To: Co-Chair Janeen Sollman, Co-Chair Ricki Ruiz, and Members of the Joint Ways and Means Sub-Committee on Education

Subject: DELC Follow Up Responses from the March 5th Joint Ways and Means Sub-Committee on Education

---

The following information is offered by the Department of Early Learning and Care (DELC) in response to questions asked during the Sub-Committee hearings on March 5th (Wednesday).

Questions from March 5th

1. **What's the average ERDC copay amount across the U.S.?**
   Federal law and regulations allow states receiving Child Care and Development Fund (CCDF) to set their copayment amounts utilizing a variety of methods. For example, some states set a per-child copayment, where other states (like Oregon) set it as a per-family amount. The 2024 CCDF Final Rule – Improving Child Care Access, Affordability, and Stability in the Child Care and Development Fund – mandated that states' copayments, may not exceed 7% of a family's income. This can also vary by state, however, given that there are further nuances regarding how states calculate income or establish which income streams are considered countable for programmatic eligibility. Because states have so much flexibility in establishing their CCDF policies beneath broader federal parameters, it is difficult to find an 'average copayment amount' across the nation that would be consistently comparable across states.

   According to the Administration for Children and Families' comparing 2024 copayment levels by state, the states with the lowest copays as a percentage of family income for families of three are, from lowest to highest:
   1. Maryland (less than .1%),
   2. Oregon (.3%),

---

3. Arkansas (.5%),
4. New York (.7%),
5. South Dakota (.9%),
6. Arizona (1%),
7. California (1%),
8. South Carolina (1%),
9. Idaho (2%), and
10. Kansas (2%).

The average copay nationwide is currently 5% of income for a family of three based upon this data, which includes some states not presently compliant with the CCDF Final Rule. Of the states compliant with the Final Rule, the national average is 4%.

It should be noted, however, that these numbers are reflective only of copayment amounts at initial certification of benefits. States with higher income limits for families who have already been approved for services or who are recertifying after one year are not included in this dataset, and therefore the potentially higher copayment amounts are also excluded.

2. How much revenue would be generated from raising the copays up (increments up to 7%)

Previous estimates only looked at cost savings for the 23-25 biennium. DELC has conducted a new analysis and at a tiered copay structure as outlined below, DELC would anticipate cost savings of $14.1 million in ERDC for the 25-27 biennium. Copays would be increased for families at the time of renewal, beginning in September 2025, and would take 12 months to see full cost savings since federal regulations do not allow family copays to be increased in the middle of their 12-month certification period.

The first chart below demonstrates how a tiered copay structure would work so the copay percentage increases as a family's income increases.

Monthly Income Tables by Household Size with Tiered 2% - 7% Copay								
FPL	**Copay %**	**HH2**	**HH3**	**HH4**	**HH5**	**HH6**	**HH7**	**HH8+**
1-99%	0%	0 – 1,703.99	0 – 2,151.99	0 – 2,599.99	0 – 3,048.99	0 – 3,496.99	0 – 3,944.99	0 – 4,393.99
100-124%	2%	1,704 – 2,129.99	2,152 – 2,689.99	2,600 – 3,249.99	3,049 – 3,810.99	3,497 – 4,370.99	3,945 – 4,931.99	4,394 – 5,491.99
125-149%	3%	2,130 – 2,554.99	2,690 – 3,227.99	3,250 – 3,899.99	3,811 – 4,572.99	4,371 – 5,244.99	4,932 – 5,917.99	5,492 – 6,589.99

Monthly Income Tables by Household Size with Tiered 2% - 7% Copay								
FPL	**Copay %**	**HH2**	**HH3**	**HH4**	**HH5**	**HH6**	**HH7**	**HH8+**
150-174%	4%	2,555 – 2,980.99	3,228 – 3,765.99	3,900 – 4,549.99	4,573 – 5,334.99	5,245 – 6,119.99	5,918 – 6,903.99	6,590 – 7,688.99
175-199%	5%	2,981 – 3,406.99	3,766 – 4,303.99	4,550 – 5,199.99	5,335 – 6,096.99	6,120 – 6,993.99	6,904 – 7,889.99	7,689 – 8,786.99
200-224%	6%	3,407 – 3,832.99	4,304 – 4,841.99	5,200 – 5,849.99	6,097 – 6,858.99	6,994 – 7,867.99	7,890 – 8,876.99	8,787 – 9,884.99
225-exit	7%	3,833 – 5,160.99	4,842 – 6,374.99	5,850 – 7,588.99	6,859 – 8,802.99	7,868 – 10,017.99	8,877 – 10,244.99	9,885 – 10,983.99

This chart shows what an updated copay for each income tier and family size would be in the tiered copay structure outlined above.

Monthly Copay Rate at Tiered 2-7%									
FPL	**Current Copay Cap**	**Tiered Copay %**	**HH2**	**HH3**	**HH4**	**HH5**	**HH6**	**HH7**	**HH8+**
1-99%	$0	0%	$0	$0	$0	$0	$0	$0	$0
100-124%	$5	2%	$34	$43	$52	$60	$69	$$78	$87
125-149%	$5	3%	$63	$80	$97	$114	$131	$147	$164
150-174%	$10	4%	$102	$129	$156	$182	$209	$236	$263
175-199%	$25	5%	$149	$188	$227	$266	$306	$345	$384
200-224%	$70	6%	$204	$258	$312	$365	$419	$473	$527
225-exit	$130	7%	$268	$338	$409	$480	$550	$621	$691

In this example a family of 2 (single parent with one child) earning $15 per hour in a full-time position would be earning approximately $2,580 income before taxes per month. They would see the following changes:

- Copay increase from $10 a month to $102
- Annual increased cost $1,104

A family of 4 earning the equivalent of $34.30 per hour for full-time employment would be impacted differently. This could be a single parent earning $34.30 per hour or a two-parent household where both parents are earning just over the standard Oregon minimum wage. Their monthly income before taxes would be $5,900. This family is not eligible for SNAP (food) benefits. The SNAP income limit for a family of 4 is $5,359.

- Copay increase from $120 a month to $409
- Annual increased cost $3,468

Lastly, the chart below shows the ***increase*** in monthly family costs from the current copay structure to the tiered copay structure for each income tier and household size.

Monthly Copay Increase at Tiered 2-7%								
FPL	**Copay %**	**HH2**	**HH3**	**HH4**	**HH5**	**HH6**	**HH7**	**HH8+**
1-99%	0%	$0	$0	$0	$0	$0	$0	$0
100-124%	2%	$29	$38	$47	$55	$64	$73	$82
125-149%	3%	$58	$75	$92	$109	$126	$142	$159
150-174%	4%	$92	$119	$146	$172	$199	$226	$253
175-199%	5%	$139	$173	$207	$241	$281	$320	$359
200-224%	6%	$164	$208	$252	$295	$349	$403	$457
225-exit	7%	$168	$228	$289	$350	$420	$491	$561

3. **What is the Department's plan to close the caseload gap, both strategically and financially?**
Our primary strategy will be leveraging one-time federal funds to address the caseload gap while also allowing the waitlist to continue to reduce caseload size. The waitlist is the traditional mechanism to stop caseload growth and reduce caseload size. Due to policy changes that align with federal requirements, the waitlist did not function in this way for the first eight months of implementation. It has only been since July 2024 that the waitlist has worked as designed to reduce caseload size, and the rate of reduction is significantly less than in previous years when a waitlist was used. Even with these strategies, it is unlikely that new families will be able to come off the waitlist and be approved to use ERDC to support their child care needs in the 25-27 biennium.

   We also recognize that the longer ERDC has a waitlist that is not moving families off, the more families will become discouraged from even applying. This means the waitlist will become less of an indicator of child care needs for families as confidence in the program declines. As a result, DELC will likely have to develop significant outreach in the future to rebuild trust in the program.

DELC receives Child Care and Development Fund (CCDF) federal funding on an annual basis. The most recent federal grant award letter was received in December 2024. DELC anticipates receiving its next federal fiscal year award in October 2025. Right now, DELC has some expected carryforward federal funds due to prioritizing the use of one-time ARPA funding. As a result, the agency plans to leverage some of these carryforward dollars to help close the budget shortfall for ERDC.

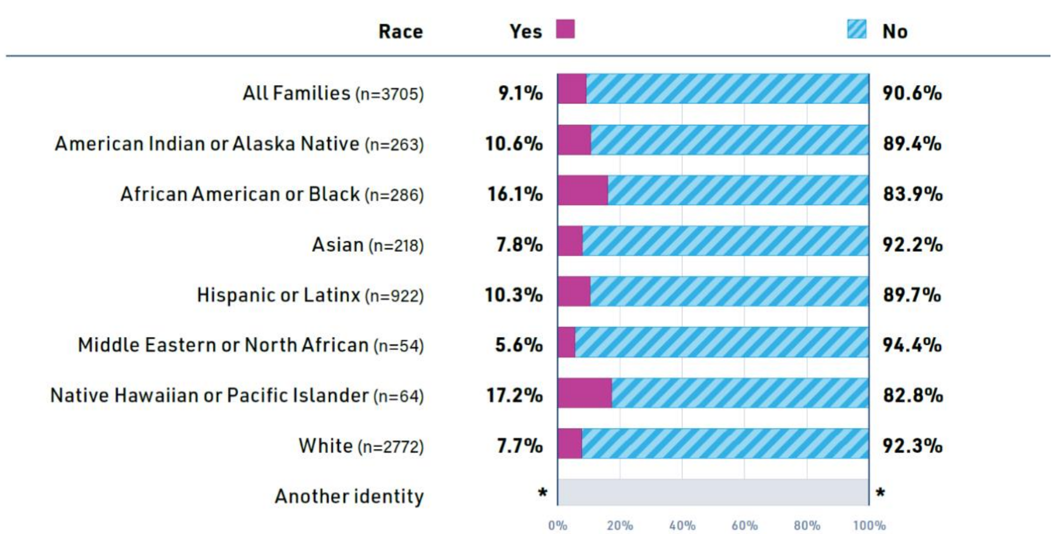
4. Provide the expulsion and suspension numbers given in committee (percent and totals)

Children are suspended or expelled for behaviors that are actually typical for a young child in stages of their development - separation anxiety or crying too much, too many potty accidents. Suspension and expulsion abrupt development, increases stress for the child and family, and exacerbates later behavior related to instability of needed relationships with positive and caring adults in child care. This shows up most visibly when they enter school unprepared to learn.

In the [2022 Household Survey]() contracted by DELC:

- A- total of 338 children out of 3,705 survey families were asked to leave care (suspended or expelled)
  - 166 (49.1%) children that were asked to leave care were above the age of three
  - 104 (30.8%) children were between 6 weeks and 2 years of age
  - 68 families did not specify the age.

Figure 26. **Rates of children being asked to "take a break" from care by child race/ethnicity**



*Fewer than 10 people in the group

DELC is in the process of developing a weighted analysis to extrapolate this survey data to represent statewide suspension and expulsion activities. As a reminder, there are 242,699 children under the age of 5 in the state, with 69% of those children having both available parents in the workforce and therefore in need of some form of care.

In the 2023 Early Childhood Care Provider Survey contracted by DELC:

- 720 directors were surveyed and
  - 113 directors (15.7%) stated they had asked a child to leave care (suspended or expelled) in the last year. This is a sensitive topic for directors to address and it is important to take into account that of the 720 directors, 113 were willing to admit that they used suspension or expulsion to remove a child from care.
- The 2 most frequent reasons children were asked to leave care were:
  - the program was not able to meet the child's behavior needs and
  - the child's behaviors were dangerous to other children

- Of the 2,705 total providers surveyed, 1,580 (58.4%) providers stated that they sometimes, often or almost always feel overwhelmed
- 1,488 (55%) providers indicated that they looked for help with children with challenging behaviors in the last year
- Only 460 (17%) providers surveyed stated they have worked with or been supported by a mental health consultant

Out of 1,787 teacher responses, it was noted the top 3 factors that would help them remain in or return to the ECE field were:

1. Receiving better wages and benefits
2. Having more staff
3. Having more support for working with children with challenging behaviors

HB 2166 (2021) was the legislation that directed DELC to create an Early Childhood Suspension and Expulsion Prevention Program and provided some monetary resources to build a critical and research based intervention strategy throughout Oregon, which is Infant and Early Childhood Mental Health Consultation. It is a best practice at reducing suspension and expulsion in early learning settings and is a response to child care provider requested help and their elevated concerns.

SB 236 was also passed in 2021 and was a separate law to prohibit expulsion in early learning settings. Expulsion is the single most severe disciplinary action that any program can impose. Expulsion represents a failure of an education program to meet the needs of a child. This law has intensive implications for the early childhood workforce and came with no funding to support programs to use different strategies. The investment from HB 2166 is filling the behavioral health gap that exists due to no resources earmarked to support children birth to five years of age.

–