

A-Engrossed
House Bill 2593

Ordered by the House April 14
Including House Amendments dated April 14

Sponsored by Representative HUDSON; Representatives NERON, NGUYEN H, NOSSE, PHAM H (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act changes the name of a state program that helps people pay for child care. The Act tells an agency to bring people together to study and create a plan related to the program. (Flesch Readability Score: 75.4).

[Digest: The Act tells the Department of Early Learning and Care to study the impact of a waitlist to receive child care on some families. (Flesch Readability Score: 62.6).]

[Requires the Department of Early Learning and Care to study the impact on student parents and working parents of the waitlist to participate in the Employment Related Day Care subsidy program.]

[Directs the department to submit a report to the interim committees of the Legislative Assembly related to child care no later than September 15, 2026.]

Renames the Employment Related Day Care subsidy program.

Directs the Department of Early Learning and Care to convene stakeholders to study and develop recommendations to remove families from the Employment Related Day Care subsidy program wait-list. Requires the department to submit a report on the recommendations to the interim committees of the Legislative Assembly related to early childhood no later than September 30, 2026.

A BILL FOR AN ACT

1
2 Relating to child care; creating new provisions; and amending ORS 315.264, 329A.500, 329A.723 and
3 406.072 and section 28, chapter 27, Oregon Laws 2022.

4 **Be It Enacted by the People of the State of Oregon:**

5
6 **OREGON CHILD CARE AFFORDABILITY PROGRAM**

7
8 **SECTION 1.** ORS 315.264 is amended to read:

9 315.264. (1)(a) A credit against the tax otherwise due under ORS chapter 316 shall be allowed
10 a taxpayer in an amount equal to a percentage of employment-related expenses of a type allowable
11 as a credit pursuant to section 21 of the Internal Revenue Code, notwithstanding the limitation im-
12 posed by section 21(c) of the Internal Revenue Code, and limited as provided in paragraph (c) of this
13 subsection.

14 (b) The credit allowed under this section may be claimed for expenses for care of a qualifying
15 individual that allow a nonmarried taxpayer to seek employment or to attend school as a degree-
16 seeking student enrolled on a full-time or part-time basis.

17 (c) The employment-related expenses for which a credit is claimed under this section may not
18 exceed the least of:

19 (A) The combination of earned income taxable by Oregon and reportable on the taxpayer's re-
20 turn and imputed income;

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

(B) The lesser amount, attributable to either spouse, of the combination of the spouse's imputed income and the spouse's earned income subject to taxation by Oregon, if reportable on a joint return; or

(C) \$12,000 for a taxpayer for which there is one qualifying individual, or \$24,000 for a taxpayer for which there are two or more qualifying individuals.

(d) The limitations in paragraph (c)(C) of this subsection shall be reduced by the aggregate amount excludable under section 129 of the Internal Revenue Code for the tax year.

(2) The applicable percentage described in subsection (1) of this section shall be determined in accordance with the following table:

Greater of Federal or Oregon Adjusted Gross Income, as Percentage of Federal Poverty Level		Applicable percentage based on age of youngest qualifying individual on January 1 of tax year					
		At least 3 years but less than 6			At least 6 years but less than 13, or at least 13 but less than 18 if disabled		18 years or older if disabled
Greater than	Less than or equal to	Under 3 years	At least 3 years but less than 6	At least 6 years but less than 13, or at least 13 but less than 18 if disabled	At least 13 but less than 18 if disabled	18 years or older if disabled	
0%	10%	10%	8%	5%	5%		
10%	20%	20%	18%	15%	5%		
20%	30%	30%	28%	25%	10%		
30%	40%	40%	38%	35%	20%		
40%	50%	50%	48%	45%	30%		
50%	60%	55%	53%	50%	35%		
60%	70%	60%	58%	55%	40%		
70%	80%	65%	63%	60%	45%		
80%	90%	70%	68%	65%	50%		
90%	110%	75%	73%	70%	55%		
110%	120%	71%	69%	66%	50%		
120%	130%	66%	64%	61%	45%		
130%	140%	61%	59%	56%	39%		
140%	150%	55%	53%	50%	33%		
150%	160%	50%	48%	45%	28%		
160%	200%	47%	45%	42%	25%		
200%	210%	45%	43%	40%	22%		
210%	220%	40%	38%	35%	20%		
220%	230%	35%	33%	30%	15%		
230%	240%	30%	28%	25%	10%		
240%	250%	20%	18%	15%	5%		

1	250%	260%	10%	8%	5%	5%
2	260%	280%	6%	6%	4%	4%
3	280%	300%	4%	4%	4%	4%
4	300%	-	0%	0%	0%	0%

(3) The applicable percentage for a household in excess of eight members shall be calculated as if for a household size of eight members.

(4) The credit under this section is not allowed to a taxpayer with federal adjusted gross income or Oregon adjusted gross income, whichever is greater, in excess of 300 percent of the federal poverty level.

(5) For the purposes of calculating the allowed amount of credit applicable to a student:

(a) Imputed income shall equal \$1,000 per qualified month per student for a student for whom there is one qualifying individual, or \$2,000 per qualified month per student for a student for which there are two or more qualifying individuals.

(b) A qualified month is any month in which the student is a full-time or part-time student and attending school, or a summer month in a calendar year in which the student was enrolled in a degree-seeking program in both the spring and fall academic terms.

(c) The school ratio shall equal 100 percent for a month for which a student is qualified for student financial aid as a full-time student, and 70 percent for a month for which a student is qualified for student financial aid as a part-time student.

(d) If a student is a part-time student for a portion of the year and a full-time student for the balance of the year, the credit shall be prorated. The school ratio applicable to the summer months, if any, shall be the school ratio applicable to the immediately preceding spring month.

(6) Notwithstanding subsections (2) and (3) of this section, for a student with adjusted gross income as a percentage of the federal poverty level that is less than or equal to 110 percent, the amount of credit shall be the greater of:

(a) The credit calculated using subsection (2) of this section; or

(b) The product of the applicable percentage, as shown in subsection (2) of this section, corresponding to an adjusted gross income percentage of 110 percent, multiplied by:

(A) The lesser of expenses for care of a qualifying individual or imputed income; and

(B) The school ratio.

(7) In order to ensure compliance with the eligibility requirements of the credit allowed under this section, the Department of Revenue shall be afforded access to utilization data maintained by the Department of Early Learning and Care in its administration of the *[Employment Related Day Care subsidy program]* **Oregon Child Care Affordability Program**.

(8) The Department of Revenue may assess a penalty in an amount not to exceed 25 percent of the amount of credit claimed by the taxpayer against any taxpayer who knowingly claims or attempts to claim any amount of credit under this section for which the taxpayer is ineligible, or against any individual who knowingly assists another individual in claiming any amount of credit for which the individual is ineligible.

(9) The Department of Revenue may adopt rules for carrying out the provisions of this section and prescribe the form used to claim a credit and the information required on the form.

(10) A nonresident individual shall be allowed the credit computed in the same manner and subject to the same limitations as the credit allowed a resident by subsection (1) of this section.

1 However, the credit shall be prorated using the proportion provided in ORS 316.117.

2 (11) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
3 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
4 lowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

5 (12) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
6 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
7 ORS 316.117.

8 (13) If the amount allowable as a credit under this section, when added to the sum of the
9 amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts
10 and other refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for
11 the tax year after application of any nonrefundable credits allowable for purposes of ORS chapter
12 316 for the tax year, the amount of the excess shall be refunded to the taxpayer as provided in ORS
13 316.502.

14 (14) Any amount that is refunded to the taxpayer under this section and that is in excess of the
15 tax liability of the taxpayer does not bear interest.

16 **SECTION 2.** Section 28, chapter 27, Oregon Laws 2022, as amended by section 60, chapter 554,
17 Oregon Laws 2023, is amended to read:

18 **Sec. 28.** (1)(a) The amendments to ORS 329A.030, 329A.250, 329A.500 and 329A.992 by sections
19 22 to 27, chapter 27, Oregon Laws 2022, apply to subsidized care facilities providing subsidized care
20 under ORS 329A.500 on or after July 1, 2023.

21 (b) On or after July 1, 2023, a subject individual described in ORS 329A.030 (11)(d) must enroll
22 in the Central Background Registry under ORS 329A.030 for the purpose of the [*Employment Related*
23 *Day Care subsidy program*] **Oregon Child Care Affordability Program**.

24 (2) Notwithstanding subsection (1) of this section and ORS 329A.030 (2)(a), as amended by sec-
25 tion 26, chapter 27, Oregon Laws 2022:

26 (a) A subject individual described in ORS 329A.030 (11)(d) who was approved before July 1, 2023,
27 as a provider of care by the Department of Human Services for the purposes of the [*Employment*
28 *Related Day Care subsidy program*] **Oregon Child Care Affordability Program** is not required to
29 enroll in the Central Background Registry until the earlier of the expiration of a child care back-
30 ground check or June 30, 2025.

31 (b) Until July 1, 2023, a subject individual described in ORS 329A.030 (11)(d) who is seeking in-
32 itial approval or renewed approval as a provider of care for purposes of the [*Employment Related*
33 *Day Care subsidy program*] **Oregon Child Care Affordability Program** may choose to enroll in the
34 Central Background Registry under ORS 329A.030 or may seek a child background check through
35 the Department of Human Services.

36 (3) For the purpose of transferring the [*Employment Related Day Care subsidy program*] **Oregon**
37 **Child Care Affordability Program** from the Department of Human Services to the Department of
38 Early Learning and Care, as provided by section 79, chapter 631, Oregon Laws 2021, the Department
39 of Human Services and the Early Learning Council shall adopt rules that provide:

40 (a) Until July 1, 2023, the Department of Human Services shall accept an individual's enrollment
41 in the Central Background Registry as satisfying any requirement for background checks for the
42 [*Employment Related Day Care subsidy program*] **Oregon Child Care Affordability Program**.

43 (b) Until July 1, 2023, the Office of Child Care shall accept the Department of Human Services'
44 background check of an individual for the purposes of the [*Employment Related Day Care subsidy*
45 *program*] **Oregon Child Care Affordability Program** as satisfying the requirements of the Central

1 Background Registry.

2 (c) From July 1, 2023, until July 1, 2025, the Department of Early Learning and Care shall ac-
3 cept the Department of Human Services' background check of an individual for the purposes of the
4 [*Employment Related Day Care subsidy program*] **Oregon Child Care Affordability Program** as
5 satisfying the requirements of the Central Background Registry.

6 (4) No later than July 1, 2023, the Department of Human Services shall transfer copies of all
7 files necessary for the Office of Child Care to provide background checks for individuals described
8 in ORS 329A.030 (11)(d).

9 **SECTION 3.** ORS 329A.500 is amended to read:

10 329A.500. (1) As used in this section, "family" means any individual who is responsible for the
11 care, control and supervision of a child.

12 (2) The Early Learning Council shall adopt rules for the operation of the [*Employment Related*
13 *Day Care subsidy program*] **Oregon Child Care Affordability Program** and for other subsidy pro-
14 grams administered by the Department of Early Learning and Care.

15 (3) The rules adopted under this section must support equitable access to a supply of diverse
16 subsidized care facilities that meet the needs of families, as those needs are defined by the council
17 by rule, including:

- 18 (a) Cultural diversity;
- 19 (b) Linguistic diversity;
- 20 (c) Racial and ethnic diversity; and
- 21 (d) Diversity of subsidized care facility types.

22 (4) The council shall adopt rules establishing that:

23 (a) Each of the following subparagraphs constitutes an independent basis of eligibility for a child
24 to participate in the [*Employment Related Day Care subsidy program*] **Oregon Child Care**
25 **Affordability Program**:

26 (A) The household income of a child's family;

27 (B) The child's family's employment, search for employment or enrollment in an education or
28 training program;

29 (C) The child's or child's family's use of, or risk of needing to use, protective services, including,
30 but not limited to, child welfare services, child abuse prevention services, family reunification ser-
31 vices, foster care services or subsidized guardianship services;

32 (D) The child's or child's family's use of, or risk of needing to use, homelessness services, teen
33 parent services or domestic violence services; or

34 (E) Any other criteria established by the council.

35 (b) A child must be able to receive care that:

36 (A) Meets the child's developmental, disability and neurodiversity needs; and

37 (B) Enables the child's family to complete activities that relate to family well-being, which may
38 include the family's work hours, education hours, commute time, study time and other activities that
39 support family well-being.

40 (c) Payment to subsidized care facilities must be:

41 (A) Based on enrollment instead of attendance.

42 (B) Made by the department each month by a date specified by the Early Learning Council by
43 rule or, if paid on a date later than the date specified by rule, paid in an amount that includes an
44 additional nine percent of the amount due unless the additional amount is not required to be paid
45 under exceptional circumstances, as identified by rule.

1 (d) A child's family may qualify for an incentive if the family voluntarily chooses a subsidized
2 care facility that participates in the quality recognition and improvement system established under
3 ORS 329A.261. A fair representation of the recipients who qualify for incentives must be families
4 with children who are from underserved racial, ethnic or minority populations. In addition, subsi-
5 dized care facilities that participate in the quality recognition and improvement system may receive
6 financial incentives under the subsidy programs in accordance with criteria established by rule.

7 (e) A child care facility is not eligible to be a subsidized care facility and to receive a re-
8 imbursement under the subsidy program unless each subject individual described in ORS 329A.030
9 (11)(d) who operates, resides in or may have unsupervised contact with children at the subsidized
10 care facility that provides or will provide subsidized care to the person's child is enrolled in the
11 Central Background Registry under ORS 329A.030.

12 (f) A subsidized care facility may be eligible to receive a higher rate of reimbursement or other
13 financial incentives for:

14 (A) Participating in quality improvement measures;

15 (B) Providing culturally or linguistically specific or appropriate care;

16 (C) Providing evening, overnight or weekend care;

17 (D) Providing care to children with a diagnosed disability;

18 (E) Providing infant or toddler care;

19 (F) Providing care to a population that has been identified as historically having an inadequate
20 child care facility supply; or

21 (G) Providing any other specialized care that justifies a higher rate of reimbursement.

22 (5) Taking into account the availability of funds, the rules adopted under this section:

23 (a) Must establish a sliding scale for copayment, with the requirement that a copayment may
24 not exceed seven percent of the household income of the child's family.

25 (b) Must provide that eligibility to participate in the [*Employment Related Day Care subsidy*
26 *program*] **Oregon Child Care Affordability Program**:

27 (A) May not be based on the citizenship or legal status of a child or a child's family; and

28 (B) Shall, for a child who met the initial eligibility requirements prescribed under subsection (4)
29 of this section, continue for a minimum of 12 months from the date of initial eligibility unless the
30 child's family leaves this state or requests a termination of benefits or for any other reason identi-
31 fied by the council. Rules adopted under this subparagraph shall give priority to families receiving
32 temporary assistance under the temporary assistance for needy families program described in ORS
33 412.006.

34 (c) May provide that a determination of eligibility to participate in the [*Employment Related Day*
35 *Care subsidy program*] **Oregon Child Care Affordability Program** consider the availability of
36 family to attend to the child, regardless of the family's physical presence.

37 (6) In developing rules under this section, the council shall consider policies for increasing the
38 stability and continuity of a child's access to a family's preferred child care facility.

39 (7) Rules adopted by the council under this section establish minimum requirements pertaining
40 to the [*Employment Related Day Care subsidy program*] **Oregon Child Care Affordability Program**
41 and may not be construed to preempt, limit or otherwise diminish the applicability of any policy,
42 standard or collective bargaining agreement that provides for an increased subsidy or a subsidized
43 care facility reimbursement amount under state or federal law.

44 (8)(a) The council shall work to meet federal recommendations for income eligibility and market
45 access in regard to the [*Employment Related Day Care subsidy program*] **Oregon Child Care**

1 **Affordability Program** administered by the council.

2 (b) Notwithstanding any provision of this section or any rule adopted by the council pursuant
3 to this section, the laws and regulations applicable to any federal funds shall govern when any as-
4 pect of child care is funded by federal funds.

5 **SECTION 4.** ORS 329A.723 is amended to read:

6 329A.723. As used in ORS 329A.720 to 329A.732:

7 (1) “Administrative costs” includes, but is not limited to, the direct and indirect costs incurred
8 by the Oregon Business Development Department for:

9 (a) Reviewing and processing applications for grants and loans for financial assistance submitted
10 by eligible applicants under ORS 329A.727.

11 (b) Monitoring the use of funds by recipients.

12 (2) “Child care facility” has the meaning given that term in ORS 329A.250.

13 (3) “Early child care infrastructure activity” means an activity that contributes to the develop-
14 ment of a robust child care system in this state.

15 (4) “Eligible applicant” means any of the following:

16 (a) A certified or registered family child care provider.

17 (b) A person or nonprofit organization that operates a child care facility.

18 (c) A child care center certified under ORS 329A.280 by the Department of Early Learning and
19 Care.

20 (d) Federally recognized Indian tribes in Oregon that are preschool providers participating in
21 the Preschool Promise Program established under ORS 329.172.

22 (e) Organizations that support the expansion or establishment of child care providers.

23 (f) Programs that serve children in publicly funded early learning and care programs including:

24 (A) Programs funded by the Early Childhood Equity Fund established under ORS 417.781.

25 (B) Relief nurseries.

26 (C) Programs that receive subsidies through the [*Employment Related Day Care subsidy*
27 *program*] **Oregon Child Care Affordability Program** under ORS 329A.500.

28 (D) Oregon Head Start, prekindergarten and Early Head Start programs.

29 (E) Programs that provide early childhood special education or early intervention services, as
30 provided by ORS 343.475.

31 (g) Culturally specific early learning, early childhood and parent support programs described
32 under ORS 417.782 (1).

33 (h) Any other applicants that the Oregon Business Development Department deems to be an el-
34 igible applicant as provided by department rule.

35 (5) “Family child care provider” has the meaning given that term in ORS 329A.430.

36 **SECTION 5.** ORS 406.072 is amended to read:

37 406.072. (1) As used in this section:

38 (a) “Uniformed service” means the Armed Forces of the United States, the Army National Guard
39 or the Air National Guard when the member is engaged in active duty for training, inactive duty
40 for training or full-time National Guard duty, the commissioned corps of the United States Public
41 Health Service and any other category of persons designated by the President of the United States
42 in time of war or national emergency.

43 (b) “Written information” means information that is in written form and includes but is not
44 limited to information obtained by electronic means, electronic mail, facsimile or other form of
45 electronic communication.

1 (2)(a) Subject to subsection (3) of this section and upon implementation or upgrade of an elec-
2 tronic delivery system that will enable the Department of Human Services to provide the notice
3 required by this subsection in a cost-effective and efficient manner, the Director of Human Services
4 shall notify the Director of Veterans' Affairs within 30 days of receipt of written information from
5 a member or veteran of a uniformed service who has applied for benefits or services under the fol-
6 lowing:

7 (A) Temporary assistance for needy families program under ORS 412.001 to 412.069;

8 (B) Assistance funded under Title IV-A of the Social Security Act as administered in this state
9 by the Department of Human Services;

10 (C) Supplemental Nutrition Assistance Program under ORS 411.806 to 411.845;

11 (D) Oregon Health Plan;

12 (E) Programs and services for seniors and persons with disabilities administered by the Depart-
13 ment of Human Services; and

14 (F) Vocational rehabilitation services and programs administered by the Department of Human
15 Services.

16 (b) Subject to subsection (3) of this section, the Early Learning System Director shall notify the
17 Director of Veterans' Affairs within 30 days of receipt of written information from a member or
18 veteran of a uniformed service who has applied for benefits or services under the [*Employment Re-*
19 *lated Day Care subsidy program*] **Oregon Child Care Affordability Program** administered by the
20 Department of Early Learning and Care.

21 (c) The notification required under this subsection is limited to notifying the Director of
22 Veterans' Affairs of the name and residence address or mailing address of the member or veteran.

23 (d) The authorization of a member or veteran as required by subsection (3) of this section may
24 be contained in the written information at the time it is received by the Department of Human
25 Services or the Department of Early Learning and Care or separately at another time but the au-
26 thorization must specifically authorize the notification to be made under this subsection.

27 (3) The Director of Human Services or the Early Learning System Director shall notify the Di-
28 rector of Veterans' Affairs as required by subsection (2) of this section only when authorized to do
29 so by the member or veteran of a uniformed service who submitted the written information.

30 (4) The Department of Human Services and the Early Learning Council, in consultation with the
31 Department of Veterans' Affairs, shall adopt rules to implement the provisions of this section, in-
32 cluding but not limited to the method of notification required under subsection (2) of this section.

33 **SECTION 6. (1) The amendments to ORS 315.264, 329A.500, 329A.723 and 406.072 and sec-**
34 **tion 28, chapter 27, Oregon Laws 2022, by sections 1 to 5 of this 2025 Act are intended to**
35 **change the name of the "Employment Related Day Care subsidy program" to the "Oregon**
36 **Child Care Affordability Program."**

37 **(2) For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel**
38 **may substitute for words designating the "Employment Related Day Care subsidy**
39 **program," wherever they occur in statutory law, other words designating the "Oregon Child**
40 **Care Affordability Program."**

41 **SECTION 7. (1) The amendments to ORS 315.264, 329A.500, 329A.723 and 406.072 and sec-**
42 **tion 28, chapter 27, Oregon Laws 2022, by sections 1 to 5 of this 2025 Act become operative**
43 **on July 1, 2027.**

44 **(2) The Department of Early Learning and Care shall take any action before the operative**
45 **date specified in subsection (1) of this section that is necessary to update department re-**

1 sources to reflect the name of the Oregon Child Care Affordability Program on and after the
2 operative date specified in subsection (1) of this section.

3 (3) The Early Learning Council shall take any action before the operative date specified
4 in subsection (1) of this section that is necessary to update its rules to reflect the name of
5 the Oregon Child Care Affordability Program on and after the operative date specified in
6 subsection (1) of this section.

7
8 **STAKEHOLDER CONSULTATION**

9
10 **SECTION 8.** (1) The Department of Early Learning and Care shall collaborate with not
11 more than 10 interested stakeholders to study and develop recommendations to remove
12 families from the Employment Related Day Care subsidy program wait-list using existing
13 resources, including implementation plans and any legislative changes.

14 (2) Interested stakeholders must include, at a minimum, the following persons:

15 (a) A person who represents the Department of Human Services Self Sufficiency Pro-
16 grams;

17 (b) A person who represents the Oregon Eligibility Partnership;

18 (c) A person who is an early childhood advocate with experience working with child care
19 providers;

20 (d) A person who is an early childhood advocate with experience working with families
21 who receive subsidized child care; and

22 (e) A person who is a child care provider certified under ORS 329A.280, registered under
23 ORS 329A.330 or regulated under ORS 329A.500.

24 (3) The department shall submit a report on the recommendations developed under this
25 section in the manner provided by ORS 192.245 to the interim committees of the Legislative
26 Assembly related to early childhood no later than September 30, 2026.

27 **SECTION 9.** Section 8 of this 2025 Act is repealed on January 2, 2027.

28
29 **CAPTIONS**

30
31 **SECTION 10.** The unit captions used in this 2025 Act are provided only for the conven-
32 ience of the reader and do not become part of the statutory law of this state or express any
33 legislative intent in the enactment of this 2025 Act.