



Legislative Fiscal Office
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2026 Regular Session

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Bill Title: Relating to child care.

Government Unit(s) Affected: Department of Early Learning and Care, Task Force/Committee/Workgroup, Department of Consumer and Business Services, Department of Administrative Services

Summary of Fiscal Impact:

Costs related to the measure are anticipated to be minimal - see explanatory analysis.

Measure Description

The measure modifies Employment Related Day Care subsidy program (ERDC) priority consideration for families under the Temporary Assistance for Needy Families (TANF) program by making the ERDC priority qualification for TANF families optional. The measure also directs the Department of Early Learning and Care (DELIC) to convene a work group to study the cost and availability of liability insurance and other liability issues for child care providers. To the extent practicable, the work group is to consist of representatives of child care providers, DELIC, Department of Consumer and Business Services (DCBS), and Department of Administrative Services (DAS).

Fiscal Analysis

Department of Early Learning and Care

Currently, DELIC is required to allow all TANF families to bypass the ERDC waitlist. Changing this requirement will enable DELIC to temporarily pause the TANF bypass to help control its caseload growth to stay within budget. In recent years, the Legislature has expanded ERDC eligibility. HB 3073 (2021) expanded family eligibility for subsidized child care and increased subsidy reimbursement rates. HB 2683 (2023) directed DELIC to adopt rules to expand program access to higher income levels and include families in the Child Welfare system receiving reunification services. These changes in eligibility have led to rapid growth in the ERDC program and necessitated the implementation of a waitlist to limit the caseload to available funding in the 2023-25 biennium. Specific populations can bypass the waitlist, including families receiving TANF. This expansion, however, has proved to be unsustainable. As a result, the caseload significantly increased when ERDC moved to DELIC in July 2023. DELIC instituted a waitlist for the program to help slow growth, allowing only certain populations to bypass the waitlist. These efforts have generally slowed growth; however, ERDC can sustainably serve only 10,000 families. As of January 2026, the caseload was at 11,936 families, and there is currently no way to stop the ERDC caseload from continuing to grow. By allowing DELIC to close the ERDC waitlist bypass, the measure is projected to create a natural attrition rate of 2.6% monthly, which will generate cost savings for the ERDC program. There is otherwise no fiscal impact to DELIC.

Other entities

The measure is anticipated to have a minimal fiscal impact on DAS and DCBS.

Relevant Dates

The measure takes effect on the 91st day after sine die. The child care liability insurance work group is to report to the Legislature by November 1, 2027. The work group sunsets on January 2, 2029.