



Child Care That Works. For Every Family.

To: Senate Committee on Early Childhood and Behavioral Health
From: Child Care for Oregon
Date: February 10, 2026
RE: SB 1535 - TANF Bypass

Chair Reynolds, Vice-Chair Anderson, and members of the Committee,

We are the Child Care for Oregon Coalition—a coalition of nonprofit organizations, labor unions, community advocates, parents, caregivers and providers working to build a comprehensive early learning and child care system in Oregon. Although we are neutral on this bill, we want to ensure this Committee understands the full consequences of suspending the TANF bypass for the Employment Related Day Care (ERDC) program.

Just five years ago, we celebrated real progress. HB 3073 (2021) expanded ERDC access to TANF families, domestic violence survivors, and families going through the child welfare system. Beginning in July 2023, we granted TANF families categorical eligibility—meaning they could bypass the ERDC waitlist and access child care immediately. In just two years, we increased child care access for TANF families by 425%. ERDC grew by 32% from 2020 to 2023, serving over 15,000 families, more than any year since 2014. Families have stayed in the program longer for 13 months instead of 7, giving them real stability. These are not just statistics—they are mothers and caregivers who took a job, and children who are now safe and cared for. Today, we're here discussing whether that is taken away.

DELC faces an \$88 million budget deficit for the ERDC program. Without immediate action from the Legislature, DELC will exhaust ERDC funds by January 2027—less than a year away. That means the over 12,000 families currently receiving vouchers will lose their child care.

This is a funding failure, not a program failure. This deficit is the direct result of chronic underfunding from the Legislature, even as the program expanded. DELC is being asked to recover in 12 months a deficit that was created over three years. Without additional funding, DELC's only option is to suspend the TANF bypass for one year,

letting the caseload drop from serving 12,000 families to 6,000 families through natural attrition. That's cutting our program capacity in half. That's 12,000 children losing care. That's 6,000 parents and caregivers forced to choose between paying rent or paying for child care, between keeping a job or keeping their child safe.

Consider what that means for families. TANF families make \$1,040 a month for a family of three, while the average cost of toddler care in Oregon is \$20,040 per year. For families trying to transition off TANF, child care isn't a handout—it's the bridge to employment and self-sufficiency. Suspending the TANF bypass doesn't solve the budget crisis long-term; it just shifts the burden from the Legislature onto vulnerable families who need child care most.

Consider the 4,400 child care providers who accept ERDC payments. When families no longer can receive ERDC vouchers, providers lose enrollment and income. These small businesses working on thin margins will have to close their doors. Even if funding eventually returns, those providers won't reopen. Child care becomes even more unaffordable and inaccessible for families especially in rural communities and at all income levels. Oregon already loses \$1.4 billion in economic activity annually due to the shortage of infant and toddler care alone. We would be going backwards and exacerbating our fragile child care system.

The Child Care for Oregon Coalition is neutral on this bill because we understand DELC needs the legal authority to control the bypass to better manage the ERDC caseload. But let us be absolutely clear: funding the ERDC program is the real solution. Without additional funds, DELC will be forced to use this authority, and the caseload will drop to 6,000 families—a catastrophic outcome for children, working families, providers, and our entire child care system. That cannot be our standard. That cannot be our first and only choice. We urge this Legislature to fund the ERDC deficit now to prevent this outcome.

We implore this Committee, who understands the need for care early on and its long-term impacts on children and families, to choose child care and fund the ERDC program. Our children, families, and economy deserve better than a system managed by scarcity. We have the means and moral responsibility to protect our working families and providers—our youngest children, and future, deserve nothing less.

In Solidarity,

