

June 7, 2024

Alyssa Chatterjee  
Director, Department of Early Learning and Care  
700 Summer Street NE #350  
Salem, Oregon 97301

**Re: Oregon Child Care Development Fund (CCDF) 2025-2027 – Open Comment Period**

Dear Director Chaterjee,

On behalf of KinderCare Learning Companies (KinderCare), thank you for the opportunity to provide written comments on the state's draft CCDF Plan for 2025-2027. KinderCare proudly serves over 6,600 children at our 23 high quality early learning centers and 109 before/after school Champions sites across Oregon. We are committed to serving all children regardless of background and financial circumstance, and we are proud of the diverse group of children we serve. Approximately 27% of the children we serve in Oregon receive assistance through Employment Related Day Care (ERDC).

First, we would like to thank the Department of Early Learning & Care (DELIC) for its innovative leadership in many policy areas outlined in the State Plan. Notably, we applaud DELIC for:

- Reimbursing at or above the 80<sup>th</sup> percentile of the 2022 Regional Market Rate survey and providing tiered reimbursement through Spark.
- Applying no limitations on absences. Such policy reflects the realities of families and children and helps stabilize payments for providers.
- Capping family fees well below 7% of a families' income, thus making care more affordable and accessible.

We note that Oregon moved towards these policies independently of and prior to the new [2024 Child Care and Development Fund \(CCDF\) Final Rule](#), which requires states to implement these policies, among others. We applaud Oregon for taking such proactive steps towards increasing affordability for parents and reimbursing providers closer to market rates.

Our recommendations to the State Plan below stem from our extensive operations throughout Oregon, our service of nearly 1,800 children through ERDC, and our experience of working across 40 states, and D.C., and seeing innovative approaches to meet the incredible child care needs of families. Please consider KinderCare a partner in delivering high-quality early learning and school-age programming for children across Oregon.

*Payment Rates and Payment Practices*

**4.4.1.** We appreciate DELIC moving towards an enrollment-based payment system, and with time, resolving the need to bill monthly. Such transition will greatly benefit providers and families alike.

Additionally, we support prospective payments in conjunction with enrollment-based payment practices but caution that the payments should be made regularly, such as monthly or bi-monthly. If done quarterly or longer, this could present accounting issues and extra administrative burdens on centers when doing true-ups at the end of the payment cycle.

Once fully implemented, we hope the enrollment-based system can replace the current monthly billing process. To best achieve this, we recommend DELC adopt the policy to reimburse based on the family's maximum authorization. This will best meet the needs of parents, especially those with variable work schedules, while providing predictable payments to providers.

**Recommendation:** We appreciate DELC's comments in the State Plan and commitment to fully implementing an enrollment-based payment system with the help of a new provider management platform. Once implemented, we hope this new system will replace the current need to bill monthly.

Further, we encourage DELC to move toward prospective payments once enrollment-based payments can be fully achieved. Such sequencing will alleviate administrative challenges with subsidy payments and help streamline processes. Lastly, we recommend adopting a policy to reimburse based on a family's maximum authorization.

### Adequate Payments

**4.3.3 (c)** Updated [CCDF regulations](#) codified (at § 98.45(g)) an existing policy that allows Lead Agencies to reimburse child care providers at the Agency's established subsidy payment rate to more closely match the cost of care, even if that amount is greater than the tuition charged to parents who do not receive subsidy.

Such policies are needed to ensure quality is supported across all child care settings, especially in under resourced communities that will be disproportionately affected by the capped rate. Simply put, the policy to reimburse based on maximum ERDC rate or published rate, whichever is lower, disproportionately affects low-income communities and disincentives high-quality care in the areas in which it is most needed.

**Recommendation:** Adopt the policy to reimburse providers at the established subsidy rate regardless of the provider's published rate. Such policy will support more options of high-quality care for families, especially those living in under-resourced communities.

**4.2.5 (a – d).** KinderCare supports basing reimbursement rates on cost drivers, not what families can afford to pay. Such models have been effective in ensuring that subsidy reimbursement rates more accurately reflect the true cost and quality of care provided. We applaud DELC's efforts to move this direction first by increasing reimbursement rates at or over the 80<sup>th</sup> percentile of the Regional Market Rate survey and make progress towards a Cost of Quality model.

However, such survey mechanisms are cumbersome and do not always capture the full operating expenses of child care operations. For example, it is unusual for child care providers

to operate at full licensed capacity – as such, models need to account for and build in lower enrolled than licensed capacity. As indicated in the State Plan, DELC has taken such approach with the RMR, which we encourage to continue through the Cost of Quality alternative rate model.

Additionally, our centers serve both subsidy and non-subsidy families alike. Should compensation be incorporated into the model, affordability of care for families that do not qualify for ERCD must be weighed and considered.

Lastly, facilities and rent are a significant portion of our operating budgets. It is critical that building and property maintenance, depreciation and upgrades are all considered in the full cost model.

**Recommendation:** Ensure the Cost of Care model accounts for: 1) providers operating below licensed capacity and ensure model is adaptable for large child care centers; 2) centers serving subsidy and non-subsidy families, especially related to wage considerations to ensure care is affordable and accessible for all families served; and 3) building and operating expenses, which continue to be a significant expense.

### Family Eligibility

**2.2.3.** KinderCare commends DELC and recent legislative action to help alleviate state ERDC waitlists. Such funds are necessary to support families who qualify for and need high-quality child care in order to work and support their families.

Additionally, we recommend that DELC explore categorical eligibility for ECE providers to bolster wages and address challenges in attracting and retaining ECE professionals. Categorical eligibility for ECE providers is a powerful financial incentive for those interested in joining and remaining in the ECE profession. States recognize the importance of this benefit due to the multiplier effect it ignites by offering immediate financial assistance to ECE professionals and making care more accessible to other working families who rely on their ECE teachers.

There is high demand for individuals entering the ECE workforce, and categorical eligibility has bolstered the recruitment and retention of many ECE professionals in states that have adopted such policies, such as: Arizona, Georgia, Iowa, Kentucky, Massachusetts, and Washington.

**Recommendation:** Explore categorical eligibility for ECE professionals, recognizing the critical role our workforce plays in supporting families and the Oregon economy overall.

### Minimum 12-month Eligibility

**2.5.2.** KinderCare appreciates DELC's commitment to connecting families to an array of safety-net programs. However, it is important that a family receive 12 months of ERCD eligibility. Such policy not only helps with family stability, but also promotes positive child development as children learn and thrive with continuity of care with the same trusted, nurturing ECE professionals.

**Recommendation:** We encourage DELC to explore ways to implement 12-month eligibility through the ONE system to support family stability and continuity of care for the child.

*Child Developmental Screening*

**6.3.4.** We appreciate DELC's commitment to developmental screening and integration through Spark. However, we encourage the department to incorporate more developmental screening tools beyond the Ages & Stages (ASQ) Questionnaire, recognizing the benefits and validity of many screeners. Such approach acknowledges the diversity of ECE programs and instructional frameworks.

At KinderCare, we use the BRIGANCE Early Childhood Screen III as the main developmental screener. The BRIGANCE, like the ASQ, is a valid, reliable, and widely accepted developmental screener designed for ECE professionals to administer. Unlike the ASQ, which is typically completed by the family, the BRIGANCE is teacher administered. At KinderCare, teachers screen all children under the age of 6 twice yearly and discuss the results in family-teacher conferences. In family-teacher conferences, families are encouraged to take the lead and think about whether the Brigance results reflect their observations at home. In this way, we can ensure that developmental screenings are happening at regular intervals, while actively creating meaningful connections with families, celebrating children's growth, working together to support areas of need, in addition to alerting families to potential delays.

**Recommendation:** Broaden the list of developmental screening tools beyond the ASQ to any evidence-based, valid tool tailored for each developmental stage.

KinderCare appreciates the opportunity to comment on this important State Plan. We look forward to working in partnership with DELC to increase access to affordable high-quality child care for families across Oregon while supporting the early childhood workforce. Should you have any questions, please do not hesitate to contact me at: [margot.gould@kindercare.com](mailto:margot.gould@kindercare.com)

Sincerely,



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