

HB 4158 -1 STAFF MEASURE SUMMARY

House Committee On Early Childhood and Human Services

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/7

WHAT THE MEASURE DOES:

The measure creates the Home and Small Center Child Care Fund in the State Treasury and directs the Oregon Business Development Department (Business Oregon), in consultation with the Department of Early Learning and Care (DELIC), to administer the fund. The measure requires Business Oregon to administer a grant program to provide financial assistance to child care facilities that serve no more than 75 children for certain allowable costs related to expanding or establishing child care infrastructure. The measure outlines restrictions and priorities for issuing grants when funds are insufficient. The measure requires Business Oregon, in consultation with DELIC, to adopt rules to implement the program. The measure appropriates \$5 million to Business Oregon for the current biennium for deposit in the Home and Small Center Child Care Fund.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

Detailed Summary:

Home and Small Center Child Care Fund (Section 1)

- Creates the Home and Small Center Child Care Fund in the State Treasury.
- Requires Business Oregon to administer the fund in consultation with DELIC.

Child Care Infrastructure Grant Program (Section 2)

- Requires Business Oregon to administer a grant program to provide financial assistance to child care facilities that serve up to 75 children for certain allowable costs related to expanding or establishing child care infrastructure.
- Requires Business Oregon to coordinate with DELIC and consult with relevant stakeholders to develop the grant program.
- Describes allowable costs as including, but not limited to, costs for facility planning and design, property acquisition, repairs and renovations, development projects, construction, support to organizations, and other costs identified by Business Oregon and DELIC.
- Requires Business Oregon to review applications on a case-by-case basis, prioritizing those that would serve a high proportion of child care subsidy recipients and distributing moneys so as to maximize child care infrastructure expansion statewide.
- Permits Business Oregon to spend up to ten percent of the moneys appropriated (\$500,000) on administrative costs and technical assistance contracts.
- Requires Business Oregon to prioritize applicants that serve certain populations if funds are insufficient to serve all approved applicants.
- Requires Business Oregon, in consultation with DELIC, to adopt rules to implement the program.

Appropriation (Section 3)

- Appropriates \$5 million to Business Oregon for the current biennium for deposit in the Home and Small Center Child Care Fund.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 The amendment replaces the measure. The amendment appropriates \$4.5 million General Fund to the Business Oregon for deposit in the Child Care Infrastructure Fund established under ORS 329A.725 to be used to provide financial assistance to certain eligible applicants for the grant program. The amendment also appropriates \$500,000 General Fund to DELC to provide technical assistance to certain eligible applicants. The amendment declares an emergency and is effective on passage.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

Detailed Summary:

Appropriation for Child Care Infrastructure Fund (Section 1)

- Appropriates \$4.5 million General Fund to Business Oregon for the current biennium for deposit in the Child Care Infrastructure Fund established under ORS 329A.725.
- Requires that moneys appropriated above be used to provide financial assistance under ORS 329A.727 to eligible applicants that are child care centers serving fewer than 75 children, certified and registered family child care homes, or organizations that support the expansion of child care providers.

Appropriation for Technical Assistance (Section 2)

- Appropriates \$500,000 to DELC for the current biennium to provide technical support to the eligible applicants described above as provided in ORS 329A.732.

Emergency Clause (Section 3)

- Declares emergency, effective on passage.

BACKGROUND:

Oregon continues to experience a shortage of child care statewide. According to a [2023 report by Oregon State University](#), nearly all of Oregon’s counties met the definition of “child care desert” for infants and toddlers in 2022, while 18 counties were considered child care deserts for preschool-age children. A child care desert is a geographic area in which child care slots are available to fewer than one third of the area’s children.

A major barrier experienced by child care providers, many of which are small, independently run businesses, to expanding Oregon’s supply of child care is the cost of opening and operating a regulated facility. This can include costs related to property acquisition, capital improvements, and workforce. In recent years, the Legislative Assembly has enacted legislation to address these concerns. In 2023, [House Bill 3005](#) (codified as [ORS 329A.720 to 329A.732](#)) created the Child Care Infrastructure Fund and directed the Oregon Business Development Department (Business Oregon) to issue financial assistance grants to child care providers to promote expansion of Oregon’s child care infrastructure.