

Department of Early Learning and Care

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund				465,511,497	560,227,774
Other Funds				457,602,430	456,090,126
Federal Funds				381,135,636	378,442,816
Total Funds	--	--	--	1,304,249,563	1,394,760,716
Positions				332	354
FTE				323.75	343.98

* Includes Emergency Board and administrative actions through December 2022.

Program Description

Created to unify, coordinate, and strengthen Oregon's early learning and child care system, the Department of Early Learning and Care (DELIC) was established by HB 3073 (2021) and takes effect on July 1, 2023. The new agency provides administrative structure and support to programs currently provided through the Department of Education (ODE), including programs such as Head Start, Preschool Promise, and Healthy Families Oregon; and to the Employment Related Day Care (ERDC) program, currently provided through the Department of Human Services (DHS). Program funding at the current service level is provided in nearly equal shares by federal funds, primarily the Child Care Development Block Grant; Other Funds, primarily the Early Learning Account of the Fund for Student Success; and General Fund.

Structured similarly to the Department of Education, DELIC's budget consists of an Operations structure, which accounts for staff, administrative expenses, and program oversight and operations; and a Grant-in-Aid structure, which accounts for programmatic expenses. Operationally, a twelve-member **Director's Office** leads the following staff organizations:

- **Office of Policy and Research**, which oversees policy development, legislation, administrative rules, development of guidance documents, and research, and evaluation efforts and functions.
- **Office of the Chief of Staff**, which provides a number of agency-wide services and includes a Project Management Office, Organizational Training and Engagement unit, Quality Assurance unit, Equity and Strategy unit, Data and Analytics unit, and Communications and Outreach services.
- **Chief Operations Office**, which includes Budget, Procurement, Financial, and Grants Management services; Information Technology, and the ERDC Direct Pay unit.
- **Office of Child Care**, which both establishes and oversees licensing requirements for child care facilities and ensures compliance with established licensing requirements.

- **Office of the Chief of Programs**, which designs, implements, oversees, and evaluates state-funded early learning and home visiting programs; develops and maintains regional early learning system partnerships; develops professional learning opportunities in early care and education programs; and oversees the administration of the ERDC program.

The Grant-in-Aid budget structure accounts for operating expenses, provider payments, and subsidy payments for the agency’s programs. These programs total \$1.2 billion at the current service level for 2023-25. Major programs include:

- **Oregon Prenatal to Kindergarten (OPK)**, Oregon’s state-funded Head Start and Early Head Start program, which provides comprehensive services to families with children through age five who live at or below 100% of the federal poverty level.
- **Preschool Promise**, which serves families with three- and four-year-olds who live at or below 200% of the federal poverty level. Free, high-quality preschool programs are offered in a variety of settings, including licensed home- and center-based care programs.
- **Early Childhood Equity Fund**, which provides resources to community-based organizations and programs that offer culturally specific early learning, early childhood, and parent support programs.
- **Employment Related Day Care (ERDC) subsidies**, which subsidize consistent, quality child care to eligible low-income families while they are working or attending school.
- **Healthy Families Oregon**, which is a free, voluntary home visiting program providing support and education to families who are expecting or parenting newborns.
- **Relief Nurseries**, which offer integrated early childhood therapeutic and family support services to prevent children and their families from needing additional child welfare services in the future.
- **Programs Supports**, including Early Learning professional development, parenting education, mental Healthy and behavior supports, and other program support functions.
- **Early Learning and Tribal Hubs**, which provide local community coordination between families with young children and services including early care and education providers, Head Start programs, Early Intervention/Early Childhood Special Education programs, K-12 education partners, and others.

CSL Summary

The current service level for DELC is \$1,304,249,563, with 332 positions (323.75 FTE), and includes not only programs currently operating, but administrative and support positions added during the 2021-23 biennium for operation of the new agency. HB 5202 (2022) added 66 positions (27.88 FTE) and \$6,838,406 General Fund to provide financial, human resources, and procurement services, among others; together, HB 4005 and SB 1547 added 20 positions (8.55 FTE in total) and \$2,394,934 General Fund to staff the Central Background Registry for the ERDC and other programs; and an additional \$4,122,830 was added to provide wage support to the Relief Nursery and Healthy Families Oregon programs. These costs and other new costs were biennialized and inflation factors were applied by ODE and DHS, and the CSL amounts were transferred into the new DELC budget structure for 2023-25. CSL contains funding for nearly 64,000 child care and early

learning slots and/or families served across the nine major state-supported early learning programs in the new agency. The ERDC program at the current service level is supported with \$96.6 million American Rescue Plan Act Federal Funds on a one-time basis for 2023-25.

The table below outlines the new agency’s budget structure and reflects the Governor’s budget

	2023-25 Governor's Budget							
	GF	OF	OF - ELA	Federal Funds	Federal Funds ARPA/PDG	TF	Pos	FTE
DEPARTMENT OPERATIONS								
Director's Office	4,219,416	131,337	-	-	-	4,350,753	15.0	14.76
Office of Policy & Research	3,364,680	250,000	248,897	1,005,270	-	4,868,847	13.0	13.00
Chief of Staff	5,605,997	-	360,729	2,177,527	-	8,144,253	30.0	29.67
Chief Operations Office	17,973,230	1,204,524	906,938	5,754,302	-	25,838,994	80.0	79.26
Office of Child Care	10,880,825	4,331,714	-	30,448,845	-	45,661,384	156.0	148.09
ARPA Discretionary	-	-	-	-	15,480,804	15,480,804	-	-
Chief of Programs	13,880,116	547,184	3,712,562	3,710,936	-	21,850,798	60.0	59.20
Total 2023-25 DELC Operations	55,924,264	6,464,759	5,229,126	43,096,880	15,480,804	126,195,833	354.0	343.98
Grant-in-Aid								
Oregon Prenatal to Kindergarten	197,425,538	-	193,523,713	-	-	390,949,251		
Preschool Promise (PSP)	60,514,373	-	147,797,300	-	-	208,311,673		
Early Child Hood Equity Fund	1,740,348	-	24,862,120	-	-	26,602,468		
Early Learning Professional Development	-	-	26,050,000	-	-	26,050,000		
Early Learning Parenting Education	-	-	4,257,612	-	-	4,257,612		
Early Learning Program Supports	9,000,000	-	17,581,856	-	-	26,581,856		
Mental Health & Behavior Support	7,871,095	-	-	-	-	7,871,095		
Child Care Supports	11,883,260	2,317,595	-	56,170,276	-	70,371,131		
ARPA Discretionary Funds	-	-	-	-	26,187,824	26,187,824		
Baby Promise	-	-	-	9,115,416	-	9,115,416		
PDG Federal Grant	-	-	-	-	12,667,881	12,667,881		
ERDC Subsidy	141,421,086	-	-	119,087,995	-	260,509,081		
ARPA Discretionary Funds	-	-	-	-	96,635,740	96,635,740		
Healthy Families(HFO)	34,120,139	3,539,250	6,075,668	-	-	43,735,057		
Relief Nurseries	13,887,321	2,350,446	8,170,114	-	-	24,407,881		
Early Learning Hubs	16,347,374	2,779,383	3,803,822	-	-	22,930,579		
Early Learning Tribal Hub	626,398	-	-	-	-	626,398		
Early Learning KPI	9,466,578	-	-	-	-	9,466,578		
Other Early Learning Grants	-	1,287,362	-	-	-	1,287,362		
2023-25 Total Grant-in-Aid	504,303,510	12,274,036	432,122,205	184,373,687	135,491,445	1,268,564,883	-	-
2023-25 Total DELC Budget	560,227,774	18,738,795	437,351,331	227,470,567	150,972,249	1,394,760,716	354.0	343.98

Policy Issues

In addition to establishing the new agency, HB 3073 (2021) expanded family eligibility for subsidized child care and increased subsidy reimbursement rates. Eligibility for subsidized child care was expanded to include families where parents and caregivers are full-time students, children in foster care, and undocumented children. Eligibility for services was expanded to a twelve-month period, hours were increased for parents with non-traditional work schedules, and eligibility was extended to include family well-being activities. Reimbursement rates were changed from a market-based rate to a “true cost of care” rate model, which has yet to be developed. Funding for these changes was not included in HB 3073, and was not budgeted in the 2021-23 biennium except for the \$26.6 million General Fund appropriated to DHS in HB 4005 to increase ERDC rates beginning in June 2022. The Governor’s budget makes a net investment of \$29.6 million General Fund for enhanced rates, expanded eligibility, and support functions needed to complete the ERDC program move from DHS to DELC (*see below*).

Roll-out of the expanded Preschool Promise program in the fall of 2022 was delayed due to agency understaffing, which left families without child care and child care providers without new clients. This delay in one program surfaced the risks facing the new agency for all of its programs if its business processes and IT systems are not in place and functional prior to July 1, 2023. Efforts to improve provider wages and benefits, increase the number of child care slots available to families, and ensure that professional development opportunities are available to child care professionals will be hindered if the new agency is not able to manage budgets and accounting functions, grants and procurements, payroll, and - perhaps especially - payments to providers. After July 1st, DELC will not be able to use ODE’s Electronic Grants Management System, which the Early Learning Division used for provider payments when it was a division within ODE, leaving it without a means to pay its grantees absent a new system, the procurement of which is proceeding under a very tight timeline. Other systems under development include a provider management platform, new data infrastructure, and the Healthy Families Oregon database funded in the Governor’s budget in POP 108.

Governor’s Budget Summary

In recognition of its status as a new agency and after several biennia of sizeable investments in early learning programs, the Governor’s budget includes investments intended to strengthen the early learning system and support the new agency’s operations in its first biennium. The Governor’s budget for DELC totals \$1.39 billion - \$560.2 million General Fund, \$456.1 million Other Funds, \$227.5 million Federal Funds, with 354 positions and 343.98 FTE. This represents a 6.9% increase from current service level, adding a total of \$90.5 million (\$94.7 million General Fund) and 22 positions (20.23 FTE). Policy packages included in the Governor’s budget are:

- POP 101, Program Expansion and Enhancement. The Governor’s budget provides \$62.5 million General Fund for targeted rate increases in the Oregon Prenatal to Kindergarten (OPK), Preschool Promise, Healthy Families Oregon, and Relief Nurseries programs and in the Early Childhood Equity Fund. Included in this amount is \$7 million to fund inclusionary supports to reduce class size ratios for children experiencing disabilities, and \$2 million for community transportation supports for families with limited transportation options.

- POP 102, ERDC Implementation. The Governor’s budget provides a net investment of \$29.6 million to increase rates for ERDC providers, provide funding for a limited expansion of ERDC eligibility, and make funding available to make IT system changes and support the transfer of the ERDC program from DHS to DELC. The total investment of \$41.2 million General Fund in Package 102 is offset by a reduction in ERDC subsidy funds of \$11.6 million to reflect underspending in the ERDC program.
- POP 105, Program Quality Assurance. The Governor’s budget provides \$1.2 million General Fund, \$550,000 Other Funds, and seven positions (6.44 FTE) to monitor state-funded early childhood programs to ensure that quality early childhood services are being delivered in all settings.
- POP 106, Provider and Family Engagement. The Governor’s budget provides \$250,000 General Fund to compensate early childhood providers and families when they participate in community engagement activities.
- POP 107, DELC Operations. The Governor’s budget provides \$2 million General Fund, \$648,000 Other Funds, and thirteen positions (12.03 FTE) to bolster operational capacity in human resources, accounting, compliance, payroll, and other administrative service functions.
- POP 108, Healthy Families Oregon database. The Governor’s budget provides \$800,000 General Fund to create a database for the Healthy Families Oregon program in order for the program to remain in compliance with national accreditation requirements.

Other packages funded in the Governor’s budget include POP 109, which provides \$211,000 total funds to address position re-classifications; POP 110, which provides \$300,000 General Fund for community-based research and evaluation contracts; and several technical packages that adjust state government service charges, Attorney General rates, and make net reductions of \$6.6 million total funds to services and supplies and personal services budgets.

Key Performance Measures

Key Performance Measures for the Early Learning Division are currently found in ODE’s Annual Performance Progress Report, which can be found on the LFO website: [KPM - View Report \(oregonlegislature.gov\)](#)