

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Education Subcommittee

From: Julie Neburka, Legislative Fiscal Office

Date: May 25, 2023

Subject: HB 5013 – Department of Early Learning and Care
Work Session Recommendations

Department of Early Learning and Care – Agency Totals

	2019-21 Legislatively Approved	2021-23 Legislatively Approved	2023-25 Current Service Level	2023-25 LFO Recommended
General Fund	282,688,428	314,909,410	465,511,497	474,170,902
Other Funds	224,667,242	372,070,651	457,602,430	456,996,614
Federal Funds	270,753,970	767,972,059	381,135,636	381,236,579
Total Funds	778,109,640	1,454,952,120	1,304,249,563	1,312,404,095
Positions	195	304	332	341
FTE	180.71	249.60	323.75	332.35

Note: Programs that make up the Department of Early Learning and Care were budgeted in the Departments of Education and Human Services in prior biennia. Amounts shown for 2019-21 and 2021-23, above, reflect only Department of Education budgets.

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 Oregon Prenatal to Kindergarten, 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.

Adjustments to Current Service Level

See attached “Work Session Presentation Report.”

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5013. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5013, with modifications. (VOTE)

Performance Measures

See attached “Legislatively Proposed 2023-25 Key Performance Measures.”

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

Recommended Changes

LFO recommends a budget of \$474,170,902 General Fund, \$456,996,614 Other Funds, \$381,236,579 Federal Funds, and 341 positions (332.35 FTE), which is reflected in the –1 amendment.

MOTION: I move adoption of the –1 amendment to HB 5013. (VOTE)

Final Subcommittee Action

LFO recommends that HB 5013, as amended by the –1 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move HB 5013, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2021-23 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2023-25 Base Budget	-	-	-	-	-	-	-	-	-
060: Technical Adjustments	465,511,497	-	457,602,430	381,135,636	-	-	1,304,249,563	332	323.75
2023-25 Current Service Level	465,511,497	-	457,602,430	381,135,636	-	-	1,304,249,563	332	323.75
Adjusted 2023-25 Current Service Level	465,511,497	-	457,602,430	381,135,636	-	-	1,304,249,563	332	323.75
Total LFO Recommended Packages	8,659,405	-	(605,816)	100,943	-	-	8,154,532	9	8.60
2023-25 Legislative Actions	474,170,902	-	456,996,614	381,236,579	-	-	1,312,404,095	341	332.35
Net change from 2021-23 Leg Approved Budget	474,170,902	-	456,996,614	381,236,579	-	-	1,312,404,095	341	332.35
Percent change from 2021-23 Leg Approved Budget	100.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Net change from 2023-25 Adj Current Service Level	8,659,405	-	(605,816)	100,943	-	-	8,154,532	9	8.60
Percent change from 2023-25 Adj Current Service Level	1.9%	0.0%	(0.1%)	0.0%	0.0%	0.0%	0.6%	2.7%	2.7%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2021-23 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2023-25 Base Budget	-	-	-	-	-	-	-	-	-
060: Technical Adjustments	52,309,634	-	12,600,373	61,270,504	-	-	126,180,511	332	323.75
2023-25 Current Service Level	52,309,634	-	12,600,373	61,270,504	-	-	126,180,511	332	323.75
Adjusted 2023-25 Current Service Level	52,309,634	-	12,600,373	61,270,504	-	-	126,180,511	332	323.75
Total LFO Recommended Packages	1,538,345	-	-	100,943	-	-	1,639,288	9	8.60
2023-25 Legislative Actions	53,847,979	-	12,600,373	61,371,447	-	-	127,819,799	341	332.35
Net change from 2021-23 Leg Approved Budget	53,847,979	-	12,600,373	61,371,447	-	-	127,819,799	341	332.35
Percent change from 2021-23 Leg Approved Budget	100.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Net change from 2023-25 Adj Current Service Level	1,538,345	-	-	100,943	-	-	1,639,288	9	8.60
Percent change from 2023-25 Adj Current Service Level	2.9%	0.0%	0.0%	0.2%	0.0%	0.0%	1.3%	2.7%	2.7%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 090 Analyst Adjustments

Package Description This package makes targeted reductions to services and supplies and professional services budgets in the Operations Division, none of which are anticipated to have an impact on direct services or programs.

LFO Recommendation Approve the package.

LFO Recommended	(853,615)	-	-	-	-	-	(853,615)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 107 DELC Operations

Package Description This package adds \$1,185,133 General Fund, \$100,943 Federal Funds, and 6 positions (5.60 FTE) to support various administrative programs in the Department. These positions resolve gaps in the agency's administrative structure or were requested during the 2022 legislative session and were deferred at that time. These positions are:

- 1 Safety Specialist 2 position, in order for the agency to have a Safety Officer
- 1 Auditor 3 position, in order for the agency to have an internal audit function
- 1 Human Resources Assistant position, to provide backup to the agency's single payroll position
- 1 Research Analyst 2 position, to make a current limited-duration position permanent
- 1 Program Analyst 1 position, to provide grants management support for the Preschool Promise program
- 1 Principal Executive Manager D position, to manage the Suspensions program.

LFO Recommendation Approve the package.

LFO Recommended	1,185,133	-	-	100,943	-	-	1,286,076	6	5.60
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 108 Healthy Families Oregon Database

Package Description The package provides funding for a database for the Healthy Families Oregon program to remain in compliance with national accreditation requirements. Currently, HFO manages the collection and management of data on 3,000 families annually by manually entering information in spreadsheets to meet the program data reporting and the requirements to maintain accreditation. Acquiring a new technical solution for HFO will streamline the way HFO data is collected, tracked, analyzed, and reported and will minimize misreported data.

LFO Recommendation Approve the package.

LFO Recommended	800,000	-	-	-	-	-	800,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 109 DELC Positions Clean Up

Package Description This package requested funding for a variety of position reclassifications, both completed and planned. Such reclassifications are often made in the normal course of agency business, as business requirements and workloads can grow and change such that employees find themselves faced with a job that has significantly changed.

LFO Recommendation Position reclassifications are typically made during the biennium through an administrative process documented in Permanent Finance Plans. LFO recommends that the agency's position reclassifications be made through that process after its establishment on July 1, 2023.

LFO Recommended	-	-	-	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description This package adds \$406,827 General Fund and makes three limited duration positions (3.00 FTE) permanent. These positions were added on a limited duration basis during the 2022 legislative session (SB 1547, 2022) to address a backlog of background checks in the Office of Child Care. This backlog was created in part by new provisions in SB 1547 that required operators, employees, and certain volunteers in recorded programs to be enrolled in the Central Background Registry. As these requirements are ongoing, the volume of background checks remains high, and the positions are required in order to maintain the agency's current rate of background check approvals, 75% of which are completed in four weeks or less.

Additionally, this packages adds revenue from a transfer from the Department of Education from the Early Learning Account to the Department of Early Learning and Care to support administrative and operating costs for programs funded with Early Learning Account funds.

LFO Recommendation Approve the package.

LFO Recommended	406,827	-	-	-	-	-	406,827	3	3.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2021-23 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2023-25 Base Budget	-	-	-	-	-	-	-	-	-
060: Technical Adjustments	413,201,863	-	445,002,057	319,865,132	-	-	1,178,069,052	-	-
2023-25 Current Service Level	413,201,863	-	445,002,057	319,865,132	-	-	1,178,069,052	-	-
Adjusted 2023-25 Current Service Level	413,201,863	-	445,002,057	319,865,132	-	-	1,178,069,052	-	-
Total LFO Recommended Packages	7,121,060	-	(605,816)	-	-	-	6,515,244	-	-
2023-25 Legislative Actions	420,322,923	-	444,396,241	319,865,132	-	-	1,184,584,296	-	-
Net change from 2021-23 Leg Approved Budget	420,322,923	-	444,396,241	319,865,132	-	-	1,184,584,296	-	-
Percent change from 2021-23 Leg Approved Budget	100.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	7,121,060	-	(605,816)	-	-	-	6,515,244	-	-
Percent change from 2023-25 Adj Current Service Level	1.7%	0.0%	(0.1%)	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 090 Analyst Adjustments

Package Description This package reduces Other Funds expenditure limitation and General Fund support for the overall Grant-in-Aid program in order to balance program revenues to budgeted expenditures. This reduction is not anticipated to affect programs or services.

LFO Recommendation Approve the package.

LFO Recommended	(378,940)	-	(605,816)	-	-	-	(984,756)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 ERDC Implementation

Package Description This package funds interagency agreements with the Department of Human Services related to the ERDC program. \$3,000,000 General Fund is provided to support program administration to meet federal requirements (audits, fraud review, collection of overpayments and eligibility determinations), to fund technology system changes required to implement the non-citizen children eligibility requirement, and to address additional policy changes to improve ERDC program administration.

LFO Recommendation Approve the package.

LFO Recommended	3,000,000	-	-	-	-	-	3,000,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description This package provides \$1.6 million General Fund to the Relief Nurseries program and \$1.7 million General Fund to programs funded through the Early Childhood Equity Fund for increasing provider rates by 7% over the current service level in order to recruit and retain qualified staff in these programs. It adds \$1.2 million General Fund to the Healthy Families Oregon program to restore the program in Lincoln County.

Additionally, this packages adds revenue from a transfer from the Department of Education from the Early Learning Account to the Department of Early Learning and Care to support operating costs for programs funded with Early Learning Account funds.

LFO Recommendation Approve the package.

Budget Instructions In order to retain qualified staff for OPK classrooms, the agency is instructed to allocate up to \$25.6 million of its 2023-25 OPK budget to fund increases to provider rates by 7% over the current service level. Additionally, the agency is instructed to allocate up to \$16.7 million of its 2023-25 budget for Preschool Promise to fund increases to provider rates by 7% over the current service level in order to recruit and retain qualified staff; and to allocate up to \$2.8 million of its 2023-25 budget for Healthy Families Oregon to increase provider rates by 7% over the current service level in order to recruit and retain qualified staff.

LFO Recommended	4,500,000	-	-	-	-	-	4,500,000	-	-
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Legislatively Proposed 2023 - 2025 Key Performance Measures

Published: 5/8/2023 12:11:42 PM

Agency: Department of Early Learning and Care

Mission Statement:

The Department of Early Learning and Care was created to increase quality and efficiency, bringing Oregon's early learning and care functions under one agency, with support staff to better serve families, children, and providers.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
1. Protecting the Health and Safety of Children in Care - Percentage of citations for a serious valid finding that received a timely follow-up visit to confirm compliance		Proposed New		87%	88%
2. Access to Early Care and Education: Infants & Toddlers - Percentage of infants/toddlers (birth – 2 years) with access to a regulated child care slot		Proposed New		16.400%	17.400%
3. Access to Early Care and Education: Preschool Age - Percentage of preschool age children (3-4 years) with access to a regulated child care slot. Regulated child care slots include Centers, Certified Family, and Registered Family Providers		Proposed New		36.650%	37.650%
4. Early Learning Workforce Retention (all) - Percentage of early learning providers who have remained in the workforce		Proposed New		66.050%	67.050%
5. Early Learning Workforce Retention (by race and ethnicity) - Percentage of early learning providers who have remained in the workforce disaggregated by race and ethnicity	American Indian/Alaskan Native	Proposed New		67.150%	68.150%
	Asian			69.250%	70.250%
	Black/African American			70.300%	71.300%
	Hispanic/Latino/Spanish			75.550%	76.550%
	Native Hawaiian/Pacific Islander			65.050%	66.050%
	White			71.350%	72.350%
	Multiracial			72.400%	73.400%
	e) Early Learning Workforce Retention (by race and ethnicity)				
6. Timely Central Background Registry (CBR) Approvals - Percentage of Central Background Registry (CBR) applications conditionally or fully approved in four weeks or less		Proposed New		64.410%	67.410%
7. Customer Satisfaction - Percent of customers rating their satisfaction with the DELC customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	g) Customer Service Overall	Proposed New		75%	76%
	g) Timeliness			75%	76%
	g) Helpfulness			75%	76%
	g) Expertise			75%	76%
	g) Availability of Information			75%	76%
	g) Accuracy			75%	76%

LFO Recommendation:

The Legislative Fiscal Office recommends that the KPMs be approved as presented.

LFO notes that the Department of Early Learning and Care will start as a new agency as of July 1, 2023, and has the opportunity over the next biennium to evaluate its operations and performance with an eye toward which of its KPMs provide useful information for helping the agency to achieve its mission and goals. DELC has proposed one new KPM already (#6) in order to monitor its progress toward resolving and eliminating a backlog of applications for background checks through its Central Background Registry (CBR). The CBR is a comprehensive background check system that is mandatory for obtaining federal funds through the Child Care and Development Fund (CCDF). These background checks involve a multistep process, encompassing in-state, out-of-state, and federal checks, which are based on fingerprints. DELC's goal is to achieve full recovery from the CBR application backlog that began in 2022 and continued into early 2023 and to provide efficient background check services for Oregon's child care work force, approving applicants in four weeks or less. In closely monitoring this KPM over the next biennium and identifying opportunities to increase efficiencies, ensure appropriate staffing levels are in place, and transition to an improved licensing database, DELC expects to achieve three percent increases in timely CBR approvals as part of the Annual Performance Progress Reports in 2024 and another three percent increase again in 2025.

In order to establish baseline data for its customer service KPM (#7), DELC is designing and will launch a customer survey after it begins operations July 1.

SubCommittee Action: