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## JOINT COMMITTEE ON WAYS AND MEANS

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Representative Smith, House Co-Vice Chair

**To:** Education Subcommittee

**From:** Wendy Gibson, Legislative Fiscal Office

**Date:** June 3, 2025

**Subject:** SB 5514 – Department of Early Learning and Care  
Work Session Recommendations

Department of Early Learning and Care				
Agency Totals				
FUND TYPE	2021-23 ACTUAL	2023-25 LEGISLATIVELY APPROVED	2025-27 CURRENT SERVICE LEVEL	2025-27 LFO RECOMMENDED
General Fund	-	593,748,845	748,869,431	741,005,493
Other Funds	-	472,868,598	496,548,378	461,548,029
Federal Funds	-	390,133,739	249,626,020	247,006,772
<b>TOTAL FUNDS</b>	-	<b>1,456,751,182</b>	<b>1,495,043,829</b>	<b>1,449,560,294</b>
Positions	-	367	357	376
FTE	-	356.41	352.50	369.20

The 2025-27 LFO recommended budget for the Department of Early Learning and Care is \$1.4 billion total funds and 376 positions (369.20 FTE). This is a \$45.5 million total fund, or 3%, reduction from the 2025-27 current service level budget and a \$7.2 million total fund, or 0.5%, reduction from the 2023-25 legislatively approved budget.

The LFO recommendation includes the following investments:

- In agency operations, a total of \$2.6 million General Fund is provided for the establishment of seven permanent positions (5.64 FTE) to enhance operational capacity in accounting, data analytics, project management, and program design and administration. Additionally, the funding provides resources for professional services and ongoing maintenance and support of new systems, including the Awards

Management System and the Healthy Families Oregon database. Lastly, One payroll analyst position (1.00 FTE) is abolished, and the workload is shifted to shared payroll services provided by the Department of Administrative Services.

- In child care licensing, \$3.1 million Federal Funds expenditure limitation is provided for the establishment of 13 permanent positions (12.06 FTE) to lower licensing caseloads to the national best practice ratios and strengthen customer service and compliance demands.
- In early learning programs, \$0.7 million General Fund that is currently budgeted for the Early Learning Tribal Hubs is deposited in the new Tribal Early Learning Fund established in HB 2815 (2025).

The May 2025 Oregon Economic and Revenue Forecast, conducted by the Department of Administrative Services' Office of Economic Analysis, projects the available Corporate Activity Tax resources to total \$3.16 billion for the 2025-27 biennium. This represents a decrease of \$195.3 million from the current service level budget. At this revenue level, the Fund for Student Success is not able to sustain the 2025-27 current service level budget. The LFO recommendation includes a series of reductions from the Early Learning Account to maximize available resources and balance the Fund. The reductions include the removal of above standard inflation added during the current service level budget development process for a savings of \$10.2 million General Fund and \$8.7 million Other Funds, and a \$35.4 million Other Funds reduction from certain programs funding through the Early Learning Account, including Preschool Promise; Early Childhood Equity Fund; Early Learning Professional Development, Parenting Education, and Program Supports; and Healthy Families. The program reductions equal a 4% total funds reduction from the 2023-25 legislatively approved budget.

## 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 SB 5514. *(vote)*

**OR**

### **Modify** LFO Recommendation

MOTION: I move the LFO recommendation to SB 5514, with modifications. *(vote)*

## Performance Measures

See attached “Legislatively Proposed 2025-27 Key Performance Measures.”

**Accept** LFO Recommendation

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

**OR**

**Modify** LFO Recommendation

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

## Amendment

LFO recommends a budget of \$741,005,493 General Fund, \$461,548,029 Other Funds, \$247,006,772 Federal Funds, and 376 positions (369.20 FTE), which is reflected in the –2 amendment.

MOTION: I move adoption of the –2 amendment to SB 5514. *(vote)*

## Final Subcommittee Action

LFO recommends that SB 5514, as amended by the –2 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 5514, as amended, to the Full Committee with a do pass recommendation. *(vote)*

## Carriers

Full Committee:

House Floor:

Senate Floor:

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 58800-000-00-00-00000

Dept of Early Learning and Care

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2023-25 Agy. Leg. Adopted</b>	<b>498,740,395</b>	-	<b>457,517,563</b>	<b>382,723,695</b>	-	-	<b>1,338,981,653</b>	<b>354</b>	<b>343.90</b>
2023-25 Ebds, SS & Admin Act	95,008,450	-	15,351,035	7,410,044	-	-	117,769,529	13	12.51
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2023-25 Leg Approved Budget</b>	<b>593,748,845</b>	-	<b>472,868,598</b>	<b>390,133,739</b>	-	-	<b>1,456,751,182</b>	<b>367</b>	<b>356.41</b>
<b>2023-25 Leg Approved Budget (Base)</b>	<b>593,748,845</b>	-	<b>472,868,598</b>	<b>390,133,739</b>	-	-	<b>1,456,751,182</b>	<b>367</b>	<b>356.41</b>
Summary of Base Adjustments	5,963,414	-	461,278	2,230,966	-	-	8,655,658	(10)	(3.91)
<b>2025-27 Base Budget</b>	<b>599,712,259</b>	-	<b>473,329,876</b>	<b>392,364,705</b>	-	-	<b>1,465,406,840</b>	<b>357</b>	<b>352.50</b>
010: Non-PICS Pers Svc/Vacancy Factor	(1,623,539)	-	(124,999)	(1,002,913)	-	-	(2,751,451)	-	-
020: Phase In / Out Pgm & One-time Cost	(4,699,119)	-	(131,572)	(45,359,100)	-	-	(50,189,791)	-	-
030: Inflation & Price List Adjustments	33,592,566	-	28,782,573	20,203,092	-	-	82,578,231	-	-
050: Fundshifts and Revenue Reductions	121,887,264	-	(5,307,500)	(116,579,764)	-	-	-	-	-
<b>2025-27 Current Service Level</b>	<b>748,869,431</b>	-	<b>496,548,378</b>	<b>249,626,020</b>	-	-	<b>1,495,043,829</b>	<b>357</b>	<b>352.50</b>
<b>Adjusted 2025-27 Current Service Level</b>	<b>748,869,431</b>	-	<b>496,548,378</b>	<b>249,626,020</b>	-	-	<b>1,495,043,829</b>	<b>357</b>	<b>352.50</b>
<b>Total LFO Recommended Packages</b>	<b>(7,863,938)</b>	-	<b>(35,000,349)</b>	<b>(2,619,248)</b>	-	-	<b>(45,483,535)</b>	<b>19</b>	<b>16.70</b>
<b>2025-27 Legislative Actions</b>	<b>741,005,493</b>	-	<b>461,548,029</b>	<b>247,006,772</b>	-	-	<b>1,449,560,294</b>	<b>376</b>	<b>369.20</b>
Net change from 2023-25 Leg Approved Budget	147,256,648	-	(11,320,569)	(143,126,967)	-	-	(7,190,888)	9	12.79
Percent change from 2023-25 Leg Approved Budget	24.8%	0.0%	(2.4%)	(36.7%)	0.0%	0.0%	(0.5%)	2.5%	3.6%
Net change from 2025-27 Adj Current Service Level	(7,863,938)	-	(35,000,349)	(2,619,248)	-	-	(45,483,535)	19	16.70
Percent change from 2025-27 Adj Current Service Level	(1.1%)	0.0%	(7.1%)	(1.1%)	0.0%	0.0%	(3.0%)	5.3%	4.7%

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 58800-100-00-00-00000

## Department Operations

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2023-25 Agy. Leg. Adopted</b>	<b>56,698,472</b>	-	<b>13,121,321</b>	<b>62,858,563</b>	-	-	<b>132,678,356</b>	<b>354</b>	<b>343.90</b>
2023-25 Ebds, SS & Admin Act	7,728,210	-	918,628	(3,678,673)	-	-	4,968,165	13	12.51
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2023-25 Leg Approved Budget</b>	<b>64,426,682</b>	-	<b>14,039,949</b>	<b>59,179,890</b>	-	-	<b>137,646,521</b>	<b>367</b>	<b>356.41</b>
<b>2023-25 Leg Approved Budget (Base)</b>	<b>64,426,682</b>	-	<b>14,039,949</b>	<b>59,179,890</b>	-	-	<b>137,646,521</b>	<b>367</b>	<b>356.41</b>
Summary of Base Adjustments	5,963,414	-	461,278	2,230,966	-	-	8,655,658	(10)	(3.91)
<b>2025-27 Base Budget</b>	<b>70,390,096</b>	-	<b>14,501,227</b>	<b>61,410,856</b>	-	-	<b>146,302,179</b>	<b>357</b>	<b>352.50</b>
010: Non-PICS Pers Svc/Vacancy Factor	(1,623,539)	-	(124,999)	(1,002,913)	-	-	(2,751,451)	-	-
020: Phase In / Out Pgm & One-time Cost	(1,118,879)	-	(131,572)	(8,604,434)	-	-	(9,854,885)	-	-
030: Inflation & Price List Adjustments	1,259,434	-	564,611	2,109,842	-	-	3,933,887	-	-
<b>2025-27 Current Service Level</b>	<b>68,907,112</b>	-	<b>14,809,267</b>	<b>53,913,351</b>	-	-	<b>137,629,730</b>	<b>357</b>	<b>352.50</b>
<b>Adjusted 2025-27 Current Service Level</b>	<b>68,907,112</b>	-	<b>14,809,267</b>	<b>53,913,351</b>	-	-	<b>137,629,730</b>	<b>357</b>	<b>352.50</b>
<b>Total LFO Recommended Packages</b>	<b>2,565,817</b>	-	-	<b>3,117,636</b>	-	-	<b>5,683,453</b>	<b>19</b>	<b>16.70</b>
<b>2025-27 Legislative Actions</b>	<b>71,472,929</b>	-	<b>14,809,267</b>	<b>57,030,987</b>	-	-	<b>143,313,183</b>	<b>376</b>	<b>369.20</b>
Net change from 2023-25 Leg Approved Budget	7,046,247	-	769,318	(2,148,903)	-	-	5,666,662	9	12.79
Percent change from 2023-25 Leg Approved Budget	10.9%	0.0%	5.5%	(3.6%)	0.0%	0.0%	4.1%	2.5%	3.6%
Net change from 2025-27 Adj Current Service Level	2,565,817	-	-	3,117,636	-	-	5,683,453	19	16.70
Percent change from 2025-27 Adj Current Service Level	3.7%	0.0%	0.0%	5.8%	0.0%	0.0%	4.1%	5.3%	4.7%

	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 101 Operational Support**

Package Description The package includes funding for 7 permanent, full time positions (5.64 FTE) to enhance operational capacity in accounting, data analytics, project management, and program design and administration. The package abolishes one payroll analyst position (-1.00 FTE) and includes \$300,000 in Services and Supplies funding to utilize shared payroll services provided by the Department of Administrative Services. The package also includes the position-related Services and Supplies costs, as well as ongoing maintenance and operations funding for the Awards Management System, Healthy Families Oregon database, and human resources and IT professional services contracts.

LFO Recommendation Approve as modified.

LFO Recommended	2,565,818	-	-	-	-	-	2,565,818	6	4.64
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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 105 Child Care Licensing Division Staffing**

Package Description This package establishes 13 permanent, full-time positions within the Child Care Licensing Division to align licensing caseloads with national best practice ratios. The package is intended to allow the Department to meet customer service, language and compliance needs of the licensed provider network. The package is Federal Funds expenditure limitation only. The Department intends to use CCDF funds for ten Compliance Specialist 2's, one Compliance Specialist 3 in the investigations unit, one Operations and Policy Analyst 3 to support ongoing policy needs, and one Operations and Policy Analyst 2 to support the background check system.

LFO Recommendation Approve.

LFO Recommended	(1)	-	-	3,117,636	-	-	3,117,635	13	12.06
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LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 58800-500-00-00-00000

DELC Grant In Aid

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2023-25 Agy. Leg. Adopted</b>	<b>442,041,923</b>	-	<b>444,396,242</b>	<b>319,865,132</b>	-	-	<b>1,206,303,297</b>	-	-
2023-25 Ebds, SS & Admin Act	87,280,240	-	14,432,407	11,088,717	-	-	112,801,364	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2023-25 Leg Approved Budget</b>	<b>529,322,163</b>	-	<b>458,828,649</b>	<b>330,953,849</b>	-	-	<b>1,319,104,661</b>	-	-
<b>2023-25 Leg Approved Budget (Base)</b>	<b>529,322,163</b>	-	<b>458,828,649</b>	<b>330,953,849</b>	-	-	<b>1,319,104,661</b>	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
<b>2025-27 Base Budget</b>	<b>529,322,163</b>	-	<b>458,828,649</b>	<b>330,953,849</b>	-	-	<b>1,319,104,661</b>	-	-
020: Phase In / Out Pgm & One-time Cost	(3,580,240)	-	-	(36,754,666)	-	-	(40,334,906)	-	-
030: Inflation & Price List Adjustments	32,333,132	-	28,217,962	18,093,250	-	-	78,644,344	-	-
050: Fundshifts and Revenue Reductions	121,887,264	-	(5,307,500)	(116,579,764)	-	-	-	-	-
<b>2025-27 Current Service Level</b>	<b>679,962,319</b>	-	<b>481,739,111</b>	<b>195,712,669</b>	-	-	<b>1,357,414,099</b>	-	-
<b>Adjusted 2025-27 Current Service Level</b>	<b>679,962,319</b>	-	<b>481,739,111</b>	<b>195,712,669</b>	-	-	<b>1,357,414,099</b>	-	-
<b>Total LFO Recommended Packages</b>	<b>(10,429,755)</b>	-	<b>(35,000,349)</b>	<b>(5,736,884)</b>	-	-	<b>(51,166,988)</b>	-	-
<b>2025-27 Legislative Actions</b>	<b>669,532,564</b>	-	<b>446,738,762</b>	<b>189,975,785</b>	-	-	<b>1,306,247,111</b>	-	-
Net change from 2023-25 Leg Approved Budget	140,210,401	-	(12,089,887)	(140,978,064)	-	-	(12,857,550)	-	-
Percent change from 2023-25 Leg Approved Budget	26.5%	0.0%	(2.6%)	(42.6%)	0.0%	0.0%	(1.0%)	0.0%	0.0%
Net change from 2025-27 Adj Current Service Level	(10,429,755)	-	(35,000,349)	(5,736,884)	-	-	(51,166,988)	-	-
Percent change from 2025-27 Adj Current Service Level	(1.5%)	0.0%	(7.3%)	(2.9%)	0.0%	0.0%	(3.8%)	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 801 LFO Analyst Adjustments

Package Description This package reduces the early educator technical assistance budget by \$0.2 General Fund and removes the above standard inflation calculated into the current service level budget during development. Additionally, the \$0.7 General Fund currently supporting the Early Learning Tribal Hubs is deposited into the new Tribal Early Learning Fund established in HB 2815 (2025).

LFO Recommendation Approve

LFO Recommended	(10,429,755)	-	413,363	(5,736,884)	-	-	(15,753,276)	-	-
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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 806 Fund for Student Success Revenue Shortfall**

Package Description The May 2025 Oregon Economic and Revenue Forecast, conducted by the Department of Administrative Services' Office of Economic Analysis, projects the available CAT resources to total \$3,159.3 million for the 2025-27 biennium, a decrease of \$195.3 million from CSL. At this revenue level, the Fund for Student (FSS) The May 2025 Oregon Economic and Revenue Forecast, conducted by the Department of Administrative Services' Office of Economic Analysis, projects the available Corporate Activity Tax resources to total \$3.16 billion for the 2025-27 biennium. This represents a decrease of \$195.3 million from the current service level budget. At this revenue level, the Fund for Student Success is not able to sustain the 2025-27 current service level budget. The LFO recommendation includes a series of reductions from the Early Learning Account to maximize available resources and balance the Fund. The reductions include the removal of above standard inflation added during the current service level budget development process for a savings of \$10.2 million General Fund and \$8.7 million Other Funds, and a \$35.4 million Other Funds reduction from certain programs funding through the Early Learning Account, including Preschool Promise; Early Childhood Equity Fund; Early Learning Professional Development, Parenting Education, and Program Supports; and Healthy Families. The program reductions equal a 4% total funds reduction from the 2023-25 legislatively approved budget.

LFO Recommendation Approved.

LFO Recommended	-	-	(35,413,712)	-	-	-	(35,413,712)	-	-
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# Legislatively Proposed 2025 - 2027 Key Performance Measures

Published: 5/31/2025 7:04:11 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 2026	Target 2027
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		Approved	88%	88%	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		Approved	17.900%	17.400%	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		Approved	34.240%	37.650%	37.650%
4. Early Learning Workforce Retention (all) - Percentage of early learning providers who have remained in the workforce		Approved	77.490%	67.050%	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	Early Learning Workforce Retention (by race and ethnicity)	Approved			
	a) American Indian/Alaskan Native		79.060%	68.150%	68.150%
	b) Asian		78.430%	70.250%	70.250%
	c) Black/African American		80.660%	71.300%	71.300%
	d) Hispanic/Latino/Spanish		83.360%	76.550%	76.550%
	e) Native Hawaiian/Pacific Islander		79.890%	66.050%	66.050%
	f) White		79.400%	72.350%	72.350%
	g) Multiracial		84.860%	73.400%	73.400%
6. Timely Central Background Registry (CBR) Approvals - Percentage of Central Background Registry (CBR) applications conditionally or fully approved in four weeks or less		Approved	71%	67.410%	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.	a) Customer Service Overall	Approved	70.200%	76%	76%
	b) Timeliness		67.200%	76%	76%
	c) Helpfulness		78.900%	76%	76%
	d) Expertise		76.700%	76%	76%
	e) Availability of Information		66.400%	76%	76%
	f) Accuracy		71.500%	76%	76%

**LFO Recommendation:**

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

Having completed the first biennium as a new agency, the Department of Early Learning and Care had the opportunity to evaluate its operations and performance with an eye toward which of its KPMs provided useful information for helping the agency to achieve its mission and goals. No changes are proposed; however, future consideration should be given to target adjustments. DELC designed and launched a new customer survey to capture measurable information on customer service, timeliness, helpfulness, expertise, availability of information, and accuracy. The Legislative Fiscal Office recommends waiting until the 2027-29 budget development process to adjust targets related to this KPM (#7), as the agency is developing a new provider platform system that will enhance the customer experience.

**SubCommittee Action:**