

**SB 5514 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

**Prepared By:** Mike Streepey, Department of Administrative Services

**Reviewed By:** Wendy Gibson, Legislative Fiscal Office

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**Department of Early Learning and Care  
2025-27**

## **Budget Summary\***

	2023-25 Legislatively Approved Budget <sup>(1)</sup>	2025-27 Current Service Level	2025-27 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 593,748,845	\$ 748,869,431	\$ 741,005,493	\$ 147,256,648	24.8%
Other Funds Limited	\$ 472,868,598	\$ 496,548,378	\$ 461,548,029	\$ (11,320,569)	(2.4%)
Federal Funds Limited	\$ 390,133,739	\$ 249,626,020	\$ 247,006,772	\$ (143,126,967)	(36.7%)
Total	\$ 1,456,751,182	\$ 1,495,043,829	\$ 1,449,560,294	\$ (7,190,888)	(0.5%)

## **Position Summary**

Authorized Positions	367	357	376	9
Full-time Equivalent (FTE) positions	356.41	352.50	369.20	12.79

<sup>(1)</sup> Includes adjustments through January 2025

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The 2025-27 budget for the Department of Early Learning and Care (DELIC) relies heavily on General Fund, which supports just over half of the total budget. After General Fund, Other Funds revenue from the corporate activity tax (CAT) is the next largest source of revenue in the department's budget, supporting approximately 30% of expenditures. CAT revenue is transferred from the Oregon Department of Education (ODE) from the Fund for Student Success for DELIC's Early Learning Account programs and related staff support. These revenues are projected to decline relative to the needs projected in the Current Service Level (CSL) budget, resulting in the Subcommittee's recommended reduction of \$35.4 million for DELIC's Grant in Aid programs. The reduction is recommended to balance the overall Student Success Act budget across ODE and DELIC.

Federal revenues are also projected to decline compared to the 2023-25 budget, due to the expiration of one-time federal support provided through the American Rescue Plan Act. Federal revenue supports approximately 17% of the Department's budget, including \$57.0 million in Operations and \$190.0 million in Grant in Aid programs.

## **Summary of Education Subcommittee Action**

DELIC began operating as a standalone department at the start of the 2023-25 biennium. In addition to creating DELIC, the Legislature also moved Employment Related Day Care (ERDC), the state's largest early learning program, from the Department of Human Services to DELIC.

Senate Bill 5514 provides the budget expenditure authority for programs administered by DELC, as well as associated position authority and funding for operations.

Through Senate Bill 5514, the Subcommittee recommended a total funding level of \$1,449,560,294 for the Department, which is a 3.0% decrease from the 2025-27 current service level (CSL) budget and an increase of 19 positions (16.70 FTE). The General Fund budget decrease is \$7.9 million, or 1.1% below CSL. However, the General Fund budget increased 24.8% compared to the 2023-25 legislatively approved budget. The CSL budget moved \$116.6 million in expiring Federal Child Care Development Fund (CCDF) revenues, approved on a one-time basis, to General Fund, to support ongoing ERDC subsidy payments in 2025-27. One-time Federal Funds, approved as part of the Federal Government's COVID-19 stimulus package, had been used to help cover the costs of changes to the co-pay structure, rate increases for providers and expanded eligibility in 2021-23 and 2023-25. The statutory changes directed by the Legislature were intended to be ongoing and the Subcommittee's recommended budget funds those changes with ongoing General Fund support.

### **Department Operations**

The Department Operations Unit includes all staff in the agency who are responsible for the administration of early learning programs. The Subcommittee recommended a budget of \$143,313,183 total funds, which includes \$71,472,929 General Fund, \$14,809,267 Other Funds expenditure limitation, \$57,030,987 Federal Funds expenditure limitation, and 376 positions (369.20 FTE). Total funding for Department Operations increased by 4.1% compared to 2025-27 CSL. The Subcommittee recommended the following packages:

Package 101, Operational Support. The package includes an additional \$2.6 million General Fund for seven 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 funding for ongoing operations and maintenance costs for the Awards Management System, Healthy Families Oregon database, and human resources and IT professional services contracts. The seven positions include:

- One Accounting Technician position (0.88 FTE);
- One Accountant 1 position (0.88 FTE);
- One Accountant 2 position (0.75 FTE);
- One Information Systems Specialist 5 position (0.75 FTE);
- Two Program Analyst 3 positions (1.63 FTE); and
- One Operations and Policy Analyst 4 position (0.75 FTE).

Package 105, Child Care Licensing Division Staffing. This package reduces General Fund by \$1 for a technical correction and increases Federal Funds expenditure limitation by \$3.1 million. This package establishes 13 permanent, full-time positions (12.06 FTE) 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 10 Compliance Specialist 2 positions, one Compliance Specialist 3 position in the investigations unit, one Operations and Policy Analyst 3 position to support ongoing policy needs, and one Operations and Policy Analyst 2 position to support the background check system.

### **DELC Grant in Aid**

The DELC Grant in Aid (GIA) budget unit includes all funding support for community-based programs for children ages 0-6. The grants implement the policies of the Early Learning Council. The following list includes the DELC GIA programs:

Oregon Pre-Kindergarten	Baby Promise
Preschool Promise	Employment Related Day Care (ERDC)
Early Childhood Equity Fund	Healthy Families Oregon
Coaching/Professional Development	Relief Nurseries
Early Learning Parenting Education	Early Learning Hubs and Tribal Fund
Early Learning Program Supports	Kindergarten Readiness and Innovation Program
Mental Health and Behavior Support	Other Early Learning Grants
Child Care Supports	Birth Through Five Literacy Plan

DELC's GIA programs are primarily funded with a combination of General Fund, Federal Funds, and Other Funds from the Student Success Act's Early Learning Account. This budget unit includes spending authority for state funds and federal grants received by the Department. Federal Funds are utilized to support ERDC, Baby Promise, and Child Care Supports. The Subcommittee recommended a budget of \$1,306,247,111 total funds, including \$669,532,564 General Fund, \$446,738,762 Other Funds expenditure limitation, and \$189,975,785 Federal Funds expenditure limitation. The Subcommittee recommended the following packages:

Package 801, LFO Analyst Adjustments. This package reduces the Early Educator Technical Assistance budget by \$177,785 General Fund and removes the above standard inflation calculated into the CSL budget. Removal of the inflation reduces General Fund by \$10.9 million, Other Funds expenditure limitation by \$239,344, and Federal Funds expenditure limitation by \$5.7 million. Additionally, \$652,707 General Fund currently supporting the Early Learning Tribal Hub is deposited into the new Tribal Early Learning Fund established in House Bill 2815 (2025) and the associated Other Funds expenditure limitation is increased to expend the resources for the purposes of the newly created fund.

Package 806, Fund for Student Success Revenue Shortfall. This package reduces Other Funds expenditure limitation by \$35.4 million to align DELC's Early Learning Account budget with available corporate activity tax revenues according to the May 2025 Office of Economic Analysis

revenue forecast. A series of reductions were approved from the Early Learning Account to maximize available funding and balance the FSS, including the removal of above standard inflation added during the CSL development process, and a program reduction equal to 3.8% total funds from the 2023-25 LAB funding level for Preschool Promise, Early Childhood Equity Fund, Early Learning Professional Development, Early Learning Parenting Education, Early Learning Program Supports, Child Care Supports, and Healthy Families.

The following table shows the final budget figures for Grant in Aid Programs:

<b>GRANT IN AID PROGRAMS (\$ millions)</b>		
	<b>General Fund</b>	<b>Total Funds</b>
<b>Program</b>		
Oregon Prenatal to Kindergarten	\$179.2	\$380.7
Preschool Promise (PSP)	41.5	179.0
Early Childhood Equity Fund	1.8	25.3
Coaching/Professional Development	-	24.7
Early Learning Parenting Education	-	4.1
Early Learning Program Supports	-	16.8
Mental Health & Behavior Support	8.2	8.2
Child Care Supports	5.0	65.7
Baby Promise	-	10.0
ERDC Subsidy	349.3	471.2
Healthy Families Oregon	32.7	39.1
Relief Nurseries	17.3	28.3
Early Learning Hubs	17.0	23.9
Tribal Fund	0.7	1.3
Early Learning KPI	9.9	9.9
Other Early Learning Grants	7.0	8.5
Birth Through Five Literacy Plan		9.6
<b>2025-27 Total Grant In Aid</b>	<b>\$669.5</b>	<b>\$1,306.2</b>

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2025-27 Key Performance Measures form.

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Early Learning and Care  
Mike Streepey - 971-283-1198

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2023-25 Legislatively Approved Budget at Jan 2025 *	\$ 593,748,845	\$ -	\$ 472,868,598	\$ -	\$ 390,133,739	\$ -	\$ 1,456,751,182	367	356.41
2025-27 Current Service Level (CSL)*	\$ 748,869,431	\$ -	\$ 496,548,378	\$ -	\$ 249,626,020	\$ -	\$ 1,495,043,829	357	352.50
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 100 - Department Operations</b>									
Package 101: Operational Support									
Personal Services	\$ 1,182,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,182,620	6	4.64
Services and Supplies	\$ 1,383,198	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,383,198		
Package 105: Child Care Licensing Division Staffing									
Personal Services	\$ (1)	\$ -	\$ -	\$ -	\$ 2,712,868	\$ -	\$ 2,712,867	13	12.06
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 404,768	\$ -	\$ 404,768		
<b>SCR 500 - DELC Grant in Aid</b>									
Package 801: LFO Analyst Adjustments									
Special Payments	\$ (11,082,462)	\$ -	\$ 413,363	\$ -	\$ (5,736,884)	\$ -	\$ (16,405,983)		
Special Payments (6060 Intra-Agcy GF Trnsfr)	\$ 652,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 652,707		
Package 806: FSS Revenue Shortfall									
Special Payments	\$ -	\$ -	\$ (35,413,712)	\$ -	\$ -	\$ -	\$ (35,413,712)		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (7,863,938)</b>	<b>\$ -</b>	<b>\$ (35,000,349)</b>	<b>\$ -</b>	<b>\$ (2,619,248)</b>	<b>\$ -</b>	<b>\$ (45,483,535)</b>	<b>19</b>	<b>16.70</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 741,005,493</b>	<b>\$ -</b>	<b>\$ 461,548,029</b>	<b>\$ -</b>	<b>\$ 247,006,772</b>	<b>\$ -</b>	<b>\$ 1,449,560,294</b>	<b>376</b>	<b>369.20</b>
% Change from 2023-25 Leg Approved Budget	24.8%	0.0%	(2.4%)	0.0%	(36.7%)	0.0%	(0.5%)	2.5%	3.6%
% Change from 2025-27 Current Service Level	(1.1%)	0.0%	(7.0%)	0.0%	(1.0%)	0.0%	(3.0%)	5.3%	4.7%

\*Excludes Capital Construction Expenditures

# Legislatively Approved 2025 - 2027 Key Performance Measures

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**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 Approved 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.

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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:**

The Subcommittee approved the KPMs as presented.

PRELIMINARY