



Employment Related Day Care
Program Short Summary

September 1, 2021

Program Overview

ERDC is designed to help eligible low-income families pay for child care while they are working, requiring families to meet work requirements to access benefits. The subsidy program is viewed by Oregon as an anti-poverty program that assists families while they build financial resiliency.

ERDC is currently administered by ODHS as part of their Self-Sufficiency Programs (SSP) portfolio and the Early Learning Division's (ELD) Office of Child Care (OCC). ODHS exercises operational control over the program, working with families to make eligibility determinations and with providers to distribute subsidies. ELD exercises policy-making control at the direction of the Governor and also has licensing authority for all child care providers and serves as the State's Child Care and Development Block Grant lead agency. In this latter role, ELD transfers Child Care and Development Fund (CCDF) subsidies to ODHS for distribution. Both agencies have rulemaking authority, and both agencies are involved in union negotiations.

Sixty-five percent of the subsidy funding for ERDC is supported by the federal CCDF, which gives states, Indian tribes, and territories funding to provide child care services for low-income working families.¹ Thirty-five percent of the funding for ERDC subsidies comes from funding given to ODHS in their General Fund² by the Oregon Legislature. At the beneficiary level, eligible families make a copayment for child care services (except during the COVID-19 pandemic when copays were waived – March 2020 through September 2021).

Eligibility for the program is defined by a combination of state and federal law. 45 Code of Federal Regulations (CFR) § 98.20 defines eligibility for CCDF funded child care programs. To meet federal eligibility requirements:

- **Age:** A child must be under 13 years of age or be under age 19 and physically or mentally incapable of caring for themselves or be under court supervision.
- **Household Income:** Live with a family whose income is less than or equal to 85% of the state's median income (SMI) (approximately \$57,000 in 2019).³
- **Family Assets:** Live with a family whose assets do not exceed \$1,000,000.
- **Family Work Requirement:** Live with caregivers who are working or attending a job training or educational program.⁴
- **Initial Work Search:** States have the option to offer eligibility to caregivers that are unemployed, but searching for work, for up to three months during their initial eligibility period.⁵

Currently, over 200 regulatory sections (across ELD and ODHS) work together to govern the ERDC program. States vary on what they consider qualifying activities, and Oregon has steadily expanded the State's definition of eligible work and training activities. It is worth noting however, that much of Oregon's eligibility criteria has been developed to optimize family stability against funding constraints – narrowing eligibility to avoid operating the program with a reservation list.

In this context, some facts about the reach of the program include:

- Approximately 12,000 claims are filed monthly, a number that has been consistent for the past few years and aligns with the program's set budget box.
- The program strives to support families with a focus on equitable access. In 2020, half of ERDC families identified as "White", 31% "Other"⁶, 10% "Black", or did not declare their race (Image 1).

¹ Regulations are outlined in 45 Code of Federal Regulations (CFR) Part 98.

² State authority lies in ORS 329A.500.

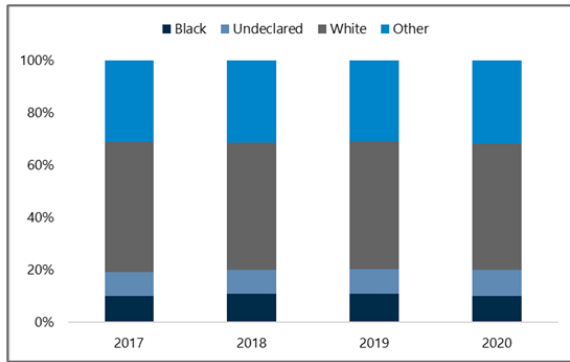
³ "2019 Median Household Income in the United States." The United States Census Bureau, September 17, 2020. <https://www.census.gov/library/visualizations/interactive/2019-median-household-income.html>.

⁴ This requirement does not apply to specific populations of vulnerable children.

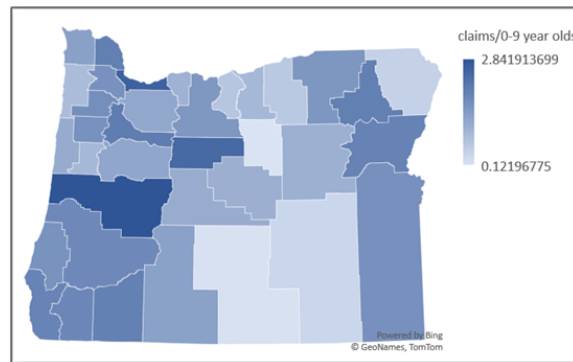
⁵ "Job Search and Continuity of Care." Early Childhood Training and Technical Assistance System. Administration for Children and Families, October 14, 2020. <https://childcareta.acf.hhs.gov/ccdf-fundamentals/job-search-and-continuity-care>.

⁶ Asian, Hispanic, Native American or Alaskan Native, Native Hawaiian or Pacific Islander, and multiple race codes.

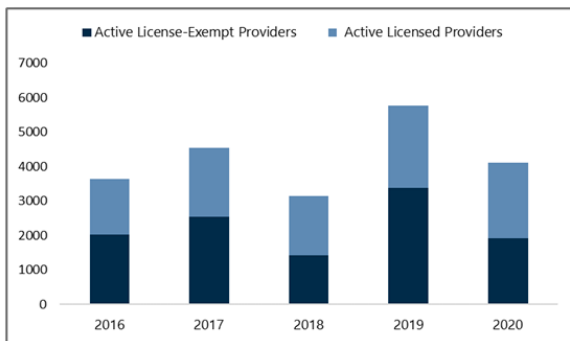
- Claims per county (normalized for the population size of birth to nine-years old) tend to be higher in urban areas (Image 2).
- ERDC supports families to find child care with licensed providers as well as license-exempt providers who may include family members, friends, or neighbors. This program is called Family, Friends and Neighbors. The split is about equal, slightly favoring licensed providers in 2020 (Image 3).
- The program pays out approximately \$90 million to providers in a year, with the number of claims slightly higher in the summer months (Image 4)



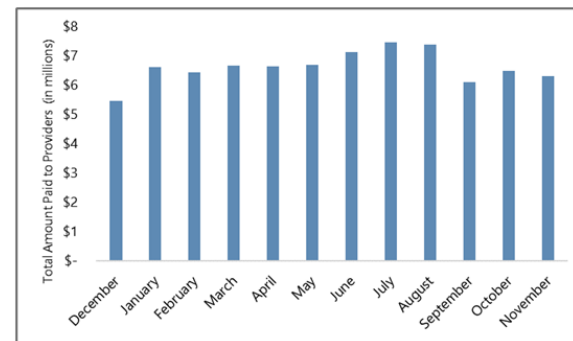
1. The program strives to support families with a focus on equitable access.



2. Claims per county (normalized for the population size of birth to nine-year-olds) tend to be higher in urban areas.



3. ERDC supports families to find child care with licensed providers as well as license-exempt providers who may include families, friends, and neighbors.

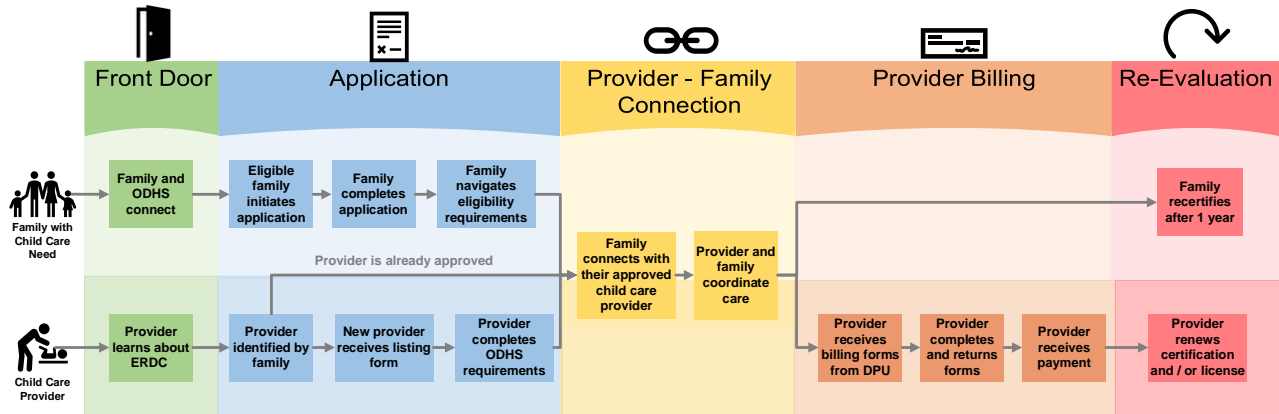


4. The program pays out approximately \$90 million to providers in a year with some seasonal variation.

Key operations, teams, and systems are highlighted here in context of a “Family and Provider Journey” to receive or deliver ERDC child care services. Specific program questions to consider for transition are included to support the planning for the ERDC program to transition to a new Department of Early Learning & Care (DELIC) in 2022/23.

The journey (Image 5) includes:

- **Front Door:** A family or provider learns about the ERDC program.
- **Application:** A family submits details about their circumstances and needs through an application process, and their eligibility for the ERDC program is determined. Providers begin engaging with the family if they are not already approved for ERDC.
- **Provider-Family Connection:** The family and provider set up delivery of child care.
- **Provider Billing:** Provider participation is actively managed via payment and monitoring.
- **Reapplication and Re-evaluation:** Provider or family participation is re-established.



5. High-Level Family and Provider Journey

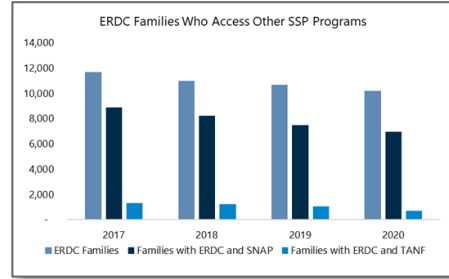
Front Door

For families, there are multiple “front doors” or avenues that help them learn about ERDC. They might interact with ODHS in person or by phone, find general child care information online, or apply for or receive services from another benefit program. ERDC is currently tightly connected with a broader group of benefits administered by ODHS to help move families out of poverty. These related programs serve as an important channel to ERDC enrollment and support services, like training and IT systems, cement this integration of programs. For providers that are not already listed and approved to accept ODHS child care subsidies, they typically learn about ERDC when a family is seeking child care.

Functions & Teams	Provide Customer Service	<ul style="list-style-type: none"> • ODHS field offices and Virtual Eligibility Centers (VECs) work with families to help them navigate human services benefits and learn about the ERDC program.
	Inform Families	<ul style="list-style-type: none"> • ODHS and ELD offices collaborate to help families learn about the ERDC program and gather information about provider quality.
	Recruit and Retain Providers	<ul style="list-style-type: none"> • ODHS and ELD offices collaborate to provide online information to providers about the ERDC program and how to become eligible to provide subsidized care for families.
	Deliver Training	<ul style="list-style-type: none"> • The ODHS Self Sufficiency Training Unit trains ODHS eligibility staff so that they can effectively serve families.
Systems		Transition Considerations
<ul style="list-style-type: none"> • ERDC Website • ELD Website • 211 • MyORO 		<ul style="list-style-type: none"> • Defining Eligibility: What is DELC's plan to re promulgate regulations that define the ERDC eligible population? • Managing Caseload: What service strategy will DELC use to manage caseload volume? • Service Access: How will families find ERDC when it is a part of DELC? • Service Mix: What suite of programs will align and/or integrate with ERDC in the future? • Service Training: How will DELC train eligibility staff? • Service Support- Union Relations: How can DELC optimize across labor relations and family service to support ERDC? • Community Context: How will community partners and aligned organizations engage when ERDC a part of DELC?

Application

While they may apply for ERDC only, many families apply to multiple programs (Image 6⁷). In fact, the ERDC application is currently in the middle of a major technology transition with the implementation of the ONE system, an integrated eligibility system for ERDC, Medical, Cash, SNAP, and Temporary Assistance for Domestic Violence Survivors (TA-DVS) benefits. The teams that introduced families to ERDC at the “Front Door” are available to help them with their application. These staff are in turn supported by the Child Care Policy team that actively engages with field office and VEC staff to operationalize policy in application and eligibility processes. At the point of application, support teams such as 211 can guide a family in selecting a provider. Alternatively, a family may identify a new provider (including a Family, Friend, or Neighbor (FFN) provider) who can start the process to become listed and approved.



6. Many families apply to multiple programs.

Functions & Teams		
Functions & Teams	Guide Eligibility & Service	• The ODHS Child Care Policy Team develops new regulatory policy in conjunction with ELD and interprets existing policy for the ODHS eligibility staff to operationalize.
	Collect Application Details	• Families submit their application in one of three ways: self-serve via the One Application Portal, work with a field office eligibility worker (in-person or virtually) or work with a VEC worker (virtual).
	Find Support for Children with Disabilities	• The Inclusive Partners (IP) Program conducts high-need assessments and offers technical assistance to providers to provide additional financial assistance and resources to families with children with developmental disabilities.
	Identify Providers	• 211 is the primary resource for child care provider referrals.
	Approve Providers	• If a family wants to use a provider that is not Listed and Approved with ODHS, they must interface with ODHS (field staff and in some cases with DPU as well) and the provider to initiate the approval process. In some cases, providers must also work with ELD who completes the health and safety visits required for license-exempt non-relative providers.
Systems		Transition Considerations
<ul style="list-style-type: none"> ONE Eligibility Electronic Data Management System (ERMS) Notice Writer Print Plant Co-Pay Calculator Client Index VEC Tatacom Phone Bank and Intelligent Desktop 		<p>Provide Operational Direction: What policy team will guide and interpret rules for the field office and VEC staff?</p> <p>Integrated Eligibility: How will ERDC support in the ONE system adjust when ERDC moves to DELC?</p> <p>Manage Contracts: What team will manage ERDC-related contracts? When will these contracts be transitioned?</p> <p>Manage License-Exempt Providers: What requirements and processes for license-exempt provider management will be supported in DELC? How will any changes be communicated?</p>

Provider-Family Connection

Activities to set up delivery of child care can be complex and are largely managed by families. There are a number of steps for families who wish to use a new provider: the provider must navigate across ELD and ODHS teams and several process steps about the Listed and Approved process once they are identified by the family as the provider. Particularly challenging requirements include the background check process and the health and safety visit process. At the end of the eligibility process, families receive notice of their child’s approved hours and copays from ODHS. It is up to the families to close the loop by informing their provider(s) of their benefit levels.

⁷ Due to the fluid nature of the data, system changes, and changing family circumstances, these numbers are estimates.

Functions & Teams	Facilitate Approval	<ul style="list-style-type: none"> Throughout the application process providers must interact with staff from both ELD and ODHS, keep track of which departments require which documents.
	Support Safety	<ul style="list-style-type: none"> ODHS and ELD both operate background check teams, but the ODHS Background Check Unit (BCU) is responsible for completing checks for license-exempt providers.
	Communicate Approval	<ul style="list-style-type: none"> At the end of the eligibility process, families receive notice of their child's approved hours and copays from ODHS. It is up to the families to close the loop by informing their provider(s) of each child's benefit levels.
	Confirm Connection	<ul style="list-style-type: none"> To formally connect a family's ERDC case with a provider in the system to start their receipt of ERDC program benefits, an eligibility worker sends an email to the DPU inbox. DPU staff then link the case record with the designated provider using the Service Administration System (SA) so that billing can occur. The connection may also be established via an automatic connection function utilizing the listing form, or through a direct, family-to-DPU phone call.
Systems		Transition Considerations
<ul style="list-style-type: none"> Service Authorization (SA) Notice Writer Print Plant 		<p>Provider Management System: What provider management software changes or improvements might DELC consider and when?</p> <p>Customer Service- Connecting Family & Provider: Who is/are the main points of contact to support a family as they connect to a provider?</p> <p>Customer Service- Systems Support: What systems are available to DELC to support family and provider inquiries?</p>

Provider Billing, Reapplication & Relicensing

The billing process for ERDC is dependent upon families and providers completing monthly billing forms before submitting them for provider payment to the Direct Pay Unit (DPU), a part of ODHS. To support their work on provider billing, DPU leverages the Provider Pay system, a shared application for Self-Sufficiency Programs, which supports provider payments for ERDC, TANF, JOBs Plus, High Needs, and special payments. Oregon, like most other states, uses a certificate structure to administer ERDC, with a focus on the financial health of the family. Federal rules set standards for how states will establish their provider rate structures, develop copays, and distribute payments. Oregon has historically conformed to the standard benchmarking exercise of developing rates such that ERDC families can theoretically access at least 75% of providers.

Reapplication and Re-evaluation mimic the functions, teams and systems already described as a part of Front Door and Application. Families and providers must navigate reapplication processes that are very similar to their original application. Of note, at times dual beneficiaries may struggle to understand what program benefits are due for renewal and which ones are not, especially if they applied for the programs at different times. Any changes to training or licensing statutes are communicated across multiple staff units and systems to validate re-approval.

Functions & Teams	Pay Providers	<ul style="list-style-type: none"> The Direct Pay Unit (DPU) within ODHS is the unit responsible for ERDC provider management. DPU administers the Listed and Approved process and completes the provider billing process with providers each month.
	Manage Payment Integrity	<ul style="list-style-type: none"> The Office of Payment, Accuracy, and Recovery (OPAR) works to correct overpayments and comply with federal reporting standards. OPAR is a shared service between ODHS and OHA.
	Monitor Provider Integrity	<ul style="list-style-type: none"> Within ODHS, Hearings and Rules ensures due progress for Oregonians and is authorized to act as lay representatives through authorization by the Department of Justice (DOJ). The Office of Training, Investigations, and Safety (OTIS) investigates reports of abuse and neglect for ODHS and OHA programs. Typically, their investigation work impacts all placements, including ERDC.

Systems	Transition Considerations
<ul style="list-style-type: none"> Provider Pay ERMS Accounting Interface & SFMA Check Recon & Positive Pay JV Pay IBS Phone Bank JG Garnishment Union Database 	<p>Program Integrity: What team will investigate and collect ERDC overpayments?</p> <p>Provider Billing: What team will bill providers? What billing processes do providers need to know about?</p> <p>Providing Due Process: Will DELC stand up their own hearings function or utilize DOJ?</p>

Functions & Teams	Notify Families & Providers	<ul style="list-style-type: none"> ODHS sends reminders to families about the expiration of their benefits across multiple communication platforms. Families receive at least two notices in the mail before termination. Providers must renew their licensing status every two years, and their ERDC-approved status every year. They receive up to three notices related to re-evaluation.
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Systems	Transition Considerations
<ul style="list-style-type: none"> See Front Door & Application 	<ul style="list-style-type: none"> See Front Door & Application

Summary of Teams Supporting ERDC

As identified in this summary of the ERDC program, a broad number of teams contribute their capabilities and experience to support services to families and providers. Almost every operational aspect of ERDC relies on contributions from multiple groups, shown in Image 7.

ODHS	ODHS/OHA Shared Service	Contracted Service		
<ul style="list-style-type: none"> Budget Business Analysts (BA) Child Care Policy Team (Policy Team) Communications Direct Pay Unit (DPU) Field Office Staff Government Relations Team Hearings and Rules Office of Financial Services (OFS) Office of Reporting, Research, Analytics, and Implementation (ORRAI) Publication and Distributions Quality Assurance (QA) Self-Sufficiency Training Unit (SSTU) Virtual Eligibility Centers (VEC) 	<ul style="list-style-type: none"> Background Check Unit (BCU) Fraud and Investigation Unit (FIU) Information and Records Management (IRMS) OIS Office of Payment, Accuracy, and Recovery (OPAR) Office of Training, Investigation, and Safety (OTIS) Quality Control (QC) 	<ul style="list-style-type: none"> 211 [ODHS, ELD] Child Care Resource and Referral Agencies (CCRRs) [ELD] Inclusive Partners (IP) [ELD] Oregon Registry Online (ORO) [ELD] The Research Institute (TRI) [ELD] 		
	<th>ELD</th> <td> <th>Other</th> </td>	ELD	<th>Other</th>	Other
	<ul style="list-style-type: none"> Early Learning Hubs Child Care Resource and Referral Agencies (CCRRs) Office of Child Care (OCC) 	<ul style="list-style-type: none"> Department of Justice (DOJ) Department of Revenue (DOR) Office of Administrative Hearings SEIU/AFSCME (unions) USDA 		

7. Summary of Teams Supporting ERDC

Transition Considerations

The groups from ODHS, ELD, IT, Finance, and others who worked together to identify and describe the ERDC program for this summary report also identified a number of questions to be answered as the ERDC program moves from its current home in ODHS to the new Department of Early Learning & Care (DELC). Please note that these considerations reflect a current state review and are not intended to anticipate service or organization design decisions for DELC. ELD

and ODHS leadership plan to develop a governance structure to work through a number of decisions for ERDC. The following groupings of transition considerations may facilitate these discussions.

Who will be covered by the ERDC program in future?

- **Defining Eligibility:** What is DELC's plan to repromulgate regulations that define the ERDC eligible population?
- **Managing Caseload:** What service strategy will DELC use to manage caseload volume?
- **Manage License-Exempt Providers:** What requirements and processes for license-exempt provider management will be supported in DELC? How will any changes be communicated?

How will staffing be supported in the transition?

- **Service Training:** How will DELC train eligibility staff?
- **Service Support- Union Relations:** How can DELC optimize across labor relations and family service to support ERDC?
- **Manage Contracts:** What team will manage ERDC-related contracts? When will these contracts be transitioned?
- **Provider Billing:** What team will bill providers? What billing processes do providers need to know about?
- **Providing Due Process:** Will DELC stand up their own hearings function or utilize DOJ?

What is the target level of customer service for ERDC in the context of DELC?

- **Managing Caseload:** What service strategy will DELC use to manage caseload volume?
- **Service Access:** How will families find ERDC when it is a part of DELC?
- **Service Mix:** What suite of programs will align and/or integrate with ERDC in the future?
- **Service Training:** How will DELC train eligibility staff?
- **Community Context:** How will community partners and aligned organizations engage when ERDC a part of DELC?
- **Provide Operational Direction:** What policy team will guide and interpret rules for the field office and VEC staff?
- **Integrated Eligibility:** How will ERDC support in the ONE system adjust when ERDC moves to DELC?
- **Provider Management System:** What provider management software changes or improvements might DELC consider and when?
- **Customer Service- Connecting Family & Provider:** Who is/are the main points of contact to support a family as they connect to a provider?
- **Customer Service- Systems Support:** What systems are available to DELC to support family and provider inquiries?

Where will intergovernmental navigation be needed?

- **Defining Eligibility:** What is DELC's plan to repromulgate regulations that define the ERDC eligible population?
- **Managing Caseload:** What service strategy will DELC use to manage caseload volume?
- **Service Support- Union Relations:** How can DELC optimize across labor relations and family service to support ERDC?
- **Manage Contracts:** What team will manage ERDC-related contracts? When will these contracts be transitioned?
- **Manage License-Exempt Providers:** What requirements and processes for license-exempt provider management will be supported in DELC? How will any changes be communicated?
- **Provider Management System:** What provider management software changes or improvements might DELC consider and when?
- **Program Integrity: What team will investigate and collect ERDC overpayments?**
- **Program Costs:** How much would the various systems and services required to administer the program cost if they had to be stood up or procured?
- **Reporting:** What data points will be required for ongoing legislative reporting, research and operations management?