



ERDC Program Summary – for Transition

June 30, 2021

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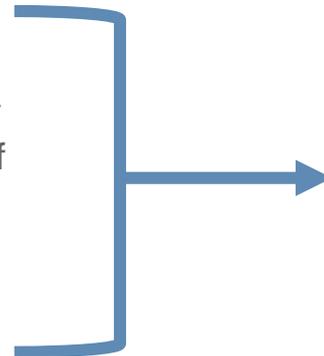
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ERDC Introduction

Background

- With the move of Employment Related Day Care (ERDC) to the new agency, the Department of Early Learning & Care (DELIC), the Oregon Department of Human Service (ODHS) requested a review of the ERDC program to identify key operations, systems, budget and governing regulations that need to be considered as part of the transition.
- This summary overview pulls from a longer report on the ERDC program as of July 2021, as described by working groups convened from May 2021 through July 2021 to discuss current-state activities, confirm process steps, explain the program's history, gather relevant data, and identify related functions and groups.
- This summary is not meant to be an evaluation of the quality of the program or recommendations on the design of DELIC.



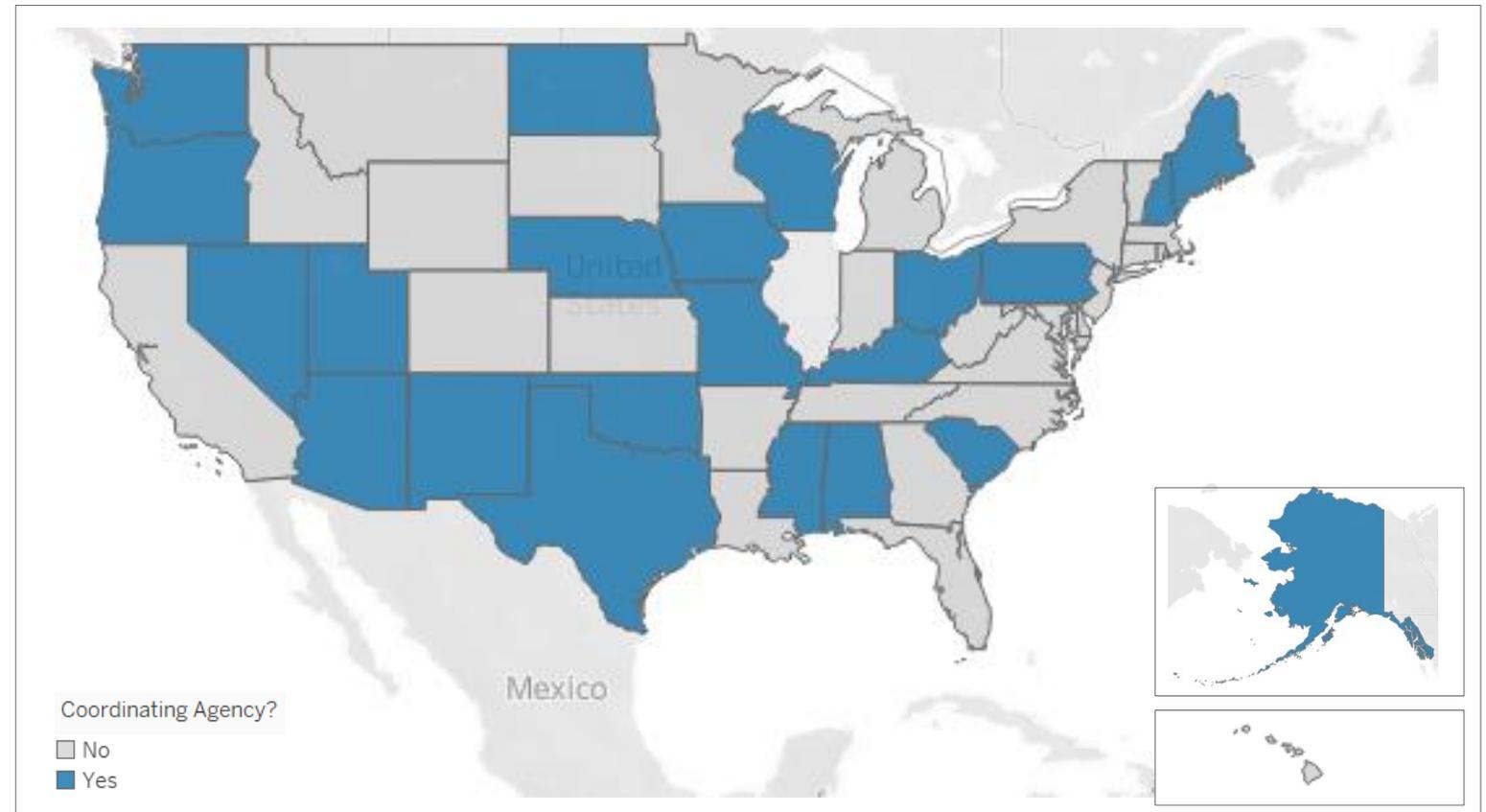
HB 3073 sets the context for ERDC's move to the new DELIC agency.

- **Establishes DELIC** – Separates ELD from the Department of Education (DOE) and ERDC from ODHS to establish a new agency. DELIC will receive oversight from the Early Learning Council, established to coordinate a unified and aligned system of early learning.
- **Consolidates Funding, Policy, and Licensing** – DELIC will manage allocation and disbursement of federal and state child care funds as well as child care policy, quality standards, and licensing.
- **Modifies Membership and Responsibilities of the State Interagency Coordinating Council** – Updates the membership to include the new state agency in alignment with federal IDEA requirements.
- **Expands ERDC** – Expands the ability for DELIC to administer ERDC to families that need it most.
- **Establishes Accountability** – Sets a clear timeline and checkpoints for reports to the Legislature regarding the progress of implementation.

A New Agency in Context

Oregon currently jointly administers ERDC across ODHS and ELD. ODHS exercises operational authority, while ELD is the State's lead CCDF agency. In line with emerging trends, Oregon is transitioning to an education-focused administering agency for child care programs.

Coordination of Early-Development Activities by State [1]



Oregon will join 22 states that have specific agencies or offices that focus on the coordination of early-care activities.

State Highlights:

- Washington administers its subsidized child care program through a coordinating agency, the Department of Children Youth and Families (DCYF). DCYF was created in 2017 and consolidates child welfare activities with human services and education programming.
- New Mexico administers its child care program through their Early Childhood Education and Care Department (ECECD). ECECD was launched in 2020 and aims to coordinate across programs that serve children from prenatal to five.

Note: "Yes" indicates that a state has a coordinating agency of office in the Governor's Office for early care and education coordination. Source material from Education Commission of the States was updated with ad hoc research to reflect best-available information.

ERDC Requirements: Federal Regulatory Summary ^[2]

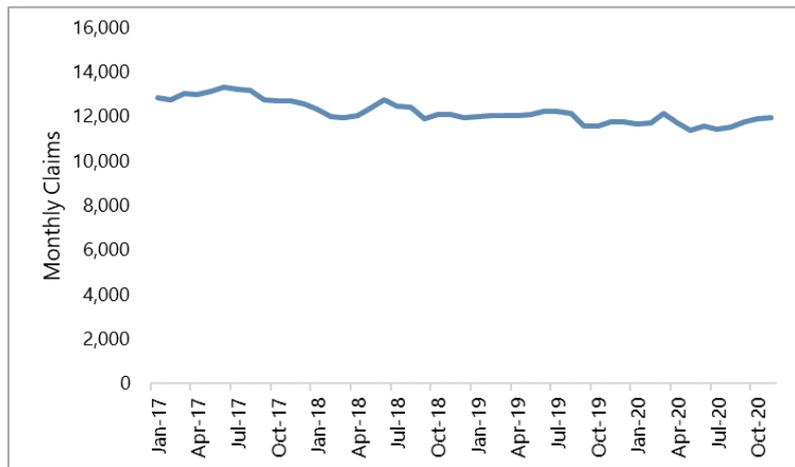
ERDC is governed by 45 CFR Part 98: The Child Care Development Fund. Oregon exercises flexibility in defining eligibility standards and works to implement provider-management strategies that follow federal health and safety standards.

Eligibility	<p>To meet federal eligibility requirements:</p> <ul style="list-style-type: none">• 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).• 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.• 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.
Application	<ul style="list-style-type: none">• Application processes must account for irregular fluctuations in family finances do not disrupt a 12-month eligibility period, must not disrupt TANF benefits for families, and must not place undue burden on families.
Public Information	<ul style="list-style-type: none">• A priority of the 2014 CCDF reauthorization was to help parents make informed choices and to ensure access to information that supports child development. States must distribute resources and child care program information via a user-friendly website.
Subsidy Structure & Billing	<ul style="list-style-type: none">• CCDF-funded child care programs must be administered with certificates, grants or contracts.• Federal regulations set standards for how states will establish their provider rate structures, develop copays, and distribute payments. States must set provider rates using data from routine market rate studies that assesses the cost of providing care.• States must meet federal program integrity standards by reporting on case errors (overpayments) to demonstrate compliance.

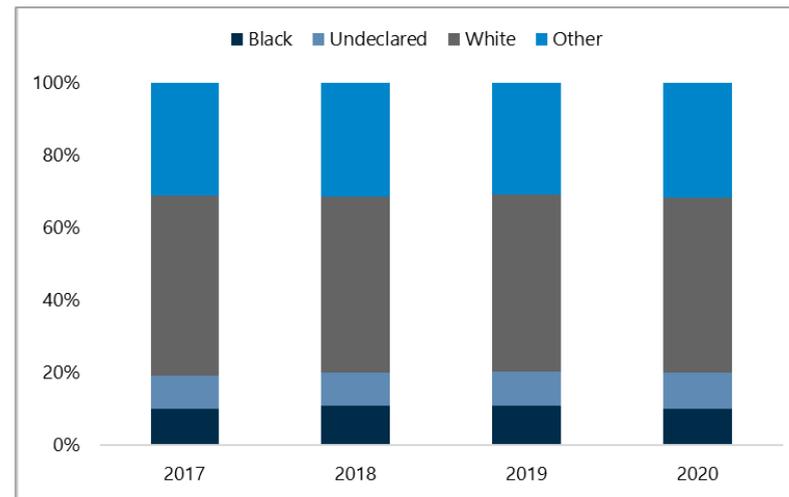
Program Overview

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.

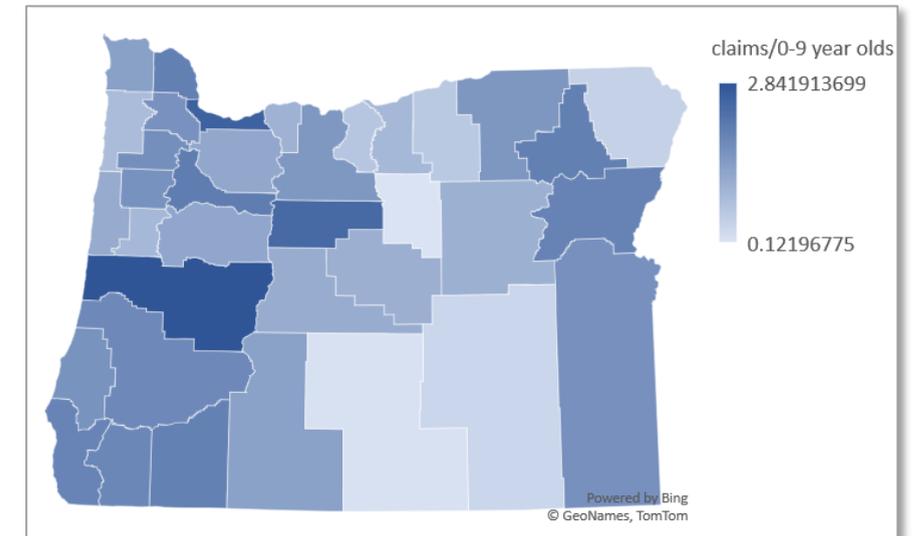
Family Highlights



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.**

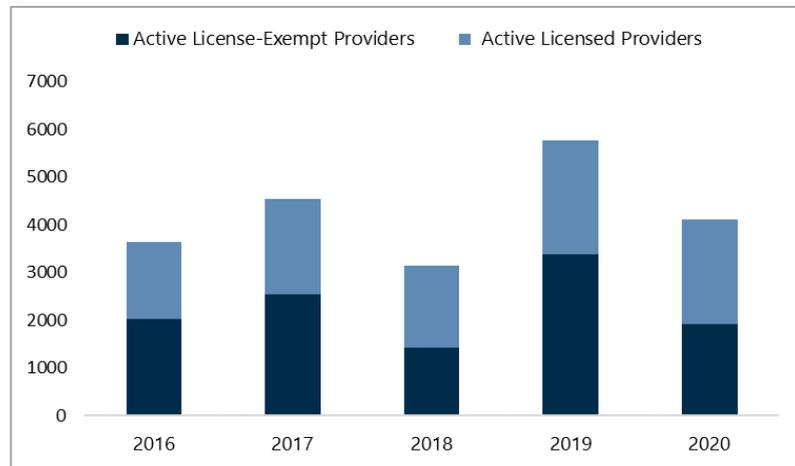


Claims per county (normalized for the population size of birth-nine year olds) tend to be **higher in urban areas.**

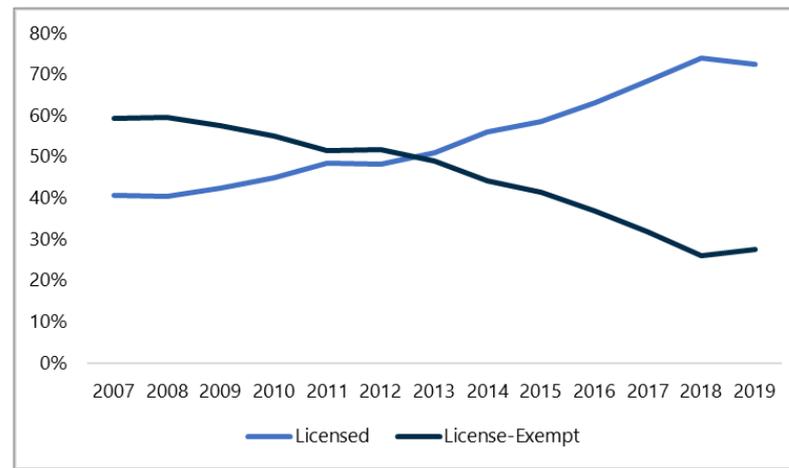
Program Overview, cont.

ERDC works with providers and other child care partners across the state to help families find a keep good child care, improve the availability of quality child care in Oregon, and develop resources for parents and child care providers.

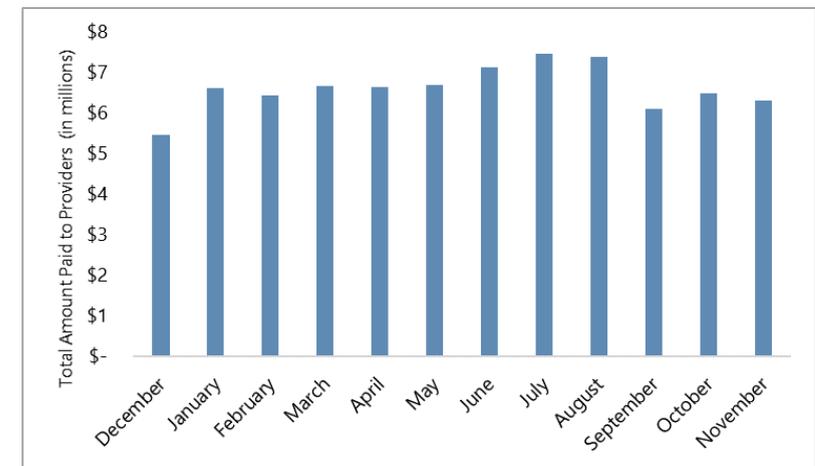
Provider Highlights



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



Over time and with changes to provider requirements, the mix of providers has changed in favor of licensed providers.

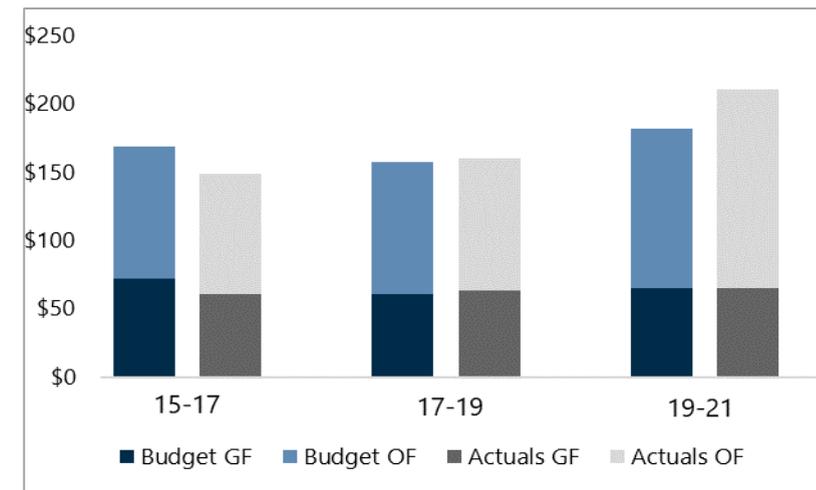


The program pays out approximately \$90 million to providers in a year, with the number of claims slightly higher in the summer months.

Funding

ODHS has carved out support from its other programs due to not receiving administration dollars from the Child Care Development Fund.

- ERDC is a small program in ODHS, which is why ODHS was able to carve out support, taking staff from other programs, to manage and deliver ERDC. When ERDC moves to DELC, shared services and other program administration costs will get spread out among the other programs, per the federal cost allocation plan.
- CCDF funding for the ERDC program is managed by ELD
 - Not more than 5% of the aggregate amount of Discretionary, Mandatory, and Federal and State shares of matching fund expenditures from each fiscal year’s allotment may be used for administrative activities.
 - This 5% is utilized by ELD to support management and administration of the CCDF funds. ODHS does not receive any CCDF funding to support ERDC program administration.
- The ERDC program is in a “budget box” – ODHS manages caseloads up to a capped amount of subsidies. Any program expansion would require more financial commitment from the Legislature.
- For transition consideration: how much would the various systems and services required to administer the program cost if they had to be stood up or procured?



ERDC program budget vs. actual spend varies based on annual adjustments.

Fund Type	Total Subsidies and Provider Payments	Related to TANF Transitions	Related to Non-TANF Transition	BOLI Child Care
GF	\$68,271,347	\$58,303,768	\$9,967,579	-
OF	\$113,927,929	-	\$113,627,929	\$300,000
TF	\$182,199,276	\$58,303,768	\$123,595,508	\$300,000

ERDC’s total subsidy and provider payment budget is funded by a combination of state and CCDF funds.

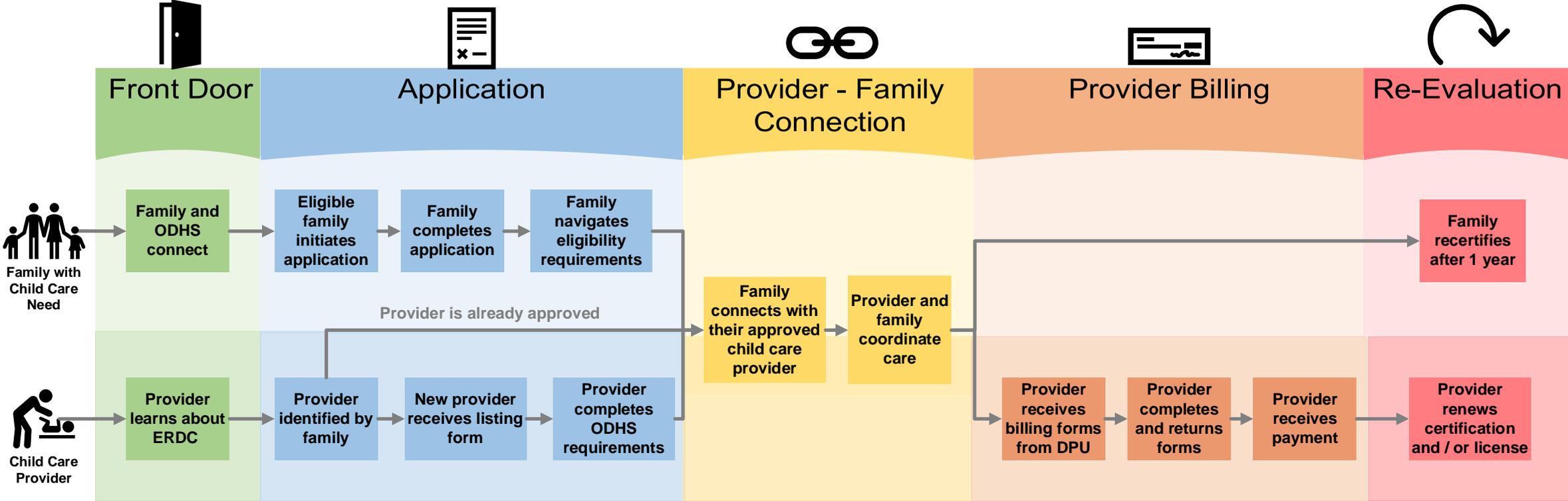


ERDC Program - Family and Provider Journey



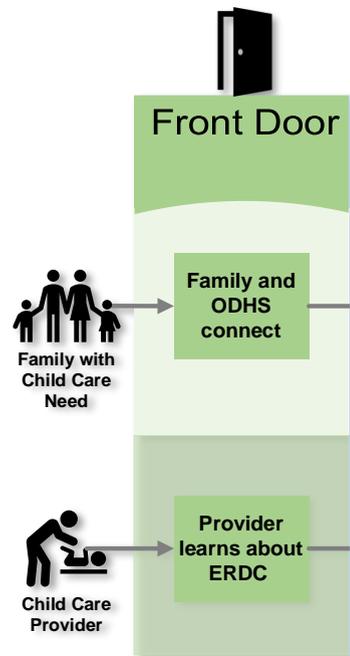
High-Level Family and Provider Journey

The operations, systems, teams, and activities that support ERDC can be understood in the context of the families and providers who experience the program – their journey from the Front Door through Reapplication & Re-evaluation.

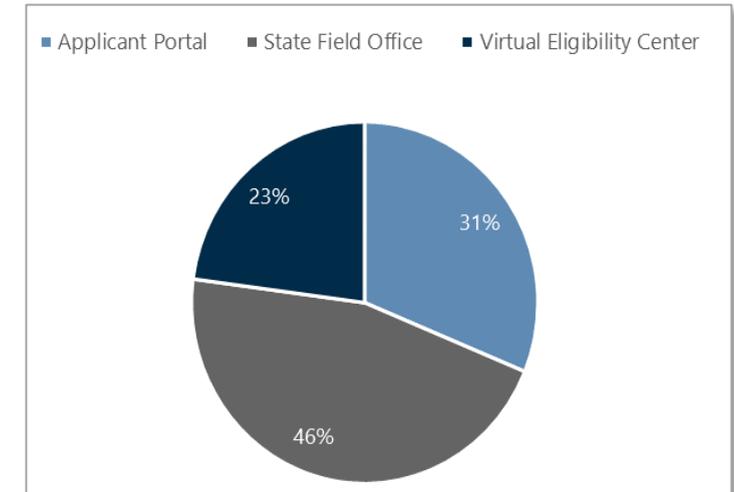


Front Door: Introduction

A family or provider learns about the ERDC program.



- **ERDC is 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.
 - Support services like training and IT systems cement this integration of programs.
- **For families, there are multiple “front doors”** or avenues through which they can learn about ERDC, including:
 - Contacting ODHS in person or by phone,
 - Finding general child care information online, and
 - Applying for or receive services from another benefit program.
- **For providers** that are not already Listed and Approved to accept ERDC subsidies, they typically learn about ERDC when a family is seeking child care. Being a licensed child care provider is not a prerequisite for providing subsidized care.



Families find application support in different channels

Partners support ERDC, including The Research Institute which helps families locate and assess providers.

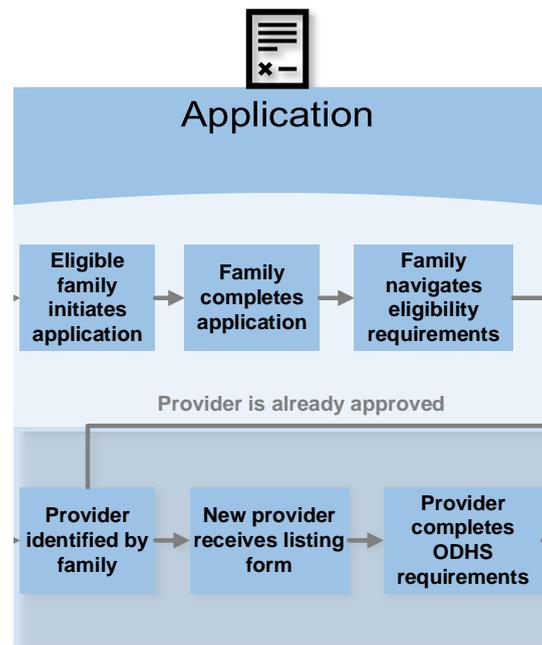
Front Door: Functions, Teams, and Systems

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.

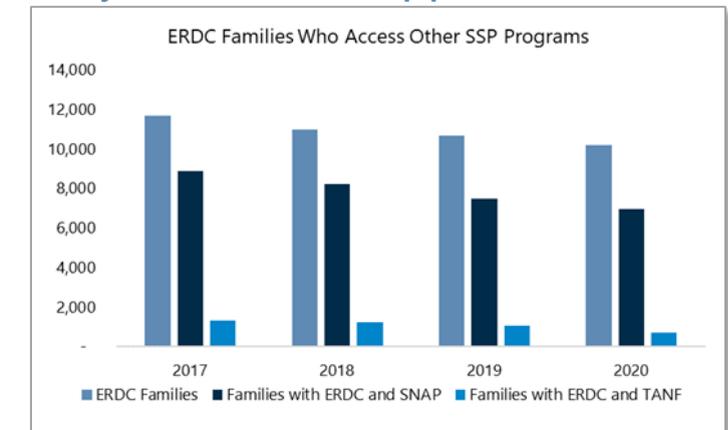
Systems	Transition Considerations
<ul style="list-style-type: none"> • ERDC Website • ELD Website • 211 • MyORO 	<ul style="list-style-type: none"> • Defining Eligibility: What is DELC's plan to repromulgate regulations that define the ERDC eligible population? • Managing Caseload: What service strategy 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: Introduction

A family submits details about their circumstances and needs through the application process, and their eligibility for the ERDC program is determined. Providers begin engaging with the family if they are not already Listed and Approved.



- While they may apply for ERDC only, **many families apply to multiple programs.**
- The ERDC application is currently in the middle of a major technology transition: the implementation of the ONE system.
 - Families can **apply via the ONE system**, an integrated eligibility system for ERDC, Medical, Cash, SNAP, and Temporary Assistance for Domestic Violence Survivors (TA-DVS) benefits.
- To refine and improve operations, the **Child Care Policy Team 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.



*Many families apply to multiple programs.

Families can enter demographic information and receive eligibility determinations for multiple programs at once.

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

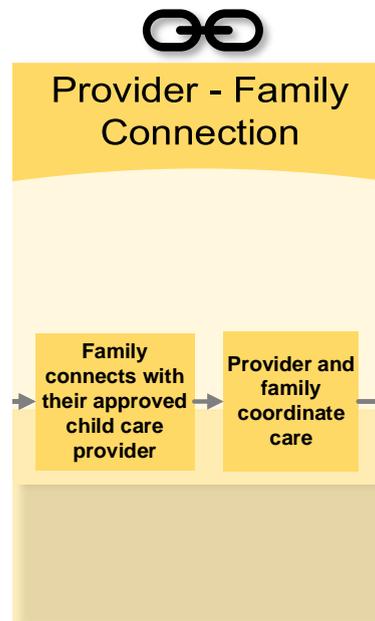
Application: Functions, Teams, and Systems

Functions & Teams	Guide Eligibility & Service	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 211 is the primary resource for child care provider referrals.
	Approve Providers	<ul style="list-style-type: none"> 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: Overview

The family and provider set up delivery of child care.



- **Activities to set up delivery of child care can be complex.** Throughout the application process providers must interact with staff from both ELD and ODHS and keep track of which departments require which documents.
- 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.**

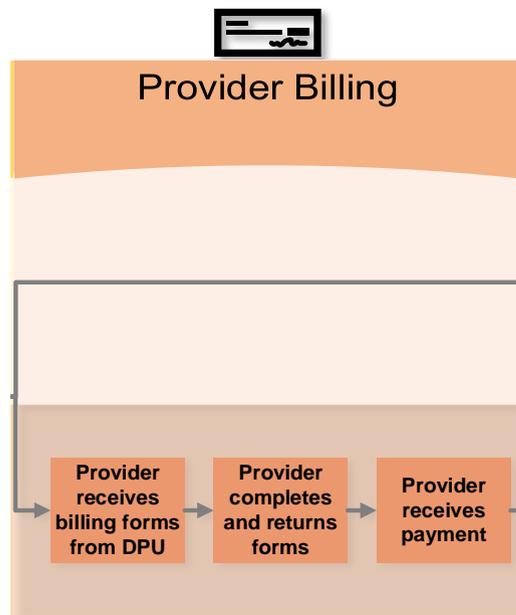
Provider – Family Connection: Functions, Teams, and Systems

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: Overview

Provider participation is actively managed via payment and monitoring



- **Oregon, like most other states, uses a certificate structure to administer ERDC,** with a focus on the financial health of the family. [3]
- 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 available child care slots.**
- **The billing process is dependent upon families and providers completing manual steps each month,** filling out forms to then submit them for provider payment.
- The Direct Pay Unit conducts provider billing, leveraging 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.

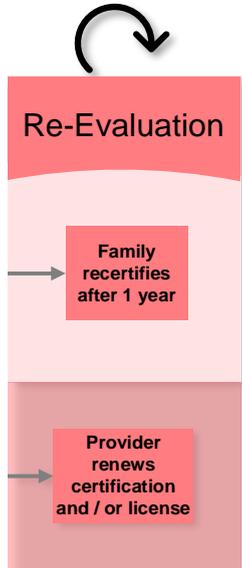
Provider Billing: Functions, Teams, and Systems

Functions & Teams	Pay Providers	<ul style="list-style-type: none"> The Direct Pay Unit (DPU) within ODHS is the unit responsible for ODHS 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 process 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 	<ul style="list-style-type: none"> 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>

Reapplication and Re-evaluation: Overview

Provider or family participation is re-established



- Families and providers must navigate reapplication processes that are very similar to their original application.
- At times, dual beneficiaries may struggle to understand what program benefits will be renewing, and which ones will not.
- Revised provider training and licensing statuses must be communicated across multiple staff units and systems to validate re-approval.
- The activities and systems that support reapplication and re-evaluation mimic those of the Front Door and Application stages

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

Many teams contribute to the ERDC program.

ODHS

- 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)

ODHS/OHA Shared Service

- 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)

ELD

- Early Learning Hubs
- Child Care Resource and Referral Agencies (CCRRs)
- Office of Child Care (OCC)

Contracted Service

- 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]

Other

- Department of Justice (DOJ)
- Department of Revenue (DOR)
- Office of Administrative Hearings
- SEIU/AFSCME (unions)
- USDA



DELC Design & Next Steps

June 30, 2021

Next Steps

From Summer of 2021 through Fall of 2022, ODHS, ELD, and the to-be-established DELC will work together to stand-up DELC and transition ERDC.

HB 3073 establishes accountability and requires ODHS and DELC to report out on three occasions.

- **Report on Progress (Sept. 30, 2021)** – ELD, ODHS, and ODE will work together to outline the progress in child care assistance programs, alignment of intervention services within statewide early learning systems, and adoption of rules related to child care.
- **Report on ERDC Program (Jan. 15, 2022)** – ODHS and ELD to determine fiscal impact and timeline of eligibility changes to ERDC and report on the progress of transferring ERDC to DELC along with other implementation topics.
- **Report on Updates of Implementation (Sept. 30, 2022)** – ELD will work with ODHS and ODE to provide updates on the transfer.

As DELC begins to form, the transition team will:

- Hire and onboard 14 key positions for ELD/ODE to support the DELC transition,
- Finalize transition governance,
- Finalize external partnerships,
- Finalize communications strategy, and
- Update ECE and SSP partners and advocates.



Appendix



Oregon Implementation: Eligibility Regulations Summary

Currently, over 200 regulatory sections (across ELD and ODHS) work together to govern the ERDC program. The eligibility requirements for families and providers are summarized below.

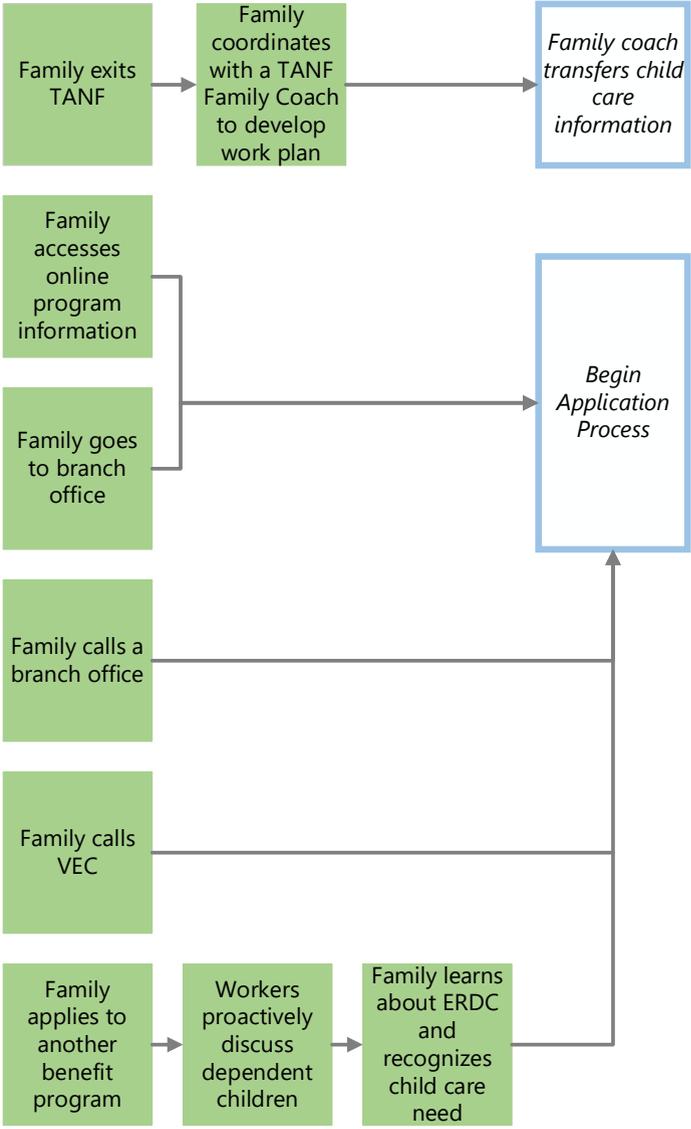
Family Eligibility

Federal Standard	Oregon Practice
Age	Aligns with the federal cap for children with no special needs but provides eligibility for special needs children only up to age 17 at the time of certification.
Household Income	Oregon uses two household income standards. The entrance threshold is 185% of the federal poverty limit (FPL) and the exit threshold 85% of SMI or 250% of the FPL, whichever is higher.
Family Assets	Aligns with federal eligibility standards for CCDF funded care.
Family Work Requirements	Oregon requires that the family is working in order to receive ERDC benefits. They can get hours for child care when they are in school or in a training program, but 50% of their total approved hours must be for when they are working. Oregon does not consider two-caregiver households eligible if their work schedules do not overlap (sleep time is not covered).
Initial Work Search	Oregon does not allow the optional 3-month work search period for families at the beginning of their certification period.

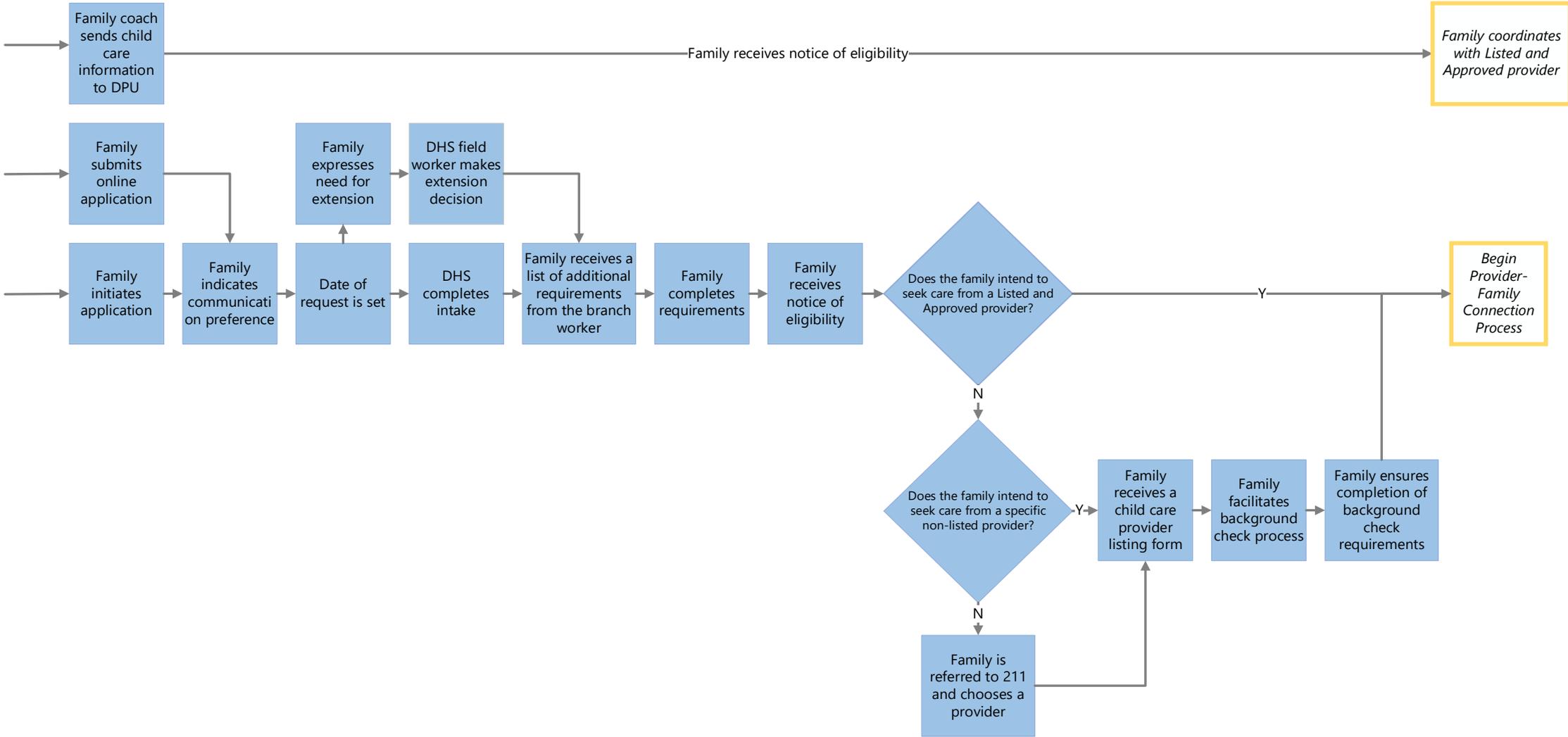
Provider Requirements

Provider Type	Lead Test	Trainings	Background Checks	Health & Safety Visits
All Providers	✗	<ul style="list-style-type: none"> Introduction to Child Care Health & Safety 		✗
Licensed Providers	✓	<ul style="list-style-type: none"> Safe Sleep Food Handlers First Aid and CPR for infants and toddlers Recognizing and Reporting Child Abuse and Neglect (RRCAN) 	ELD Completes	✓
License-Exempt Relative	✗	<ul style="list-style-type: none"> Orientation 		✗
License-Exempt Non-Relative	✓ (Unless care is provided in the child's home)	<ul style="list-style-type: none"> Orientation Recognizing and Reporting Child Abuse and Neglect Pediatric First Aid and CPR 	ODHS completes	✓

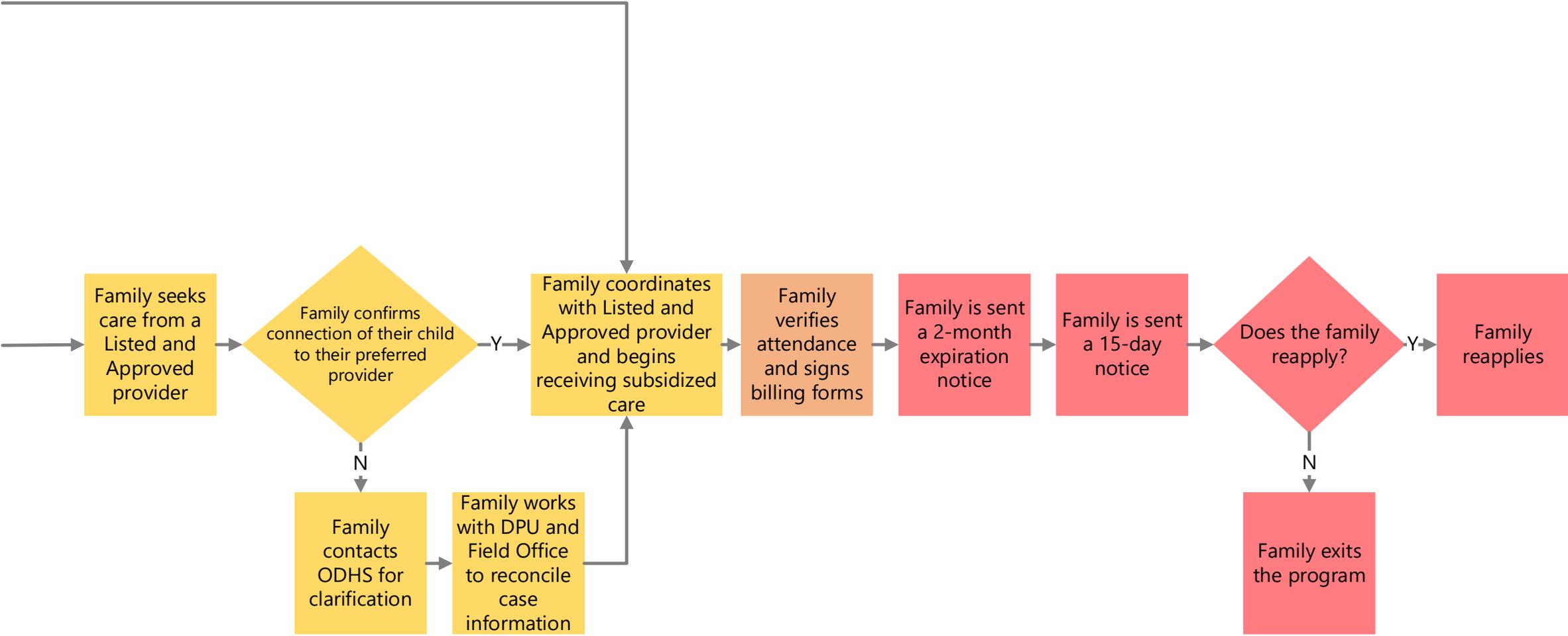
Detailed Family Journey



Detailed Family Journey



Detailed Family Journey



Sources

1. “Early Care and Education Governance.” Education Commission of the States November 2020. <https://c0arw235.caspio.com/dp/b7f9300033bd941030c64995a2dc>.
2. “45 CFR § 98 – Child Care and Development Fund.” Legal Information Institute. Cornell Law School. Accessed July 30, 2021. <https://www.law.cornell.edu/cfr/text/45/part-98>
3. Wilson, Sue. "Contracting For Child Care Services For Families Eligible For Subsidy". National Center on Child Care Subsidy Innovation and Accountability. April 24, 2013. https://childcareta.acf.hhs.gov/sites/default/files/public/contracting_for_child_care.pdf