

DEPARTMENT OF EARLY LEARNING AND CARE

Agency Design Project

**State of Oregon
Early Learning Division
Legislative Report/Progress Update
EXECUTIVE SUMMARY**

January 12, 2022

Executive Summary

House Bill 3073 (2021) charges Oregon’s Early Learning Division (ELD) with building a new cabinet level state agency by January 1, 2023: the Department of Early Learning and Care (DELIC). Section 85 of HB 3073 requires ELD to report to the legislature by January 15, 2022 with an update on progress made in designing DELIC, including any known fiscal and budgetary impacts. This is the second of three reports to the legislature and includes a comprehensive update on the overall development of the new agency. The final report, required by the legislature in September 2022, will encompass more detail related to final decisions of the implementation process.

Transition Overview

The DELIC design work is structured in three phases: Phase I, “Analyze,” included a current state analysis of ELD, the child care assistance programs within the Oregon Department of Human Services (ODHS), and an analysis of impacted partner feedback and peer state research. Phase II, “Design,” included planning for the transfer of all child care assistance programs administered by ODHS (including Employment Related Day Care, or ERDC), and the development of DELIC’s proposed organizational structure. Phase III, “Build,” is currently underway and encompasses 45 high-level projects required to stand-up DELIC, migrate functions, and finalize the fiscal and budget impacts of implementation.

Critical Program and Policy Updates

Updates on the key program and policy developments to launch DELIC are outlined below:

- 1. Transitioning Child Care Assistance Programs from ODHS:** A cross-agency transition team identified the following multi-faceted transitions: the migration of the positions and processes related to the Direct Pay Unit, Child Care Assistance Team, and Inclusive Partners, as well as the migration of Head Start Contracts and Teen Parent Program and contracts. ODHS Field Office staff will continue to complete eligibility for the ERDC program, and the ONE Integrated Eligibility system will continue to support eligibility determinations. DELIC will be part of the ONE governance structure and will participate in determining policy and funding priorities, with other functions provided through interagency agreements (IAAs) between DELIC and ODHS.
- 2. Transferring Background Checks:** ODHS shall transfer ERDC background checks for regulated subsidy providers to ELD’s Central Background Registry (CBR) by July 1, 2023. This authority is included in LC 104, which will be introduced during the February 2022 session by the House Early Childhood Committee. This authority is necessary for DELIC to take over the background check process for license-exempt providers alongside the transfer of ERDC.
- 3. Strengthening Early Intervention/Early Childhood Special Education (EI/ECSE):** ELD and the Oregon Department of Education (ODE) contracted with Education Northwest (EDNW), to identify high-level recommendations to strengthen the EI/ECSE programs. ELD and ODE will provide further recommendations in the September 2022 legislative report.
- 4. Developing a School-Age Ruleset:** ELD has engaged the National Center on Early Childhood Quality Assurance (ECQA Center) to assist in developing administrative rules for programs that serve school-age children. ELD will convene a Rulemaking Advisory Committee (RAC) for school-age rules for licensed child care centers for the Early Learning Council to adopt by June 30, 2022.

Operating Model and Organizational Structure

Based on the completed current state analysis, DELC will need investments to create a comprehensive back-office structure, improve data governance and infrastructure, and address program coordination to support access to care for Oregon's most vulnerable populations. Key organizational design decisions that the leadership team proposes moving forward include:

1. Chief of Staff (COS) office to ensure that DELC is effectively supporting equitable access for children, families, and providers through data and consistent service delivery.
2. Chief of Operations (COO) office to create an efficient back-office structure and provide centralized services to DELC, including IT and procurement.
3. Re-organize the Chief of Programs (COP) office to better support the variety of early learning programs in DELC, including the addition of child care assistance programs.

Financial Requests and Budget Impacts

This report provides a summary of the known estimated impacts to ELD/DELC for the 2021-2023 biennium budget. It also estimates 2023-2025 costs for Interagency Agreements between DELC and ODHS to support the transfer of child care assistance programs, including ERDC.

The estimated impact of DELC's additional positions and S&S with General Fund during the 2021-2023 budget is \$10.1 million, which includes the January 2022 SPA and a new request for the February 2022 legislative session. Additionally, ELD will use between \$7-13 million in existing Federal Funds limitation to support DELC in the 2021-23 biennium. The expected General Fund impact on the 2023-25 budget, including additional General Fund requests to supplement one-time Federal Funds, will be identified through the budget build process and included in the September 2022 report. Estimates include:

- **January 2022 SPA Position Requests:** ELD is requesting \$5.8 million for a total of 34 positions/12.38 FTE in the Special Purpose Appropriation (HB 3073) and additional General Fund during January 2022 legislative days, with approval in the February 2022 legislative session.
- **February 2022 Legislative Session New General Fund Requests:** In addition to the January 2022 request, ODE, ELD is requesting an additional 40 positions/18.58 FTE at \$4.3 million for the remainder of the 2021-23 biennium.
- **One-Time Federal Funds:** ELD will leverage federal CARES, CRRSA, ARPA Discretionary and PDG¹ resources in the 2021-23 biennium to invest in IT and Data Infrastructure to stand-up new, and replace existing critical, systems capabilities. These funds will also be leveraged to procure time-limited external resources to support DELC implementation. DELC may request additional funds to complete these projects in the 2023-25 biennium.

Next Steps & Risks

ELD leadership is in the process of creating more detailed project roadmaps and commencing work on over 45 projects related to 1) strategy, policy and budget; 2) general administration; 3) organization and process development; 4) technology and data; and 5) human capital management necessary to standup

¹ Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020), Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act (2021), American Rescue Plan Act (ARPA, 2021), and Preschool Development Grant (2019)

DELIC over the next two years. A primary focus of the next six months will be executing a robust change management strategy, including internal and external engagement with impacted partners. During this implementation phase, the ELD Leadership and Project Team will be closely monitoring risks related to hiring and procurement – both of which pose potential barriers to successful implementation if not mitigated.