

# House Bill 3073 Department of Early Learning and Care Report to the Interim Committees of the Legislative Assembly: **Executive Summary**

*Submitted by: Early Learning Division in collaboration with Oregon Department of Human Services and Oregon Department of Education*

**September 30, 2022**

## **Update on the Progress of HB 3073: Executive Summary**

Section 85 of House Bill 3073 (2021) requires the Early Learning Division (ELD), Oregon Department of Human Services (ODHS) and Oregon Department of Education (ODE) to complete four reports on the creation of the Department of Early Learning and Care (DELIC) and the transfer of the Employment Related Day Care (ERDC) program to the new agency. This “Update on the Progress of HB 3073 Implementation” is the final report required by HB 3073 and details the processes that have occurred since the January 2022 report to the Oregon Legislative Assembly.

### **Hiring and Plan**

In 2021, the Legislature approved 14 positions to start the initial implementation and planning of DELIC. In February 2022, the Legislature approved 66 positions based on the recommendations to establish internal operations for DELIC. Of those positions, 12 positions/3.0 FTE were requests for General Fund and permanent position authority for existing ELD limited-duration positions funded by private or federal grants. As of Sept. 1, 2022, ELD has hired 35 new positions, with 23 positions currently in active recruitment and 14 positions planned for hire in 2023. [Appendix A](#) details the status of each position.

### **Employment Related Day Care Transition**

ELD and ODHS have prioritized developing interagency agreements (IAAs), to clarify which services will continue to be provided by ODHS after child care subsidy programs migrate to DELIC. This process has included performing a detailed discovery of the roles and responsibilities for the Self-Sufficiency Programs (SSP) team at ODHS for ERDC-support functions. The agencies have also focused on the migration of the Child Care Policy team (CCP) and Direct Pay Unit (DPU) from ODHS to ELD/DELIC and are building a comprehensive project plan and functional migration preparation for the July 2023 migration, including facilities, HR, systems, policies, and procedures.

### **Next Steps and Risks**

#### ***Budget***

Because DELIC will not be officially operational until July 1, 2023, there are unique budget considerations of which the Legislature should be aware. Unlike an established agency, DELIC will not have budget authority until the Governor signs the DELIC budget legislative bill into law. Therefore, DELIC’s budget will need to be passed in an early session bill to ensure budget authority on July 1, 2023. This could affect DELIC’s ability to issue payments, process procurements, and ensure continued service delivery.

#### ***Authority***

The ERDC program relies on multiple legacy IT systems and interacts with several teams at ODHS. DELIC is in the process of procuring a provider management system to take over provider payments. However, the system will not be operational until 2024. This will require DELIC to *contract* back with ODHS to maintain access to the current provider payment system for the first part of the biennium. This option

may also require DELC to transfer funds for these payments and for ODHS to have additional Other Fund limitation to account for these transfers. In addition to payment system access, DELC also plans to contract with ODHS for several functions that are necessary to operate ERDC:

- Fraud and Investigation Unit (FIU)
- Information and Records Management System (IRMS)
- Office of Payment, Accuracy, and Recovery (OPAR)
- Hearings and Rules
- Office of Reporting, Research, Analytics, and Implementation (ORRAI)
- Quality Assurance (QA)
- Oregon Eligibility Partnership-Learning and Training (OEP-LET)
- Local Office staff and resources who determine eligibility

While DELC may eventually build some of these functions internally, the agency will require the authority to contract with ODHS for these services at least through the 2023-2025 biennium. DELC will request legislation to ensure this authority is established. In addition, DELC will continue to coordinate with ODHS and the Oregon Health Authority (OHA) for the use of the ONE System and with the Oregon Eligibility Partnership regarding sequencing and operational needs.

### *Information Technology*

Most projects are in early stages of development, where the risk of scope creep is high. As the scope of each effort is thoroughly defined, it is possible that schedules will extend to meet additional scope requirements. To mitigate this risk, project managers will need to rigorously follow change management processes to keep project schedules aligned with plans.

ELD and ODHS staff have been working to implement the policy changes to ERDC outlined in HB 3073, including family well-being activities, protected 12-month eligibility, eligibility for full-time students and for undocumented children. These policy changes not only require system changes to ONE, but in most cases to multiple legacy IT systems as well. There may be portions of these ERDC policy changes from HB 3073 that are not able to be fully implemented by July 1, 2023, due to technological constraints, limited resources, and staff capacity.

ODHS and DELC are finishing business requirements that will allow for a complete level of effort and then sequencing. When that is complete, a schedule will be provided for teams to manage and will show when each of these policy areas is expected to be completed.

In addition to supporting ERDC, ELD also requires a grants management system to ensure service providers are paid on time. Recently concluded market research suggests that reasonable solutions are available through existing state contracts. A Business Case has been shared with Enterprise Information Services (EIS) for Stage Gate 1 approval, and procurement is engaged to issue a Request for Qualifications (ERQ) for solution solicitation. Vendor implementation timelines suggest that a spring 2023 implementation is reasonable, providing that procurement processes conclude by early fall and that implementation focuses on minimal system modification.

### *Legislative Considerations*

In addition to position authority, ELD has identified the need for 48 positions/45.14 to ensure adequate support for critical operational functions, including procurement, payroll, and auditing. In addition to positions, Policy Option Package 102 of the 2023-2025 Agency Request Budget includes resources to support contracting with ODHS for continued services through interagency agreements.