

MEMORANDUM

Legislative Fiscal Office
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To: Members of the Education Subcommittee

From: Doug Wilson and Laurie Byerly, Legislative Fiscal Office

Date: May 15, 2013

Subject: HB 2013 – Early Learning

Today’s hearing is on HB 2013 which (1) provides support so the Kindergarten Readiness Assessment can be utilized, (2) instructs the Early Learning Council to “establish” Early Learning Hub demonstration projects for local delivery and coordination of early learning programs, (3) sets out financial and other requirements for the hubs, (4) requires the Department of Human Services and the Child Care Division to convene professional development and labor management committees for establishing quality improvement systems for home-based child care, (5) creates an Early Learning Kindergarten Readiness Partnership and Innovation Program, and (6) provides for greater coordination between the early learning programs and health care services. This bill is a companion to HB 3234, which combines many of the early learning programs into a new Early Learning Division in the Oregon Department of Education. The table below sets out the various funding streams and programs that will be part of this new division. In addition, many of these program dollars will flow through the hubs proposed to be created by HB 2013.

Early Learning Programs							
<i>Moved to New Division in the Department of Education</i>							
2013-15 Governor's Budget							
	GF	OF	FF	TF	Pos	FTE	
Early Childhood Division							
<i>Moved from within the Department of Education:</i>							
Early Intervention	28,138,740	-	9,196,830	37,335,570	-	-	
Early Childhood Special Education	107,903,491	-	18,795,954	126,699,445	-	-	
Oregon Head Start Prekindergarten	127,424,153	-	-	127,424,153	-	-	
Early Head Start	1,540,108	-	-	1,540,108			
OPK/HS Admin	543,737	-	314,374	858,111	3	3.00	
<i>Moved from the Employment Department:</i>							
Childcare Division	4,112,738	3,696,026	130,211,416	138,020,180	83	79.00	
<i>Moved from the Governor's Office:</i>							
Early Learning Council (ELC)							
Great Start	1,674,117	-	-	1,674,117	-	-	
Children, Youth, and Families	1,691,746	-	-	1,691,746	-	-	
Healthy Start	14,816,487	4,329,307	-	19,145,794	2	2.00	
Basic Capacity	10,000,000	-	-	10,000,000	-	-	
Family Preservation and Support	-	3,446,702	-	3,446,702	-	-	
Crisis Nurseries	6,586,379	2,226,396	-	8,812,775	-	-	
Race to the Top	-	-	11,083,111	11,083,111	9	9.00	
Social Obligation Bond	800,000	-	-	800,000	-	-	
ELC Administration	1,491,523	81,838	192,539	1,765,900	12	5.88	
Early Childhood Division Total	306,723,219	13,780,269	169,794,224	490,297,712	109	98.88	

The bill anticipates that the local Commissions on Children and Families will be discontinued and that many of the programs they had responsibility for will be provided through the proposed hubs. HB 2013 requires the Early Learning Council (ELC) provide funding for no more than seven hubs during the 2013-14 fiscal year and for up to 16 hubs for 2014-15. Counties will likely be the local “agents” for many of the early learning programs until a hub is designated for the corresponding area. The next few years will be a transitional period as the proposed hubs become established. HB 2013 requires the hubs to meet a number of requirements including (1) broad representation of local interest groups, (2) use of “coordinated and transparent” budgeting, (3) coordination among service providers in the region including health care, (4) ability to raise “significant” funds to support services, and (5) to operate in a fiscal sound manner. Any entity that is part of the hub may not use more than 15% of the funds received from the ELC for administrative costs.

A number of issues or questions should be addressed as this bill is discussed including:

1. What programs are specifically the responsibilities of the hubs for both providing services and for administrative purposes?
2. What is the timeline and the major “milestones” over the next two years as the transition to the proposed hubs take place? How will services be administered and provided in those areas with hubs and those areas without hubs?
3. What criteria will be used to select hubs and what happens when multiple hub “coalitions” apply for the same area?
4. What are the oversight mechanisms for the state to monitor and determine effectiveness of individual hubs as well as the entire system of hubs?
5. How will the funds be distributed and allocated to the hubs?
6. How much latitude will individual hubs have in determining how funds are distributed on the local level?
7. What are the requirements for the hubs to demonstrate financial soundness and what will the reporting expectations be for the hubs?
8. Given that a portion of the Basic Capacity grants are proposed to be designated for the Early Learning Kindergarten Readiness Partnership and Innovation Program, will there be sufficient funding to support the programmatic and administrative backbone of the hubs as well as the transitional organizations?
9. The bill permits the ELC to require matching funds from the local hubs – how will the level of the match be determined and will it vary from one hub to another?
10. What types of programs/projects will be funded with the Early Learning Kindergarten Readiness Partnership and Innovation Program?

The table on the previous page outlines the programs and funding levels that will be available for early learning programs – many of them are assumed to be administered locally by the hubs. Funds for Healthy Start and the Crisis Nurseries will flow directly to the current set of providers while the Special Education related programs will continue for now in their current form and provider/distribution network. It is anticipated that the “Basic Capacity” funds which total \$10 million will provide administrative and management resources for hubs and other transitional local organizations (e.g., counties). A portion of these same funds will be used to fund the Early Learning Kindergarten Readiness Partnership and Innovation Program. The Governor’s budget and the Co-Chairs’ budget do not include any further designated funding for the hubs and related programs. There is also the possibility of federal funding, including further Race-to-the-Top grant funds, for some of these functions.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	5 - 4 - 0
Yeas:	Gallegos, Gelser, Gomberg, Keny-Guyer, Tomei
Nays:	Gilliam, Olson, Whisnant, Whitsett
Exc.:	0
Prepared By:	Regina Wilson, Administrator
Meeting Dates:	3/11, 4/15, 4/17

WHAT THE MEASURE DOES: Directs Early Learning Council (ELC) and Department of Education to assist school districts in implementing kindergarten readiness assessments for children. Requires standardized screening and referral services for voluntary statewide early learning system. Expands assessments for Healthy Start Family Support Services programs to include children from zero to three years of age. Directs Oregon Health Authority and ELC to develop performance metrics for prenatal care, delivery and infant care. Instructs Oregon Health Authority and ELC to establish grant program to support strategies that align voluntary statewide early learning systems and health systems to improve developmental outcomes for children from zero through three years of age. Requires preschool child with disability have comprehensive communication plan by the age of three years. Directs ELC to establish demonstration project. Appropriates funds from the General Fund for demonstration projects.

ISSUES DISCUSSED:

- Reaching the most at-risk children
- Coordination of the service delivery system
- Supporting families with consideration as families as the “first teacher”
- Shared accountability
- Improving a child’s interaction with his/her peers
- Stability of services along the continuum

EFFECT OF COMMITTEE AMENDMENT:

BACKGROUND: The Early Learning Council (ELC), under the Oregon Education Investment Board (OEIB), was created through legislation in 2011. The Council guides efforts to “integrate and streamline” state programs for at-risk youth and ensures that children are prepared to learn when they enter kindergarten. Out of every 10 children in Oregon, at least four are not ready for kindergarten. Goals of the Oregon Early Childhood System include, and are not limited to: 1) the prevention of child abuse and neglect; 2) linking and integrating system programs and supports; and 3) parental braces in providing supportive environment for young children. House Bill 2013A