

## Item 13: Oregon Department of Education -- Early Learning Division

### Child Care Provider Assistance

---

**Analyst:** Doug Wilson

**Request:** Establish a \$30,000,000 Other Funds expenditure limitation for funding from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to the Oregon Department of Education's Early Learning Division for assistance in meeting the increased costs of child care providers.

**Description:** Child care providers are facing many economic and operational challenges as a result of the COVID-19 crisis. The Governor's Executive Order 20-12 requires all licensed and recorded child care programs to temporarily close or convert to Emergency Child Care. Under this emergency designation, criteria established by the Oregon Department of Education's Early Learning Division (ELD) require emergency providers to reduce group size to no more than ten children, prioritize enrollment for children of essential workers, and follow specific health and safety requirements. These requirements mean increased costs for providers, including staff costs, to meet lower children to staff ratios and increased sanitation procedures. ELD was concerned that child care tuition would increase to meet these higher costs and that many closed child care providers would not survive the crisis, limiting the future supply of child care. One estimate has found that nearly half of child care providers have closed; national reports estimate that between 25% and 50% may never reopen.

ELD has been approved to assist emergency child care providers to offset the increased costs. In phase 1 of this assistance, grants (ranging from \$702 to \$14,040 depending on facility enrollment and designation) were provided to emergency providers for costs including staff compensation, lease or mortgage costs, utilities, supplies, and food. The application process started on May 1st. Since then, 2,200 applications have been received and over 1,200 grant agreements have been signed with further applications currently being processed. The total cost of phase 1 is \$8.0 million. The phase 2 application process is expected to be announced soon, with grants ranging from \$702 to \$9,360 at an estimated cost of \$10.5 million. This phase will be made available to providers who will be operating by September 1st and to those eligible for phase 1 who did not get a phase 1 grant. Originally, it was thought that both phases would use funding from the CARES Act designated for child care. A total of \$38.6 million was allocated to Oregon for child care costs related to COVID-19 and could be used for: (1) continued assistance to providers in the event of closure, absences, or reduced enrollment; (2) child care costs for children of essential employees; (3) maintain operation of child care programs or reopening of programs; (4) any other allowable use under the Child Care Development Fund.

Expenditures funded with the Coronavirus Relief Fund (CRF) must be used by December 31, 2020, while the \$38.6 million in CARES Act child care funds must be obligated by September 30, 2022 and liquidated by September 30, 2023. Based on this timing, it would make sense to use CRF funds for the costs under phase 1 and phase 2, reserving the child care specific funds for uses that may extend beyond the CRF deadline. This would leave \$11.5 million of the \$30 million allocated in this item available to use for other child care related costs before the end of the year. Such costs could include additional phases or increased grants to assist emergency care providers to stay open as the economy recovers or to reopen if they have closed. The \$11.5 million should be uncommitted until ELD comes forward with further details and a plan on how these funds would be used.

**Recommendation:** The Co-Chairs of the Emergency Board recommend approval of establishing a \$30,000,000 Other Funds expenditure limitation for the Oregon Department of Education’s Early Learning Division for funding from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to ODE for assistance in meeting the increased costs of child care providers and costs of reopening for child care providers that have closed, with the understanding the Department of Administrative Services will unschedule \$11,500,000 of the amount for initiatives further developed by the Early Learning Division.