

Analysis

Item 3: Department of Education

Child Care Assistance

Analyst: Doug Wilson

Request: Allocate \$15,000,000 from the special purpose appropriation made to the Emergency Board for response to the COVID-19 pandemic public health emergency and increase the Federal Funds expenditure limitation for the Early Learning Division by \$22,870,000 for assisting child care providers.

Analysis: The Early Learning Division (ELD) of the Oregon Department of Education (ODE) is requesting an allocation of \$15.0 million General Fund from the Emergency Fund for assisting residential and day camps that provide child care for families. In addition, ELD is requesting an increase of \$22.9 million in Federal Funds expenditure limitation to spend the remaining child care resources of the total \$38.6 million distributed to Oregon through the CARES Act last Spring.

Residential and Day Camps:

ELD is requesting \$15.0 million General Fund to assist residential and day camps comprised of nonprofit camps, private independent camps, and religiously affiliated camps. The agency is working with associations that represent these camps to determine the number of camps and the need for assistance. One estimate of the combined lost revenue of these camps due to the pandemic is over \$50 million (October 2020 estimate) jeopardizing their continued operation. This estimate did not only include the camps but also other providers including afterschool programs and school-based programs. The camps and other providers face increased costs due to COVID-19 related regulations put in place for health and safety purposes. ELD asserts that these camps offer a supplemental alternative child care setting and their closures would place additional pressure on the overall child care system.

At this point not enough information has been gathered to determine the need and who should receive assistance. It is also recognized that some of these providers may need assistance in the near future. For that reason, it is recommended \$10 million be allocated from the special appropriation and that amount be unscheduled until more information is gathered and a plan for distribution is developed. As part of this plan, ELD should include eligibility criteria, who should be prioritized, and the number of children that have been affected by reduced services and/or closures. ELD should also not only look at lost revenue but also factor in the impact of reduced costs from the reduced services or closures.

CARES Act Related Federal Funds Limitation:

ELD is proposing to use the remaining \$22.9 million of CARES Act funding in five areas. The discussion below includes both the designation of these funds but also the required expenditure limitation for the current biennium. Some of the expenditures will be made in the 2021-23 biennium and that will need to be addressed during the 2021 session.

Child Care Provider Supplies: \$1.2 million is designated to purchase and distribute care packages that include a three-month supply of personal protective equipment (PPE) and other supplies for child

care providers. ELD would use the funds to purchase items including diapers, masks, gloves, and food and distribute the items in nearly 3,000 care packages. ELD previously sent out a similar number of packages. These funds will all be spent during this biennium so \$1.2 million in expenditure limitation is recommended.

ELD Staffing: \$810,361 is designated for staffing and other costs to support the additional demand and workload for the programming under this request and for the over \$100 million included in the recently passed federal legislation. These costs will extend into the next biennium. Four positions are proposed including an Operations and Policy Analyst 2, Administrative Specialist 2, Compliance Specialist 2, and an Operations and Policy Analyst 3. This staff will assist in preparing grant agreements, provide technical assistance, coordinate communication with stakeholders, assist in implementing child care protocols, and ensure compliance with federal regulations. Even though they were not requested in the agency letter, it is recommended that four limited duration positions (0.84) be established. Expenditure limitation required for this biennium is \$188,888 Federal Funds.

Telehealth: \$500,000 is designated for a centralized hotline staffed by public health nurses to provide consultation to child care providers when there is a presumed or confirmed COVID-19 case, supporting daily health checks to assess whether symptoms are COVID related, and other matters related to the pandemic. It is expected that three public health nurses would staff the hotline initially and more would be added if necessary. This hotline would free up local public health agency resources which are overburdened with other responsibilities related to the pandemic. ELD would enter into an agreement with the Oregon Health and Science University (OHSU) who operates a similar hotline. The public health nurses would augment the existing staff. It is expected that the hotline would operate at least through the state of emergency. Federal Funds expenditure limitation required for the current biennium is \$250,000.

Employment Related Day Care (ERDC) Emergency Rules Extension: ELD is proposing using an additional \$7.1 million to fund the extension of ERDC emergency rules, including the zero-co-pay policy, through March 2021. This is in addition to the \$7.0 million already designated for this purpose. These policies were enacted in March 2020 and have been extended twice under the extension of the Governor's Emergency Orders. ELD asserts the zero-co-pay policy has been identified by ERDC families and providers as one of the most "impactful" of the policy changes for supporting ERDC families during the pandemic. Since this cost estimate is based on caseloads and cost-per-case through October, the amount will need to be reviewed and possibly adjusted during the 2021 session as actual figures are available. There may be additional costs next biennium as a result of this policy due to recertifications. The Federal Funds expenditure limitation is recommended to be increased by \$14.1 million since no increase in ELD limitation has been approved yet for this policy. A corresponding Other Funds expenditure limitation is proposed in Item #9 for the Department of Human Services.

Child Care Supply Building: \$6.2 million is designated for grants to regions and communities such as Early Learning Hubs and Child Care Resource and Referral entities (CCR&Rs) to support expanding the supply of child care providers, specifically in rural parts of the state and within BIPOC communities. Emphasis will also be given to expand the number of providers who accept ERDC clients. The pandemic has seen a reduction in the number of providers which only adds to the shortages in many areas of the state that existed prior to the pandemic. ELD will require that Hubs and the CCR&Rs be involved in all these grants. These grants could be used for convening of stakeholders, initiate new efforts or accelerate existing efforts to expand the supply of providers, pay for local licensing fees for

new providers, and for staff time to manage these efforts. ELD estimates the grants will range from \$50,000 to \$1 million depending on the size of the region/community, the number of organizations participating in a consortium, and the stage that the group is in of assessing the need vs actual implementation of a plan. The \$6.2 million figure assumed six grants for groups in the early stages of planning, 13 grants that are further along in their development of strategies or just beginning implementation, and three grants to groups that are into the implementation stage. Preference may be given to groups that provide matching funds for the effort.

As with the residential and day camp proposal above, there are several details left to determine. While there have been successful efforts in building capacity in some parts of the state (e.g., central Oregon, Bandon), additional details such what are eligible costs that grant funds can be used for and a better idea of other participating groups still must be presented. A draft RFP is being developed and that should generate additional details. For that reason, it is recommended that the Federal Funds expenditure limitation be increased by \$6.2 million and be unscheduled until further details are presented.

Summary

<i>Dollars</i>			
General Fund	General Fund Allocation	Amount Required for 2019-21	Comments
Residential and Day Camps Assistance	10,000,000	10,000,000	Unschedule
Federal Cares Act Funding	Allocated Cares Act Funds	FF Expenditure Limitation	Comments
Child Care PPE Supplies	1,200,000	1,200,000	
ELD Staffing & Other Costs	810,361	188,888	
Telehealth - OHSU Hotline	500,000	250,000	
ERDC Policy Extension	7,100,000	14,100,000	\$ 7.0 million already Designated
Child Care Provider Supply Building	6,200,000	6,200,000	Unschedule
Total	15,810,361	21,938,888	

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Emergency Board allocate \$10,000,000 General Fund from the special purpose appropriation made to the Emergency Board during the 3rd special session of 2020 for the state's response to the COVID-19 pandemic public health emergency to the Department of Education, increase the Department of Education's Federal Funds expenditure limitation by \$21,938,888, and authorize the establishment of four limited duration positions (0.84 FTE) for assisting child care providers. The Department of Administrative Services is instructed to unschedule the \$10,000,000 General Fund allocation and \$6,200,000 million of the increase in Federal Funds expenditure limitation until further details are presented.

3
Oregon Department of Education
Streepey

Request: Increase Federal Funds expenditure limitation by \$22.2 million within the Early Learning Division to expend additional Child Care Development Fund monies provided through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and establish four limited duration positions. Allocate \$15.0 million from the Emergency Fund to support outdoor, residential, and summer camps that often serve as child care for families.

Recommendation: Approve the request with the following modification:

- Increase Federal Funds expenditure limitation by \$22.2 million within the Early Learning Division to expend additional Child Care Development Fund provided through the CARES Act and establish four limited duration positions.
- Allocate \$15.0 million from the special purpose appropriation made to the Emergency Board for the state's response to the COVID-19 pandemic public health emergency to support outdoor, residential, and summer camps that often serve as child care for families.

Discussion: The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27, 2020. One of the provisions of the Act included an additional \$3.5 billion for discretionary Child Care Development Funds (CCDF) for states. Oregon's share of the total was \$38.6 million. A portion of these resources were already approved by the Legislature with the passage of Senate Bill 5723 in August 2020. Now, the Early Learning Division (ELD), which operates within the Oregon Department of Education (ODE), is requesting an additional \$22.2 million in Federal Funds limitation to expend the majority of the remaining funds. If approved, ELD will have received \$30.8 million in CARES Act CCDF Federal Funds limitation between the August Special Session budget bill and this Emergency Board request. ELD is not requesting limitation to cover the full remaining CCDF funds from the CARES Act at this time, as the Division needs to assess these resources in conjunction with the latest round of federal support. The Consolidated Appropriations Act, 2021, was the fifth and final federal stimulus bill related to COVID-19 in 2020. This latest federal bill, signed by the President at the end of December, includes \$10 billion for additional child care support, with Oregon's share estimated to be \$111 million. Additional planning is needed to determine the best use of these resources along with the remaining CARES Act CCDF funds.

ELD intends to utilize the \$22.2 million in CARES Act funds being requested at this time for a variety of purposes including the extension of emergency policies for the Employment Related Day Care (ERDC) program through March 2021 (\$14.1 million), protective supplies for child care providers (\$1.2 million), telehealth for provider consultations (\$0.5 million), staffing costs (\$0.2 million), and child care supply building efforts (\$6.2 million). The staffing costs support a request to establish four limited duration positions (0.84 FTE) to help the Division implement the additional workload tied to the overall plan. The funding for staffing would allow the Division to hire new staff or allow existing staff to step into new roles starting in February, with the potential for the recruitment of new staff to serve as backfill support. It is expected that this work will continue into 2021-23 and the position funding for next biennium will need to be addressed in the 2021 Legislative Session. Elevated workload in the Division is not anticipated to abate with the additional Federal Funds approved in the Consolidated Appropriations Act and new supply building efforts in this plan that will inform future deployment of federal resources.

ELD also requests \$15.0 million from the Emergency Fund for residential, outdoor, and summer camps that often serve as child care for families and provide youth development and leadership opportunities for older children. Currently, the Division does not believe the additional federal funding from the Consolidated Appropriations Act can be used for these purposes and the camps serve an important function in the child care system that need to be sustained. Camp providers include well-known organizations such as YMCA, Boys and Girls Club, and many other non-profit and private independent camps. The plan for this funding is similar to other state efforts to maintain capacity and ensure providers are around to offer services in the future. For various reasons tied to the pandemic, camp providers experienced declines in enrollment and revenue in the summer of 2020, months that typically help sustain them. In order to help ensure these providers can remain open and to relieve burdens on other areas of the child care market, the Division is requesting these additional resources at this time.

Efforts to collect data and evaluate provider needs are under way. The Division has collected data from over 70 providers, with responses indicating significant declines in kid counts for these services, demonstrating a need to maintain capacity in this segment of the child care market. Eligible providers include licensed resident camps for youth ages 5-18 with the State of Oregon and members of American Camp Association, Christian Camp Association, and residential, trip, or day camps operated by YMCAs or Boys and Girls Clubs. Planned eligible expenses that will be reimbursed through this funding include lease/mortgage, utilities, sanitation/maintenance, program supplies, staff compensation and benefits, and other reasonable operating costs for the period January 1 through June 30, 2021. The Division will continue to collect the appropriate data and determine equitable distribution of funds across the state and across both large and small organizations.

Legal Reference:

Increase Federal Funds expenditure limitation established by Chapter 609, section 9(1), Oregon Laws 2019, for the Oregon Department of Education by \$22,000,000 for the 2019-21 biennium.

Increase Federal Funds expenditure limitation established by Chapter 609, section 8(1), Oregon Laws 2019, for the Oregon Department of Education by \$209,774 for the 2019-21 biennium.

Allocate \$15,000,000 from the State Emergency Fund, set aside by the Special Purpose Appropriation under section 2, chapter _____, Oregon Laws 2020 (third special session) (Enrolled Senate Bill SB 5731) to supplement the appropriation made by chapter 609, section 2(6), Oregon Laws 2019, for the Oregon Department of Education for the 2019-21 biennium.



Oregon

Kate Brown, Governor



OREGON
DEPARTMENT OF
EDUCATION

Oregon achieves . . . together!

Colt Gill

Director of the Oregon Department of Education

January 4, 2021

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
Salem OR 97301-4048

Dear Co-Chairpersons:

Nature of the Emergency

The Oregon Department of Education (ODE), Early Learning Division (ELD) respectfully request an increase of \$22,209,774 in Federal Fund Expenditure Limitation to expend current CARES funding ELD received from the Child Care And Development Block Grant (CCDBG). ELD also respectfully requests \$15,000,000 in General Fund resources to provide support to Oregon outdoor, residential and summer camps that serve as child care for families. These resources will work collectively to support Child Care in addressing the challenges in responding to the impacts of COVID-19.

Agency Action

Residential and Day Camps

ELD is requesting \$15 million in General Fund appropriation for funding of residential, outdoor and summer camps that serve as child care for families. There are over 125 residential and day camps in Oregon. They are comprised of nonprofit camps, private independent camps and religiously affiliated camps. As of October 2020, these camps have lost over \$50 million in revenue and many are at risk of closing before the summer program season. For thousands of Oregon's children and teens, this community of camps provides supplements child care for families and provides important youth development and leadership opportunities for older children. Resources are needed immediately to support program operation and compliance with current and future COVID-19 health and safety guidelines. Losing these programs will put an additional pressure on Oregon's child care system, which continues to be strained through the pandemic.

Child Care Provider Supplies

ELD requests \$1.2 million Federal Fund Expenditure Limitation request to cover a three month supply of protective supplies for child care providers, including food, diapers, masks, gloves, and baby wipes. This request also includes funding to cover shipping and labor costs for nearly 3,000 care packages that are anticipated to be delivered to child care providers across the state.

Staffing Costs

\$209,774 in Federal Fund Expenditure Limitation is proposed to add staffing positions including an Operations and Policy Analyst 2, Administrative Specialist 2, Compliance Specialist 2, and Operations & Policy Analyst 3 positions. These positions are intended to support the additional demand and workload directly related to carrying out increased programming for this proposal. These costs include salary, all other associated payroll costs, benefits and service and supplies expenses totaling \$209,774 to fund until the end of the funding obligation period.

Telehealth

With \$500,000 in Federal Fund limitation ELD proposes to transfer funds via Intergovernmental Agreement to the Oregon Health Authority (OHA) to fund a centralized hotline staffed by public health nurses for child care providers statewide. Local public health agencies are challenged to respond to the needs of child care providers when there is a presumed or confirmed COVID-19. Moreover, child care providers need access to consultation to support daily health checks and exclusion policies. These costs assume 2-3 public health nurses for the 2021 calendar year.

ERDC Emergency Rules Extension

ELD proposes an additional \$14.1 million in Federal Fund Expenditure Limitation to extend the emergency rules for ERDC for families enrolled through March, 2021. This funding would be in addition to the \$7 million in CARES Act funding previously approved and allocated to reserves to support COVID related policy changes to ERDC, including the zero copay policy.

ELD and the Oregon Department of Human Services (ODHS) have partnered to support policy changes to ERDC to better support families during COVID. To help families during this crisis, copays for families enrolled in ERDC were suspended in March of 2020. This policy was originally scheduled to expire in August, but with the extension of the Governor's Emergency and the availability of CARES Act funding, the policy was extended through December 31st, 2020. The zero copay policy has been identified by ERDC families, providers and other stakeholders as one of the most impactful of policy changes for supporting ERDC families during the pandemic.

The extension of the copay policy through December 31st, 2021 was calculated on budget projections based on caseloads and cost per case from this summer. At that time, caseloads had been steadily declining since the beginning of the year. The latest data shows caseloads starting to increase in August, with an increase continuing through October, the most recent month for which data is available. The average monthly caseload for ERDC has increased from 6,809 families in July to 7,364 families in October. While the cost per case has been fairly stable over the last six months, it is also subject to change, particularly as the composition of cases changes with new families enrolling, or need for longer hours to cover comprehensive distance learning for school age children during the school year. Based on these numbers, the cost of the zero copay through December, as well as the cost per month of extending the policy, has increased. These updated numbers are reflected in the projection of the additional \$7.1m to extend zero copays from January 1 2021 through March, 2021. ELD will continue to work with ODHS to monitor the caseload and cost per case, and the impact on the overall budget for ERDC. The extension of the zero copay policy will create an obligation beyond the end of this biennium, but the exact costs are difficult to calculate due to the fluctuations of families in ERDC.

Child Care Supply Building

ELD is requesting \$6.2m in Federal Fund Expenditure Limitation to distribute \$6.2m in grants to regions and communities supported by CARES funding, primarily through Early Learning Hubs and Child Care Resource and Referral entities, to support and expand existing supply building efforts and potential new child care programs, especially in rural communities. Grant activities will include convening of stakeholders across sectors, such as business, housing, child care, and philanthropy, to accelerate existing efforts to build supply (e.g., work in Bandon, Oregon to establish supports for centers and family child care to share services and expand child care access for Bandon Dunes employees and others). They will also allow regional entities or smaller entities within rural and BIPOC communities to invest in new efforts to build the supply of child care. The objectives of these funds are (1) to create supply building strategies, especially those focused on communities most in need of child care and (2) to increase the number of providers within communities, especially those who accept ERDC. Examples of acceptable expenditures span efforts to convene and implement strategies – e.g., staff time to project manage; funding to pay local licensing fees for new entities; etc. These grants will be distributed through a competitive Request for Applications (RFA) process and the ELD intends to fund at least one entity within each region. Estimated grant award amounts range from \$50K for a single entity to \$1m for a consortium.

Action Requested

Approve \$22,209,774 million in Federal Fund Expenditure Limitation for expenditure of existing CARES Act funding.

Approve an allocation of \$15 million in General Fund to support Oregon's outdoor, residential and summer camps that serve as child care for families.

Legislation Affected

Chapter 609, Section 8 (1) - \$209,774

Chapter 609, Section 2 (6) - \$15,000,000

Chapter 609, Section 9 (1) - \$22,000,000

Thank you for considering approval of this request.

Sincerely,



Colt Gill
Agency Director

Sincerely,



Miriam Calderon
Early Learning System Director