

ANALYSIS

Department of Education Preschool Expansion

Analyst: Julie Neburka

Request: Acknowledge receipt of a report and reschedule \$38 million Other Funds to support expansion of preschool programs as described in the budget report for SB 5513 (2021).

Analysis: SB 5513 (2021) expanded access to four early learning programs offered through the Early Learning Division (ELD) of the Department of Education (ODE) with \$68 million Other Funds from the Early Learning Account in the Fund for Student Success. The following are the programs, number of new slots, and Other Funds expenditure limitation approved for this expansion in the 2021-23 biennium:

Preschool Promise:	2,516 slots	\$43,921,812
Oregon Prekindergarten:	1,400 slots	\$17,418,800
Oregon Prenatal to Three:	265 slots	\$5,830,000
Healthy Families Oregon:	100 slots	\$829,388

The budget report for SB 5513 requested that the Department of Administrative Services unschedule \$38 million of this amount pending a report from ELD on the roll-out of the expansion, the supply of qualified providers, the number of filled and total existing slots, and the distribution of the existing and planned slots across the state.

The Department reported on each program separately, as they differ from one another based on program structure and services provided. Each program conducted some type of survey or other means of assessing providers' interest in and ability to expand services beginning in September 2022 and used that information to inform the roll-out plan. Based on the agency's report, the Preschool Promise program appears best positioned to expand services. Response to a survey of interest was robust, with current providers and potential providers expressing willingness to expand beyond the 2,516 new slots funded for the 2021-23 biennium, and with current enrollments in most regions of the state between 80-100%. A means of equitably allocating new slots by county and by region is proposed, along with a means of balancing resources among regions, if needed.

Preschool Promise, Oregon Prenatal to Kindergarten (OPK), and Healthy Families Oregon program enrollments at less than 100% of capacity appear to be a function of disruptions caused by the COVID-19 pandemic. The agency reports OPK enrollments for prenatal to three programming at 81% and for preschool services at 69% of current capacity, and notes that Office of Head Start requirements for vaccinations and for wearing masks have resulted in staff resignations and in some parents removing their children from services, with impacts to providers' ability to maintain programs at all sites statewide. Funding for program expansion is planned to be distributed to all existing OPK grantees, although it is not clear that current grantees have the capacity to expand services at present. Additionally, expansion may be further slowed by the current facility (space) limitations reported by some OPK providers who might otherwise seek to expand services.

The Healthy Families Oregon (HFO) program currently serves about 1,270 families, or 82% of the program's capacity. The survey responses from current HFO providers reveal program limitations including too few referrals, too much staff turnover, and concerns about equitably providing services to non-English speaking families. Because of the program's training and accreditation requirements from Healthy Families America, the Department reports that the best way to increase the HFO caseload by an additional 100 families will be to retain current, experienced staff members who can carry a larger caseload. Therefore, the roll-out plan for expansion is to release a request for applications (RFA) to all 15 current HFO grantees and make funding available to those programs that demonstrate the ability to serve additional families in program year 2022-23.

The Legislative Fiscal Office notes that the agency's report addresses the requirements for rescheduling funds to expand preschool programs in the 2021-23 biennium, although the information provided for the OPK programs leaves some doubt that the full expansion anticipated for the current biennium will be achievable. The Division should work with the Department of Administrative Services' Chief Financial Office (CFO) and with the Legislative Fiscal Office (LFO) to reschedule funding for Preschool Promise, OPK, and Healthy Families Oregon at the appropriate time to fund program expansion up to the amount included in the 2021-23 legislatively adopted budget.

Recommendation: The Legislative Fiscal Office recommends acknowledging receipt of the report, with instructions that the Early Learning Division work with the Department of Administrative Services' Chief Financial Office and the Legislative Fiscal Office to reschedule program funding at the appropriate time.



Oregon

Kate Brown, Governor

Early Learning Division



January 14, 2022

Senator Elizabeth Steiner Hayward, Co-Chair
Representative Dan Rayfield, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairpersons:

Nature of the Request

The Department of Education, Early Learning Division (ELD) respectfully requests, as directed in SB 5513, acceptance of our report on the roll-out of expansion of early learning programs funded from the Early Learning Account and requests that the Committee directs the Department of Administrative Services to reschedule \$38 million in Other Funds to support early learning program expansion.

Agency Action

SB 5513, policy option package 402, directs the ELD report back to Interim Joint Committee on Ways and Means or during the February 2022 legislative session on the roll-out of the expansion of early learning programs funded with resources from the Early Learning Account as established by the Student Success Act. This report will include updates on the estimated supply of qualified providers, the number of children in existing program slots, and the distribution of the actual and planned slots across the state.

To develop this report, ELD has been working with community partners, as well as the Child Care Resource & Referral (CCR&R) entities and Early Learning Hubs (Hubs) across the state to ensure that there is adequate interest and availability to expand programming through Preschool Promise (PSP), Oregon Prenatal to Kindergarten/Head Start (OPK), and Healthy Families Oregon (HFO).

Preschool Promise

In an effort to minimize the strain on providers and given the procurement backlog across the state enterprise, the ELD elected to hold back Year 1 funds for expansion and are planning for full expansion of programming in Program Year 2 (September 2022 – June 2023). ELD may continue this approach of just expanding in Year 2 in the future, as it offers programs more time to prepare for opening, given the short turnaround time between the end of legislative sessions (July) and the start of the program year (September). ELD released an informal survey that closed on January 10, 2022. This survey included requests for the number of current Preschool Promise providers who would like to expand, the number of new providers who would be interested in becoming a Preschool Promise provider in the 2022-2023 program year, the estimated number of requested slots for both current and interested new providers, and an estimated number of facilities that are ready for expanded services in the 2022-2023 program year.

The ELD received 428 survey responses and 391 respondents indicated they are either a current Preschool Promise provider (138) or a provider interested in becoming a Preschool Promise provider (253). ELD will do further analysis to provide the legislature with an update on the potential capacity to expand Preschool Promise to high quality preschool providers throughout the state.

Oregon PreKindergarten (3-5) and Oregon Prenatal to Three (Early Head Start)

ELD released a Request for Information (RFI) on November 3, 2021 to all current OPK/Head Start grantees to understand the capacity of our existing programs to convert existing part-time OPK preschool slots to full-day slots in their programs and to expand prenatal to three services. Preliminary analysis indicates that OPK/Head Start programs have identified a greater need in prenatal to three (Early Head Start), than 3-5 preschool slots. This may require a request to shift some OPK 3-5 slots to OPK prenatal to three slots to best support families.

The ELD will continue to analyze these results and provide an update to the legislature regarding existing OPK programs' ability to convert existing part-time slots into full-day slots, as well as the impacts COVID-19 has had on these programs.

Healthy Families Oregon

To ensure these additional funds are dispersed across the HFO network in an equitable and impactful way, the ELD conducted an HFO network-wide survey in September 2021. The ten-question survey was sent to grant leads and regional Program Managers to capture broader trends, with a special emphasis on determining where funds will have greatest impact, key factors of consideration at program sites, and potential barriers. ELD will present these survey responses and corresponding recommendations to the legislature in February.

While final analysis is being completed across all three programs, initial analyses indicate that there is available capacity to expand these programs in full.

Action Requested

The Department of Education, Early Learning Division, requests acceptance of the submitted report and asks the Committee to authorize the Department of Administrative Services to reschedule \$38 million in Other Funds limitation from the Early Learning Account for expansion of Preschool Promise, Oregon PreKindergarten, and Healthy Families Oregon early learning programs.

Legislation Affected

No legislation affected.

Sincerely,



Alyssa Chatterjee
Early Learning System Director



Colt Gill
Agency Director