

Interim Ways & Means Education Committee ERDC Update

November 7, 2023

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- DELC Launch and Program Performance Updates
- ERDC Overview, Caseload Trends, Budget
- **ERDC** Waitlist Implementation





DELC Agency Launch and Program Performance

DELC Overview

The Department of Early Learning and Care (DELC) was created to unify and strengthen Oregon's early learning and child care system so that families with young children have access to early learning services, supports and information they need to thrive.





Mission & Vision

Mission

The Department of Early Learning and Care fosters coordinated, culturally appropriate, and family-centered services that recognize and respect the needs of all children, families and early learning and care professionals.

Vision

All children, families, early care and education professionals, and communities are supported and empowered to thrive.



Goals for DELC Launch

Program grantees receive funding by July 1.

DELC employees are paid accurately and on time.

Families and child care providers can contact DELC staff.



Goals for DELC Launch

- Program grantees receive funding by July 1. 100% of grant agreements out the door in July (compared with ~20% in 2022)
 - \$370 million in early learning services
 - Includes Oregon Prenatal to Kindergarten, Relief Nursery, Teen Parent, and Early Childhood Equity Fund
- DELC employees are paid accurately and on time.

 DELC staff (ELD & migrating ODHS) paid on time

Families and child care providers can contact DELC staff.

DELC email addresses migrated 6/9/23, ODHS migrating staff operational 7/3/23



Moving Pieces

The creation of DELC required nimble technology implementations and business responsive solutions. This work included both acquiring new systems and facilitating access to existing systems.

Pre-July July 2023 2024

ODHS - DPU Systems (Until Provider Management Platform)

ODE – Electronic Grant

Management System

(Temporary historical data access)

DELC - Awards Management System

(Grant application, distribution, compliance, monitoring)

DELC - Budget & Accounting (Accounting, contracts, email, servers, laptops, phones, etc.)

DELC - IT

(Helpdesk, servers, email, laptops, phones, etc.)

DELC-HR

(Adjusting Workday, facilitating payroll, etc.)

DELC - Website

(Internal and external web presence)

DELC -Provider Management Platform

(licensing, compliance, background checks, portal, provider payment)

DELC - Data Infrastructure (data warehouse, reporting, analytics)



Provider Management Platform

Function

Implementation of a Provider Management Platform to include current provider payment capabilities for Employment Related Day Care (ERDC) and licensing capabilities supported by the Child Care Regulatory Information System (CCRIS).

Accomplishments

Scoped system requirements

Selected vendor

Next Steps

Scope Refinement & Management

Vision/Scope sessions, Integration with ONE, Broad Steering Committee

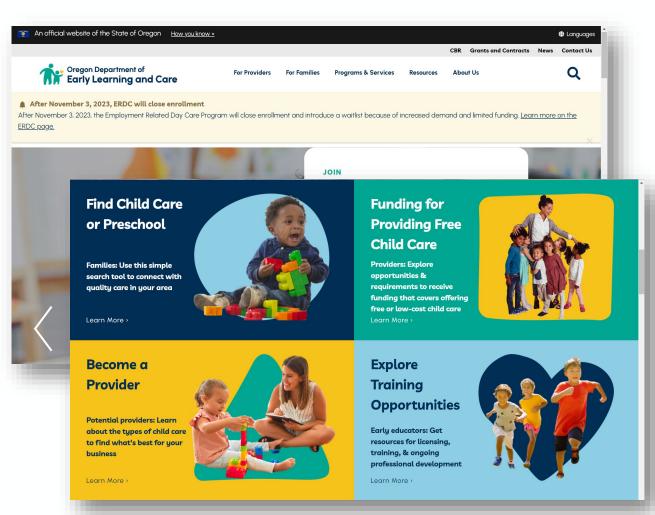
Build, Test & Implement

Training, Change Management, Operational by Dec 2024



Customer Communications

- Launched new DELC website: oregon.gov/DELC
- Dedicated customer service lines for CCLD & DPU
- Linked Child Care Licensing Division and Direct Pay Unit customer service phone lines





Central Background Registry Updates (CBR)

Applications	September 2022	January 2023 (peak of backlog)	September 2023
Total Received	2,994	2,783	2,999
Approved w/in 4 Weeks			
(0-28 days)	60.59%	26.92%	83.70%

2024:

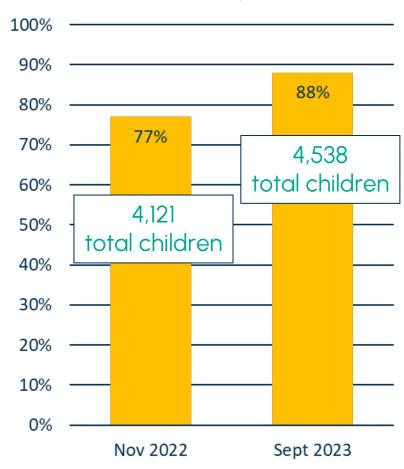
Background Specialists: 22 positions – 2 unfunded LD positions to address critical workloads Customer Service & Intake: 20 positions – 4 unfunded LD positions to address critical workloads



Preschool Promise Preschool Promise Enrollment Update



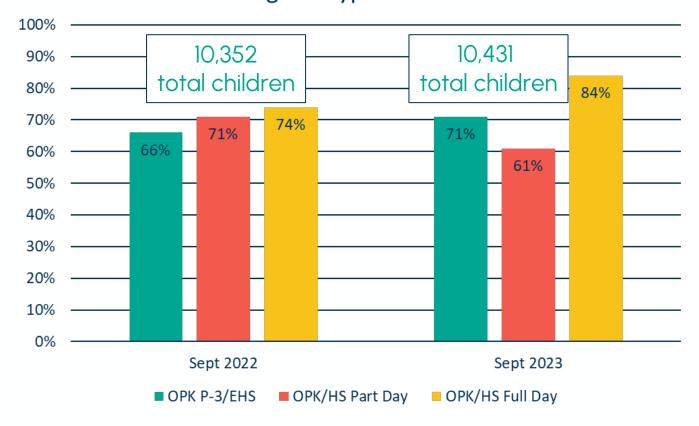
Preschool Promise Program **Enrollment by Year**





Oregon Prenatal to Kindergarten Enrollment Update

Oregon Prenatal to Kindergarten Enrollment by Program Type and Year





ERDC: Overview of Employment Related Day Care



ERDC Waitlist Started after Nov. 3

More families are benefiting from ERDC, but there is not enough program funding to support ERDC's growth.

- Due to increased demand and limited funding, DELC announced on September 20th that there would be a waitlist for most new families applying to ERDC after November 3, 2023. This will not impact families currently receiving ERDC or exempt populations.
- Anyone who applied for ERDC by 11:59pm on November 3, 2023, can be screened for ERDC eligibility as usual and will not be subject to the waitlist.
- Current budget means it will be unlikely any families come off the waitlist this biennium.



Federal CCDF Framework

□ About 45% of ERDC funding is from the federal Child Care and Development Fund (CCDF)

- ☐ ERDC is required to follow CCDF policy framework:
 - Guidelines for rates, copays and income eligibility determination
 - Guidelines for providers
 - Guidelines for payment policies & eligibility determination
 - Guidelines for child care licensing, background checks and training



Legislative History

ERDC provides financial assistance to low-income families so children have access to stable child care and families can work or attend school.

- Oregon started child care subsidies in late 1980s as part of welfare transformation using welfare funding
- ☐ With the 1990 passage of the Child Care and Development Block Grant (a.k.a. CCDF), Oregon started receiving federal funds to support ERDC
- ERDC was administered by ODHS until July 2023 when the program migrated to DELC



How does ERDC work?

ERDC helps families with the cost of child care by making payments on their behalf to their chosen child care provider.



Family applies for subsidy via the ONE system and is determined eligible



Family reports their chosen child care provider to the Direct Pay Unit or their eligibility worker



Billing forms are sent at the beginning of each month to the family's chosen child care provider



Provider submits billing form to Direct Pay Unit for payment on family's behalf

Payments are made up to state maximum child care rates based on child age, family's eligible hours/provider's billed hours, region of the state, and child care provider type.

Applying for benefits



The ONE system allows people to apply for medical, food, cash and child care benefits with one application online, by phone or in person at any Aging and People with Disabilities, Area Agency on Aging (Type B) or Self-Sufficiency Programs office.



People can create an account online to expedite future case updates



People can experience no wrong door and apply for multiple benefits with one worker at any office statewide



People can monitor communications from the Oregon Department of Human Services and track the status of their benefits online



Verifying information can now be done by uploading documents online instead of by mail or office drop box



ERDC by the Numbers (Dec. 2022)

Over 17,000 children

Over 9,000 families

Over 3,000 providers

Avg. cost per case: \$1,538

Avg. copay per family: \$14.51/month



ERDC by the Numbers (Oct. 2023)

Over 26,000 children

Over 15,600 families

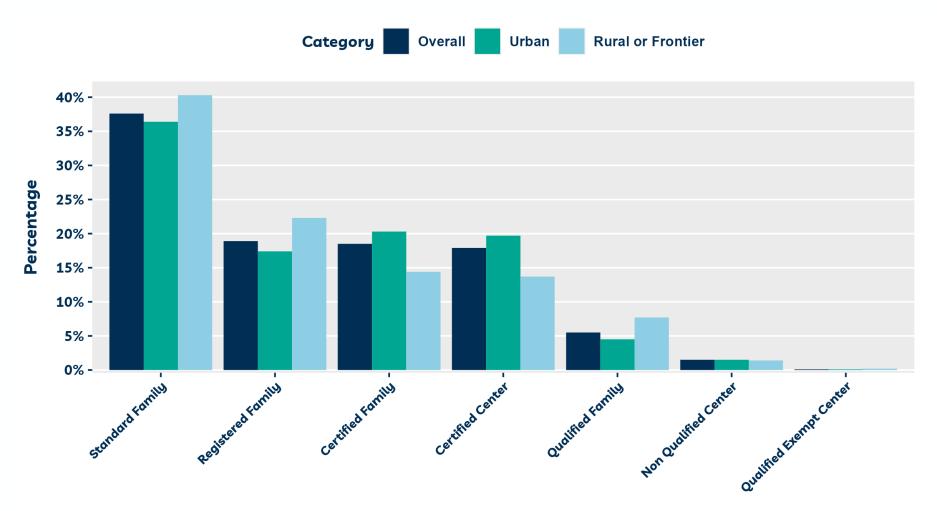
Over 4,200 providers

Avg. cost per case: \$1,462

Avg. copay per family: \$9.28/month



Providers Participating in ERDC





HB 3073 (2021) ERDC Policy Changes

Over the last two years, Oregon has made significant strides in making the ERDC program work better for families and providers.

2021:

- ✓ Co-pays reduced to below 7% of household income
- Provider payment based on enrollment, not attendance

January 2023:

- ✓ Expanded student eligibility
- ✓ Part time/full time child care hours authorizations
- ✓ Expanded authorized medical leave
- ✓ Sleep hours for twocaretaker households

July 2023

- ✓ Protected 12-month eligibility
- Categorical eligibility for TANF families



Program Changes Coming

January 1, 2024

Child care provider rate increases (bargaining)

Spring 2024 (tentative):

• Eligibility for children regardless of legal/citizenship status (HB 3073 [2021])

2025

- Eligibility based on use of, or risk of needing to use, protective services (implementation July 1, 2025; HB 2683 [2023])
- Alternative Rate Methodology (HB 3073 [2021])

July 1, 2027

 Eligibility based on use of, or risk of needing to use, homelessness services, teen parent services or domestic violence services (HB 2683 [2021])

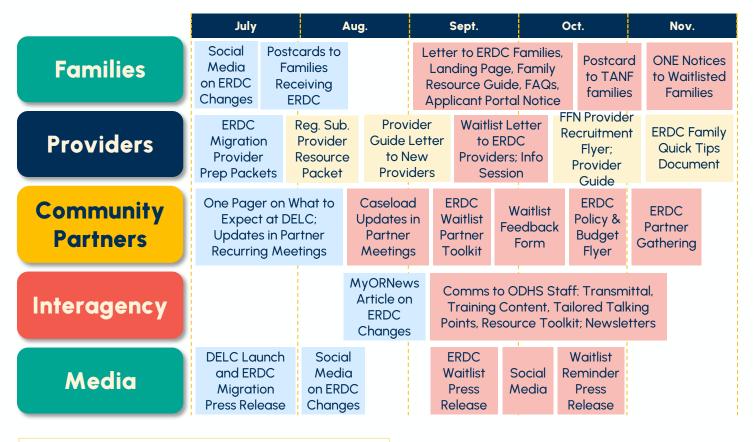


HB 3073

Implementation

Communication

ERDC Communications



ERDC Waitlist

Communication

Key

General ERDC

Communication



ERDC enrollment closes after November 3, 2023 for most families

Waitlist will open, some families can still enroll

The Employment Related Day Care (ERDC) program supports families in paying for child care. ERDC has recently changed to work better for families. In the last few months, thousands of families have joined the program.

ERDC will close enrollment and introduce a waitlist after November 3, 2023 because of increased demand and limited funding.

If you are getting ERDC now, the closure will not affect you. You will continue to receive benefits.

If you think you might qualify for ERDC, learn more by visiting Oregon.gov/delc/erdc and apply by 11:59 p.m. on November 3, 2023.

Families can now get both cash and child care assistance at the same time.

Temporary Assistance for Needy Families (TANF) provides cash support to eligible families.



A family participating in ERDC may be able to get TANF if they:

have a job loss,

After November 3, 2023, ERDC will open a waitlist

- are on unpaid leave from work, or
- meet TANF income limits.



You may be able to get help paying for child care!

Families receiving Temporary Assistance for Needy Families (TANF) may be able to get help paying for child care. Families with TANF can get 25 hours of free child care a week through the Employment Related Day Care (ERDC) program.

ERDC will have a waitlist after November 3, 2023. If a family is receiving TANF, the waitlist will not impact them. Families receiving TANF or transitioning off TANF can skip the waitlist and get ERDC.

A partir del I de julio de 2023

las familias podrán recibir avuda para el pago del cuidado infantil v avuda económica al mismo tiempo







O

as familias que reciben beneficios de TANI tor familiar para obtener avuda para

Las familias que reciben beneficios de ERDC pueden ecibir beneficios de TANF si

a ayuda para el cuidado infantil no

<u>Learn more on the ERDC page.</u>



ERDC Communications Wins

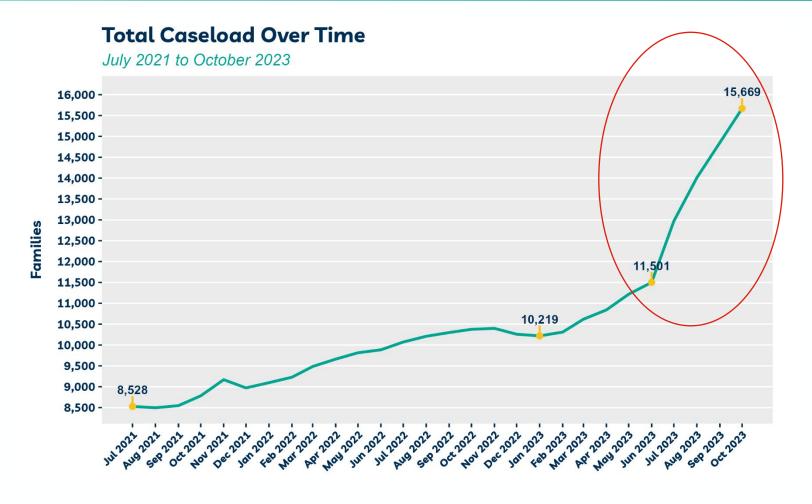
- ERDC Migration & July 1 Eligibility Changes
 - Developed flyers, letters, web copy, social media, and news releases to build awareness about ERDC migration and July 1 eligibility changes
 - Distributed translated, accessible communications to families receiving ERDC and TANF to prepare them for July 1 changes
 - Implemented ONE system applicant portal notice to share ERDC changes with families
 - Revamped ERDC Child Care Provider Guide and Regulated Subsidy Resource Packet
 - Shared detailed one-pagers on "what to expect at DELC" for ERDC families, partners, and providers
- ERDC Waitlist Implementation
 - Launched an ERDC landing page with translated resources and FAQs to support families in understanding and navigating the waitlist
 - Distributed two translated, accessible press releases to prepare Oregonians for the ERDC waitlist
 - Provided toolkits, including talking points, for staff and partners to equip them to share information about the waitlist with families
 - Expanded social media reach by translating key social media posts and sharing on many platforms



ERDC: Recent Caseload Trends

Total Caseload

Since July 2023, the total caseload has increased by over 4,100 families.





Recent Caseload Trends

Two major policy changes from HB 3073 have caused substantial shifts in the caseload since July 2023: <u>12-month protected eligibility</u> and <u>eligibility</u> for <u>TANF</u> families.

These changes have impacted several important variables in our budget projections:

- Estimated growth and attrition rates
- How many families are not currently connected to care but can connect any time over the next year
- How many families can bypass the waitlist (categorically eligible families, including TANF, TA-DVS, and child welfare)

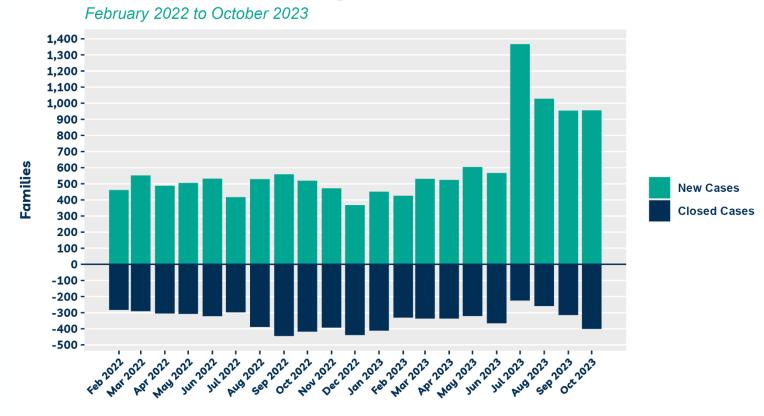
Some patterns have started to emerge from these changes, but there is still a lot of uncertainty of how the program will perform over time considering these changes.

Net Growth

Before July, we typically saw around 450 new cases a month.

Since July, caseload growth has been 2-3 times what is typical.

New and Closed Cases by Month



Department of Early Learning and Care

Attrition

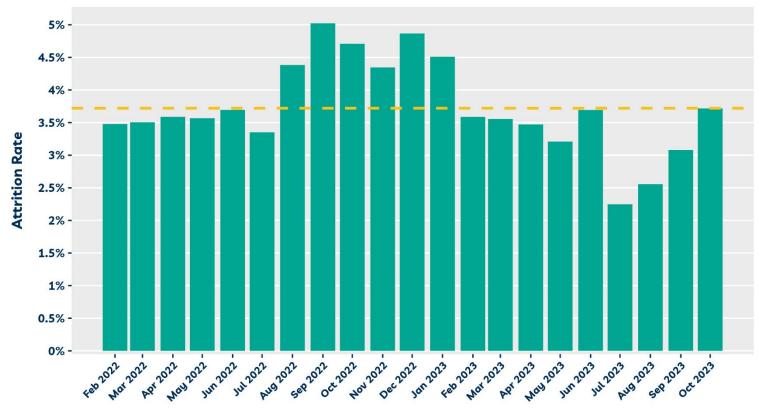
Average monthly attrition from February 2022 to now was about 3.72%.

However, more recently, we've seen fewer case closures than this time last year, and we have yet to see how much 12-month eligibility will impact the attrition rate over time.

This metric impacts our estimate for how long it will take ERDC to reach a sustainable caseload.

Attrition Rate by Month

The average monthly attrition rate from February 2022 to October 2023 was 3.72%

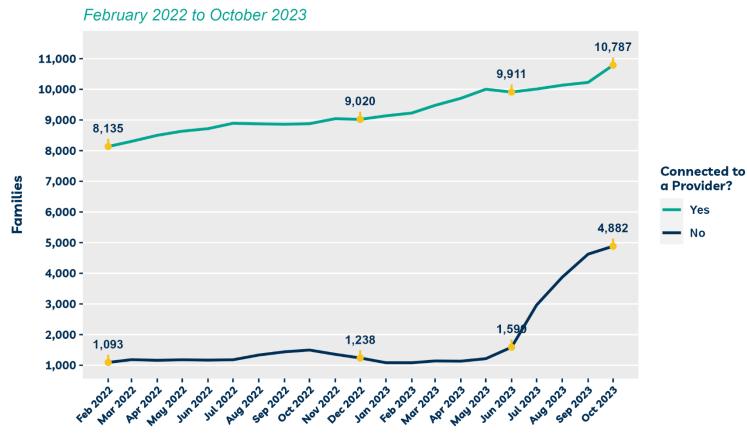


Families Actively Connected to Care

When discussing the caseload, we distinguish between families who are actively connected to a provider and receiving services, and families who are approved for benefits but have not connected to a provider.

Since families have 12month protected eligibility once approved, they can connect to a provider and start using their ERDC subsidy at any time in a 12month period.

Families Connected and Not Yet Connected to a Provider



Department of Early Learning and Care

Families Connected to Care by County

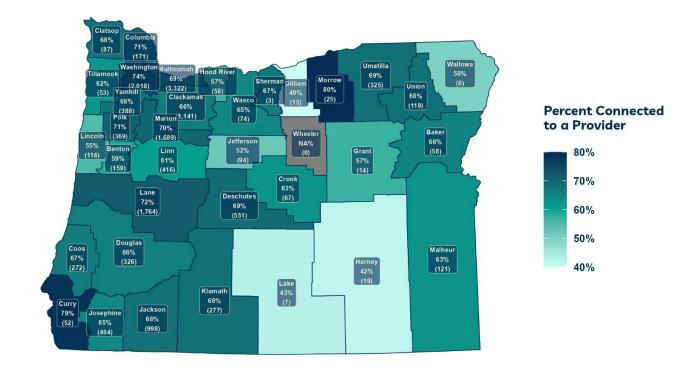
By county, the percentage of families connected to a provider ranges from 40% to 80%. However, counties at the extreme ends of that range have relatively few families on the caseload.

Statewide, 69% of families are connected.

Our research team is currently implementing a project to better understand the unconnected population.

Percent Connected to a Provider (Total County Caseload)

October 2023



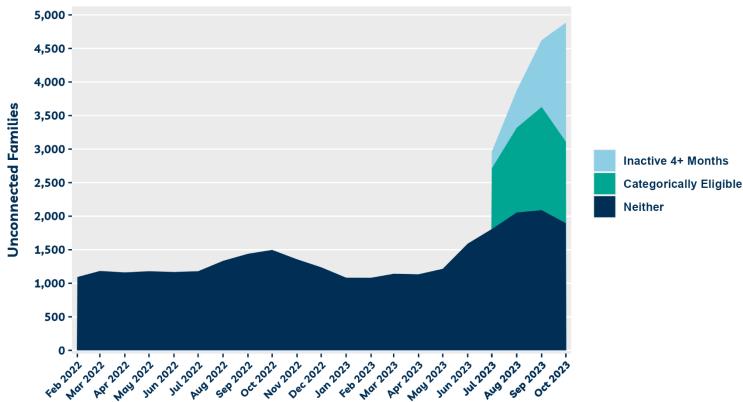
Families Not Connected to Care

Over the summer, there was unprecedented growth in the unconnected caseload was due to the addition of categorically eligible families (primarily TANF).

Now, a growing proportion is caused by the 12-month protected eligibility. There is no cost associated with a family who is not connected to a provider.

Families Not Connected to a Provider





Categorically Eligible Families Currently Approved for ERDC

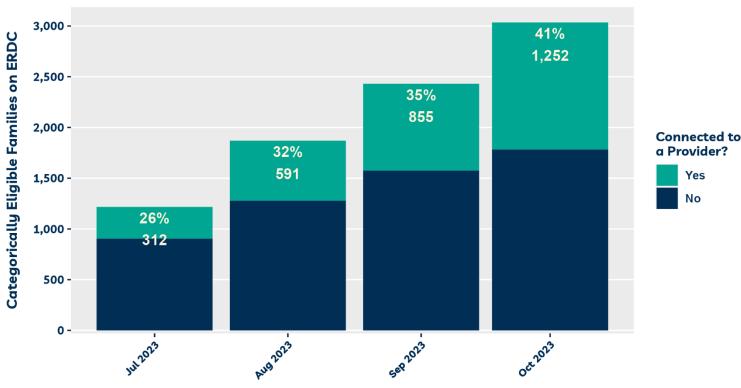
Categorically eligible families include families on TANF, on TA-DVS, or referred by child welfare. TANF accounts for most of these families.

A preliminary analysis of categorically eligible families shows it may be taking them longer to connect to care. However, an increasing proportion of categorically eligible families are getting connected to a child care provider.

This population is of interest because they can bypass the upcoming waitlist.

Categorically Eligible Families Who Are and Are Not Connected to a Provider

July 2023 to October 2023



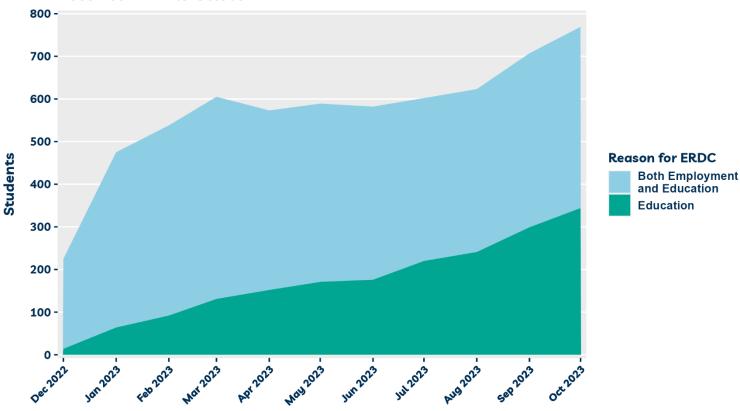
Students

Other changes to the populations served include the January 2023 eligibility expansion for students.

This has contributed almost 800 families to the caseload.

Number of Students on ERDC





Department of Early Learning and Care



ERDC: Budget



Policy Changes and Budget Impacts

Programs should have a year of historical data for more accurate budget projections. Currently, DELC has three months of data where all the ERDC policy and eligibility changes have been implemented.

ERDC will have to accrue another year of data once the remaining policy changes are implemented to have more accurate projections in the future.

Multiple policy changes being implemented along similar timelines also limits DELC's ability to determine which policies are the most effective.

Employment Related Day Care

26.4% LAB

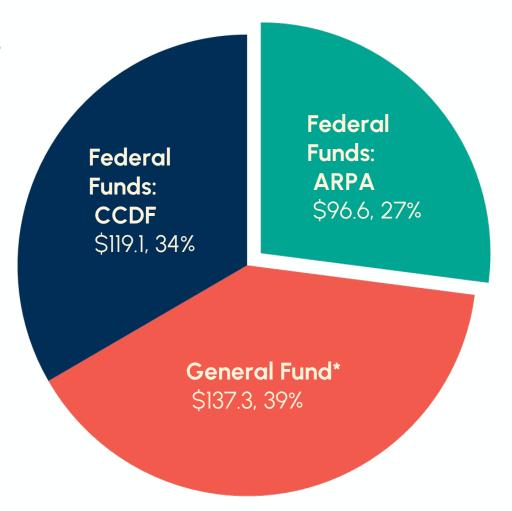
(Grant in Aid)

2023-25 Legislative Adopted Budget

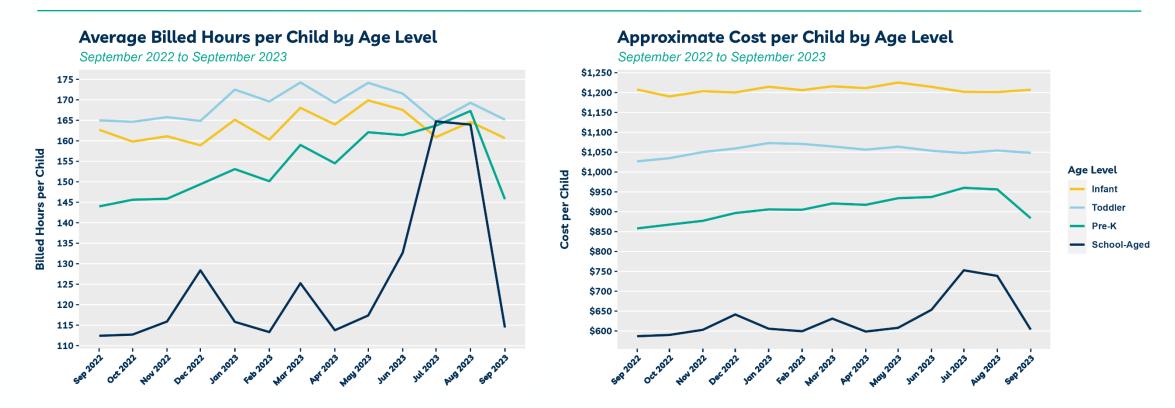
Total All Funds:

\$353.0 million





Differential Costs by Age of Child

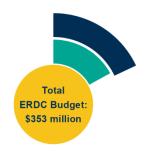


School-aged children tend to utilize more of their billable hours over the summer and school breaks, so this causes instability in the cost per case and budget actuals by month. Because of the changes to ERDC policy, we do not know if this trend will continue.

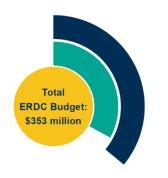


Monitoring the ERDC Budget

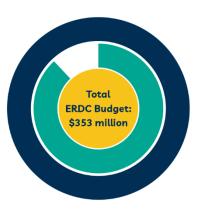
October 2023



February 2024



March 2025



Biennium Elapsed: 17%

ERDC Budget Spent: 18%

Biennium Elapsed: 33%

ERDC Budget Spent: 37%

Biennium Elapsed: 88%

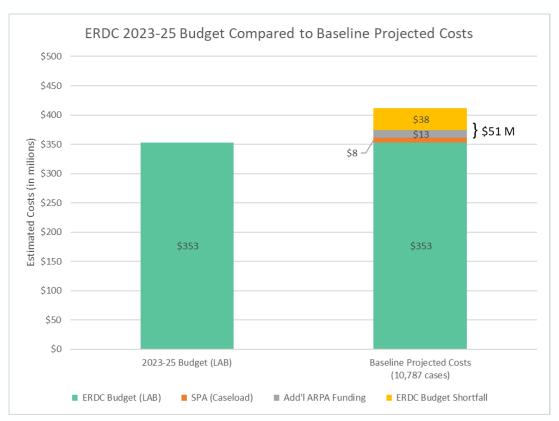
ERDC Budget Spent: 100%

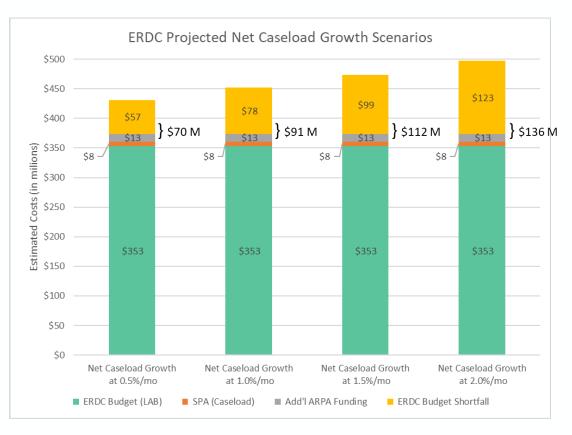
Current costs to date have outpaced the budget and are expected to continue outpacing the budget without additional funding. The budget is expected to be fully spent by mid-March 2025.



Projected Expenditure Scenarios

Based on Active Caseload Changes





If there are no changes to the caseload – meaning no additional families connect to a provider or are determined eligible for ERDC – the current biennium's projected shortfall is a total of \$51 million. If the active caseload grows, the shortfall will be larger.



Baseline Budget

Assumes

- Number of families connected to a provider stays at the current level (10,787 families)
- Projected biennial cost per case = \$1,614
- Average copay per case = \$9

Does not include

- Attrition (new active caseload balances with closed cases)
- Families not connected to a provider becoming connected
- Families that may bypass the waitlist



Risks to Budget Projections

- Natural attrition may be less than 3.7%
 - 12-month eligibility
 - Categorically eligible families will bypass the waitlist
 - 15,435 families with children ages 0-12 receiving TANF alone
- Families not yet connected to a provider may increase the active caseload with little notice
- Projected cost per case amounts could vary if the caseload demographics shift (age of child, billable hours, etc.)

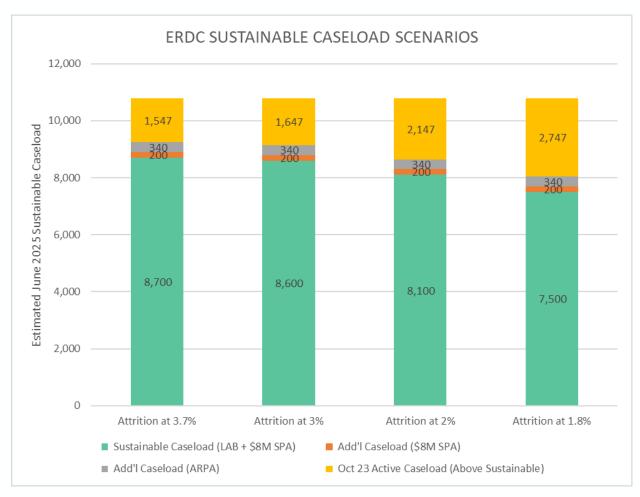


Projected Sustainable Scenarios

Based on Active Caseload Changes

With the current ERDC budget and assuming the current average attrition of 3.7%, the caseload would need to drop by 1,787 families – without allowing families to come off the waitlist – to remain within budget this biennium.

Because of all the recent policy changes, it is unclear if that attrition rate will continue. If the attrition rate is slower, the caseload will need to drop further to stay within budget.



Implementing a waitlist is our only lever to reduce the caseload. Removing families from the program within their 12-month protected eligibility period would violate federal CCDF requirements.



ERDC: Waitlist Implementation



Recent ERDC Waitlist History

Implementing a waitlist is our only lever to reduce the caseload. Removing families from the program within their 12-month protected eligibility period would violate federal CCDF requirements.

November 1, 2017 – March 27, 2018 (5 months) - The caseload was at 8,658 and dropped to 7,348.

January 4, 2016 – July 31, 2016 (7 months) - The caseload was at 8,276 and caseload dropped to 7,554. At the time of deactivation, 3,237 families were on the waitlist.

October 1, 2014 – July 31, 2015 (10 months) - The caseload was at 9,081 prior to activation and dropped to 7,233. Approximately 4,500 families on the waitlist at the time of deactivation.

January 1, 2014 – April 30,2014 (4 months) - The caseload was 9,313 and dropped to 7,911 during this activation. 1,248 families were on the waitlist at the time of deactivation.



ERDC Waitlist Started after Nov. 3

More families are benefiting from ERDC, but there is not enough program funding to support ERDC's growth.

- Due to increased demand and limited funding, DELC announced on September 20th that there would be a waitlist for most new families applying to ERDC after November 3, 2023. This will not impact families currently receiving ERDC or exempt populations.
- Anyone who applied for ERDC by 11:59pm on November 3, 2023, can be screened for ERDC eligibility as usual and will not be subject to the waitlist.
- Current budget means it will be unlikely any families come off the waitlist this biennium.



ERDC Waitlist: How it Works

In 2022, 12 states had waitlists or froze intake for their federally funded child care assistance programs.

When enrollment is closed, no new families will be able to enroll in ERDC until the caseload drops, unless they are part of an exempt population

Caseload will drop through attrition (families leaving the program)

The new 12-month eligibility rules will slow the rate of attrition

Families outside of exempt populations will wait until ERDC caseload drops to a sustainable level to be evaluated for eligibility

- Families will be selected to be evaluated for ERDC based on the date that they were screened for initially, with the first to apply as the first selected
- When families are selected, they are invited to re-apply to ERDC within 45 days
- After they re-apply, their eligibility will be evaluated



Some Families Bypass the Waitlist

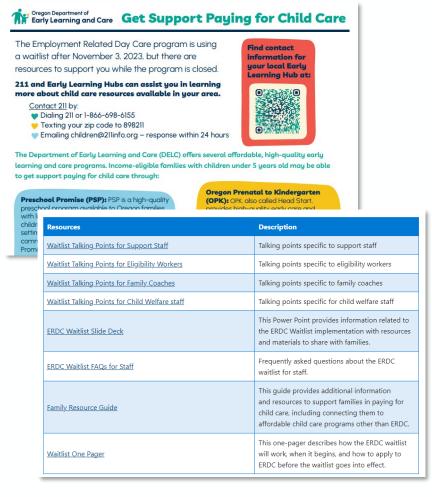
The groups below will be able to enroll in ERDC even when a waitlist is in place.

- Families already on ERDC: At the end of their certification period, families will have a two-month window to recertify. If their case closes before they recertify, they can request ERDC within two months after the case closes.
- Families recently receiving TANF or TA-DVS: Those who are receiving TANF will continue
 to be eligible to enroll to receive benefits. Families transitioning out of TANF or have received
 a TANF/TA-DVS (domestic violence survivor) grant in the last 3 months will also be able to
 enroll to receive benefits.
- Families referred by Child Welfare: Child Welfare can refer families who need child care to ERDC for three reasons: (1) to keep the child from being removed from the home, (2) to allow the child to return home, or (3) to allow a child to be placed with a known adult. Families referred by child welfare can continue to enroll in ERDC to receive benefits.
- Families placed in a contracted slot: Families also will be able to enroll in ERDC if they are currently being placed in a contracted slot for Head Start.



ERDC Communication & Partnerships

- Comprehensive communication plan
 - ERDC Waitlist Landing Page (oregon.gov/DELC/ERDC)
 - <u>Family Resource Guides</u> to connect families to affordable child care and other support services
 - Direct communications with families and providers
 - <u>Partner toolkit</u> with talking points, FAQs, & resources for CCR&Rs, Hubs, and other partners
- Continued partnership and collaboration with Oregon Department of Human Services and Oregon Eligibility Partnership
 - Tailored talking points for eligibility workers, family coaches, support staff, child welfare workers, and call center staff
 - Leveraging data available in the ONE eligibility system to understand demand for ERDC and connect families to resources



Resources for Families

Families can learn more about the waitlist and other programs they might be eligible for at oregon.gov/DELC/ERDC.

- The Department of Early Learning and Care (DELC) offers several programs that help families pay for early learning and care.
- Families who need support paying for child care may benefit from one of DELC's affordable, high-quality child care programs, like <u>Preschool Promise</u> or <u>Oregon Prenatal to Kindergarten (OPK)</u>.

211 and Early Learning Hubs can support families in accessing different programs and benefits when they can't immediately receive ERDC.

- Families can reach out to their local Early Learning Hubs to learn more about child care resources available in their area. Find their local Hub at oregon.gov/delc/programs/pages/hubs.aspx#CurrentHubs.
- Families can contact <u>211Info</u> for assistance with their child care needs. Families can get support by dialing 211 or texting the keyword "children" to 898211.





Help Paying for Child Care

While DELC administers other early learning programs, they are not an exact match for ERDC, particularly for school-age children. We are working closely with Early Learning Hubs, CCR&Rs, 211, Head Start/Oregon Prenatal to Kindergarten, and OregonAsk in addition to making connections to the programs below:

Preschool Promise

 PSP offers free, high-quality preschool to Oregon families who are living at or below 200 percent of the Federal Poverty Level. Families enroll in Preschool Promise by working with their regional Early Learning Hub.

Oregon Prenatal to Kindergarten

Oregon Prenatal to Kindergarten (OPK) is modeled after Head Start to support family success and healthy child development. OPK offers free, high-quality preschool, infant/toddler care and family support services. A pregnant parent or a child up to kindergarten entry is eligible if the family's income is equal to or below 100% of the Federal Poverty Level (FPL) or is categorically eligible.

Head Start and Early Head Start

• Head Start and Early Head Start are federal programs that promote school readiness of young children from low-income families by enhancing their cognitive, social and emotional development. A pregnant parent or a child up to kindergarten entry is eligible if the family's income is equal to or below 100% of the Federal Poverty Level (FPL) or is categorically eligible.



Communication to Families on the Waitlist

Waitlist Notification

- The ONE system is built to automatically send out ERDC waitlist notifications if a family does not meet an exemption.
- The notice language has been updated to include information on the exemption criteria and direct families to 211info, Early Learning Hubs, and the DELC website for more resources.

Additional Communications

 Planning additional communications to increase transparency that families are still on the waitlist, and provide options for families to connect with 211info, Early Learning Hubs, and other state-funded programs in case they can meet their family's needs.

ERDC Waitlist Implementation: What we are tracking & what's next

ONE System Functionality

- Weekly testing scenarios in waitlist functionality
- Tracking system fixes and enhancements

Communications

- Updating comprehensive FAQs and resources for various audiences
- Regular communications with families on waitlist

Collaboration with Early Learning Partners

 Waitlist focused work session with Early Learning Hubs, CCR&Rs, 211, Head Start/Oregon Prenatal to Kindergarten, and OregonAsk

Data

Developing data visual of caseload on website
 Research Project on Families not Connected to Providers



Questions

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Child Care Policy General – childcare.policy@delc.oregon.gov