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To: Senator Kate Lieber, Co-Chair, Committee on Ways and Means
Rep Tawna Sanchez, Co-Chair, Committee on Ways & Means

Cc: Amanda Beitel, Legislative Fiscal Officer
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From: Carey McCann, Interim Early Learning System Director, Cooper Brown, Deputy Director of Operations, Joel Metlen, Deputy Director of Programs

Date: November 3, 2025

RE: DELC 2025-2027 Agency Reduction Options

Introduction

As outlined in the required exercise, this memo sets the context for the Department of Early Learning and Care's (DELC's) approach to developing reduction options. It provides an overview of DELC's purpose, budget, and programming to complement the chart at the end that summarizes programs that have been established or expanded since 2021. The memo describes our approach to the reduction exercise, our primary considerations, and prioritized order. It then explains these reductions and impacts in more detail for DELC's Operations and Programs Divisions to be a companion piece with the spreadsheet attachment.

Purpose of DELC

DELC launched as a state agency on July 1, 2023, pursuant to ORS 326.430, to ensure that every child in this state is given the best opportunity to succeed in school, work and life. DELC has three primary responsibilities:

1. Oversee a range of programs that support child development, promote early learning, and strengthen family supports. The agency focuses on a child's earliest years, from prenatal to kindergarten and also serves school-aged children in child care settings.
2. Support the early care and education workforce by offering professional learning and technical assistance.
3. Provide child care licensing and health and safety monitoring.

Oregon's early learning and child care system is not universal. This means we leverage multiple public programs with different eligibility criteria, to meet a variety of families' needs and complement options available in the private sector, especially for those most in need. DELC programs provide economic, societal, educational, and public health benefits. They promote family preservation, child well-being, health and safety, early literacy and education, and economic stability. Impacts to the early care and education system will reverberate in these areas.

DELC Budget Overview

DELC 2025-2027 budget is $1.5 billion with 51% from General Funds, 32% from Other Funds and 17% from the federal Child Care Development Fund (CCDF). DELC has $741.0M in General Funds and $461.5M total in Other Funds revenue.

- $440.6M of Other Funds are from the Early Learning Account (ELA) within the Student Success Account support by the Oregon Corporate Activity Tax.
- $20.9M in remaining Other Funds. Of these, $12.2M are transfers from other state agencies such as the Bureau of Labor and Industries (BOLI), Department of Human Services (ODHS), and Oregon Health Authority (OHA). Most of these transfers are from federal funds and these agencies have not shared whether these contributions will be part of their budget reduction proposals. These funds support CHIPS Child Care, Title IV-B2 Family Supports and Family Preservation for Early Learning Hubs, Title XX Social Services Block Grant funding for Relief Nurseries, and Title XIX Medicaid funds for Healthy Families Oregon.

Of DELC's total budget, including federal funds, 91% is Grant in Aid dollars and 9% is for agency operations. A significant portion of these operational costs are associated with the number of licensing staff required to ensure the health and safety of young children and their families participating in programs.

In the 2025 Legislative Session, DELC's 2025-2027 biennium budget sustained $35M in cuts to programs funded by the ELA, which represents a 7% reduction from the 2025-2027 Current Service Level. Preschool Promise received the largest reduction at $20M. The reduction mostly included Preschool Promise slots that were returned last biennium and were not reallocated. The slots were vacant for a variety of reasons related to current enrollment or individual program needs. This approach reduces capacity in communities but minimizes immediate effects on families. Other programs received reductions or reduced inflationary adjustments, and the impact on programs and grantees will vary based on the program model.

Summary of DELC's Core Programs and Foundational Services

There are more than 242,000 children birth to five in Oregon, and every $1 invested in early childhood yields $4 -$16 in return. With the goal of all children in Oregon thriving in early childhood and beyond, DELC funds a variety of programs that focus on the positive outcomes for families and young children and reduce systemic inequalities in access and opportunity in all communities. Oregon does not have a universal early learning and care system, so the array of services funded by DELC are tailored to meet family preferences and include parenting education, respite, home visiting, infant and toddler child care, preschool, and screening and referrals to other supports in community. Most services have eligibility requirements and are free or offered at a low cost to families. DELC also supports Oregon's overall early childhood education infrastructure, including health and safety, community systems, and professional learning. This infrastructure is the foundational backbone that supports Oregon's capacity towards quality care, equity, and educator and workforce development.

Programs Established or Expanded since 2021: There have been many programs established or expanded since 2021 as the legislature has recognized the critical role that early childhood education and care plays in the long-term outcomes for children and the short-term outcomes for Oregon's economy. The list at the end of the memo provides implementation dates, program authorization, 2025-27 budget, and current implementation status for each program.

2025 Governor Initiatives: Initiatives identified and supported by the Governor include:

Birth to Five Literacy	Literacy materials and resources are added as an enhancement to existing early learning and care programs and services, and for Tribal Nations to use for literacy enrichment and language revitalization.
Tribal Early Learning Plan & Fund	Dedicated funding to support Tribal Sovereignty in determining culturally grounded early learning, language and culture revitalization, workforce and provider capacity, and locally determined early-learning activities.
Every Childhood Belongs	Every Childhood Belongs reduces suspensions and expulsions in early learning settings by providing early educators with culturally responsive coaching, training, technical assistance, and Infant and Early Childhood Mental Health Consultation, especially in advance of Child Care Licensing Division's enforcement of the law (SB 236) that bans exclusionary practices, effective July 2026.
ERDC Waitlist Refresh	Waitlist refresh is a process currently underway that requires families who have been on the waitlist for 12 months or longer for Employment Related Day Care to confirm their need for child care in order to maintain a more accurate accounting of potential need for this voucher-based program.

Approach to Overall Reduction Options

A 5% reduction in DELC's State General Fund and Other Funds during the 2025-2027 biennium is $60.6M. DELC's approach to the proposed 2.5% and 5.0% reduction scenarios were informed by the following priorities:

1. Protect the health and safety of young children and their families participating in programs licensed by our Child Care Licensing Division;
2. Ensure the agency finishes establishing the operational foundations that are under development and are needed for DELC's capacity to deliver on our purpose of supporting child development, promoting early learning, and strengthening family supports; and

3. Protect and retain the early learning and care workforce infrastructure needed to ensure that Oregon has high-quality early childhood programs into the future.

Considerations for proposed program reductions: Given that 91% of DELC's budget is in Grant in Aid, reductions at this level will impact programs that serve children and families. DELC has therefore taken a nuanced approach to reductions in programs and supports instead of an across-the-board 2.5 or 5% cut to each program for three reasons:

- **Program Size and Design:** Programs differ significantly in scale and structure. Large, slot-based programs such as Oregon Prenatal to Kindergarten and Preschool Promise can absorb reductions by decreasing the number of slots in certain communities; however, this affects both the availability of care and the economic viability of participating in small businesses. Smaller, holistic programs that are not slot-based may need to reduce not only the number of families served but also the level and quality of services provided. Each program also has a different threshold for when cuts will threaten basic program viability. Preserving the core infrastructure of our system is critical to ensure programs can remain operational and be scaled back up in the future.
- **Program Interdependence:** Many programs rely on support from multiple sources. For instance, Healthy Families Oregon is funded by DELC, ODHS, and other partners, and overlapping cuts from different agencies could compromise its sustainability. Similarly, Preschool Promise's quality depends on services from the professional learning system, such that reducing the availability of coaches provided could undermine providers' ability to meet program requirements. Every Child Belongs similarly supports programs by helping keep children in care and ensuring compliance with the statutorily required July 2026 ban on expulsions and suspensions pursuant to 329A.625.
- **Fiscal Management Improvements**: During the 2023-2025 biennium, our first biennium, DELC experienced underspending in various programs in the last biennium; however, the agency does not anticipate that level of underspending this biennium as the agency builds its core systems and processes. For example, DELC has improved its reallocation process for program slots to fill them more quickly in communities, CCR&Rs have now hired positions that were unfilled last biennium, and new programs like Every Child Belong are moving into full implementation this biennium.

Additional considerations include:

- Any reduction to child care will have a direct economic impact on families and communities, making it harder for parents to work and for businesses to hire. The 2024-HECC Talent Assessment makes it clear that this is a primary barrier to job access.

- Preschools and child care providers are small businesses, and the impact of cuts on Oregon's early learning and care infrastructure will depend on how grantees make business decisions. As a result, the cuts could have disparate impacts on the child care supply and local economies. The Child Care Desert Report's findings highlight the importance of public funding in building Oregon's child care supply. For instance, without publicly-funded slots, 19 counties would become preschool child care deserts. We anticipate that reductions in Preschool Promise, Oregon Prenatal to Kindergarten, and Employment Related Daycare will lead to broader program closures, especially in rural Oregon, and urban programs that primarily depend on Preschool Promise to stay afloat.
- These cuts will reduce the availability of early learning and child care at a time when work requirements continue for families receiving TANF, and the federal government is adding new work requirements for Medicaid and SNAP.
- Family support programs like Healthy Families Oregon, Relief Nurseries, and Early Childhood Equity Fund play a critical role in supporting parents in creating positive experiences for their children, promoting family preservation and healthy child development, and improving parental mental health.

Summary of Reductions: The first chart summarizes the reductions will at the first 2.5% and at the full reduction of 5%. The other charts share which programs are held harmless, and which ones will be held harmless at 2.5%, but not at 5.0%. The rest of the memo describes the reduction approach, timing within the biennium, and impacts.

Overall Reductions Summarized

Fund Shift GF to Federal Fund	First Reduction: $16.3M	Full Reduction:	21.0M
Operations	First Reduction: $2.4M	Full Reduction:	$2.4M
Programs	First Reduction: $8.0M	Full Reduction:	$36.7M

Programs Held Harmless during 2.5% Scenario

- Early Learning Parent Education (OPEC)
- Employment-Related Day Care (ERDC)

Programs with Reductions at 2.5% and 5.0% Scenarios

These are listed in prioritized order for reductions, and most are not taking a full 2.5% for the first scenario.

- Other Early Learning Grants
- Child Care Supports
- Early Learning Hubs
- Early Learning Professional Development
- Early Learning Program Supports
- Oregon Prenatal to Kindergarten

- Preschool Promise
- Health Families Oregon
- Relief Nurseries
- Early Childhood Equity Fund

Programs Held Harmless

- Baby Promise
- Birth to Five Literacy
- Kindergarten Partnership Innovation
- Tribal Early Learning Plan & Fund (Early Learning Tribal Hub)
- Every Child Belongs (Mental Health & Behavior Supports)

Explanation of Reductions for DELC Operations

DELC's operations include budget and accounting; procurement; grants management; human resources; information technology; audit; research, analysis and data; and organizational development. The Operations budget supports 376 full-time-employee positions, and processes 15,000 Employment Related Day Care (ERDC) and more than 900 other types of payments monthly. Approximately 9% of DELC's total budget is dedicated to agency operations.

Operations Reductions: These reductions will be made first and begin during the first year of the biennium.

Two Fund Shifts from General Fund to Federal Funds:

- DELC proposes shifting $1M of General Fund payroll costs for our Direct Pay Unit to federal funding. This will take us to the limit of the 5% cap on how we can use our federal dollars for administrative costs.
- We also propose shifting $20M of our current General Fund ERDC budget to federal funding. We anticipate having roughly $47M of CCDF carryforward. While it is prudent to keep a portion of these funds to cover the first quarter of the 2027-29 biennium, we propose shifting $20M. If we proceed with this proposal this will remove DELC's ability to use CCDF carryforward to fill the ERDC shortfall, if so directed.

Staffing: As an agency still developing teams and building core processes and foundations we are proposing limited staff cuts. Of the agency's positions more than half (52%) are licensing staff directly ensuring the health and safety of children in child care. DELC's remaining staff are split across the operations teams (25%) and programs (23%). DELC is prepared to cut 2% of the agency's 376 positions (8 full-time, state-funded positions). If necessary, these cuts will be taken from across the agency and impact DELC's three core teams -- licensing, programs, and operations. To limit the impact of these cuts as the agency continues to build out many foundational functions, DELC will determine which positions to reduce at the time of that direction. Additionally, in a 2.5% scenario, we are prepared to initiate a vacancy hold for three months for all agency positions. In a 5% scenario, DELC is prepared to institute a vacancy freeze, during which no hiring can occur unless a team's staffing is less than 75%, or by Director-issued exception. We estimate this vacancy freeze will result in not filling approximately 30-40 of DELC's 376 positions. The anticipated impact of these reductions includes degrading DELC's ability to deliver services, from licensing to grants management to child care workforce and supports.

Travel, Training, and In-Person Events: We propose restricting all training and travel with an associated agency-borne cost as well as cancelling in-person all-staff events, except for licensing staff who need to travel to perform site visits as a part of their regular duties. This will be on top of the moratorium on out-of-state travel already in place. Anticipated impacts include diminished staff morale and limiting staff gaining knowledge and skills at professional development and training opportunities.

Contracts, Licenses, and Memberships: DELC will suspend non-mission-essential memberships to professional organizations, decrease our software licenses, and reduce deliverables on non-critical contracts. Anticipated impacts include decreased efficiency within the agency.

Reductions Not Included: DELC has three information technology projects in development that due to their mission-critical purpose and the significant investments already made are not being proposed for reductions.

Early Learning Management System (ELMS) replaces legacy ERDC payments and licensing systems critical to child safety.

- Timing: In development since 2022, DELC is 10 months out from go-live.
- Funding: DELC has spent half of the total project funds (~$8M of ~$16M).
- Impact: ELMS will replace DELC's CCRIS legacy system that holds fragmented and manual workflows. Health and safety oversight will improve through more reliable data, streamlining communication, and faster access to provider information. ELMS will also address ongoing ERDC payment delays by automating workflows, reducing manual errors, and minimizing financial penalties that the agency currently incurs. ELMS is being built so future functions, which reside outside the agency, and often costly, could be added. These potential functions include a find child care function for families and a registry system for child care provider trainings and certifications.

Awards Management System (AMS) is a foundational tool for improving DELC's management of $350M in grants delivered annually. Set up quickly in 2023 so that DELC could continue to pay grantees upon our transition from ODE and its grants management system, we are building out AMS fiscal tracking capabilities, specifically how it interfaces with DELC's new data warehouse.

- Timing: In development since 2022, DELC is about eight months out from full functionality.
- Funding: DELC has spent two thirds of the total project cost (~$900k of ~$1.2M).
- Impact: DELC will be able to better track grant spending and ensure funds are utilized for their intended purpose.

Healthy Family Oregon (HFO) Database: The Healthy Families Oregon (HFO) Database is a case management system designed to improve data collection, tracking, and reporting for HFO services while ensuring alignment with Healthy Families America (HFA) accreditation and best practices.

- Timing: The system is expected to go-live in January 2026
- Funding: DELC has spent 100% of project development funds (~$600k). Future funds associated with this project are for annual licensing fees (~$175k annually).
- Impact: Implementing this system allows DELC to meet national re-accreditation requirements for the program.

Explanation of Reductions for DELC Programs

DELC programs encompass health and safety, early learning and care programming, community systems, and professional learning system functions, which together support thousands of children, families, providers, and early learning and care professionals across the state. These programs provide funding, set standards, ensure compliance, support workforce growth and retention, and foster cross-sector collaboration to benefit children and families. Approximately 91% of DELC's budget is dedicated to programs through grants-in-aid.

1. Health & Safety: The Child Care Licensing Division (CCLD) plays a crucial role in ensuring the health and safety of children in child care settings across Oregon. Its primary function is to keep children in child care safe by inspecting and licensing child care programs, conducting background checks on all adults in contact with children, investigating complaints related to health and safety violations, and taking legal action for individuals or programs deemed unsafe for children. CCLD conducts investigations in tandem with ODHS's Office of Trainings, Investigations and Safety's (OTIS) child abuse and neglect investigations and takes swift action on the child care license if there is evidence children have been harmed. CCLD also maintains the customer service unit for DELC, as well as the Direct Pay Unit, which issues payments to child care providers for ERDC subsidy. Ultimately, CCLD's work is about safeguarding children while supporting providers in delivering safe, high-quality care. CCLD's goal is to keep children safe through prevention by educating and providing technical assistance. CCLD licenses approximately 4,000 child care facilities, conducts inspections for license exempt programs, conducts on average 900 investigations per year, conducts background checks on average around 18,000 individuals per year.

CCLD's budget is primarily about staffing. The majority of CCLD's functions are mandated by both state law (ORS) and federal regulations (CFR). Reductions will increase operational risks, put children at greater risk, complicate providers' ability to meet compliance requirements, and hinder DELC's ability to meet federal requirements. DELC has not included any reductions.

2. Early Learning and Care Programming: DELC funds a variety of programs that focus on well-being and positive outcomes for families and young children and work toward eliminating systemic inequalities in access and opportunity in all of Oregon's communities. These programs vary in size and design but generally fall into four different types:

Classroom/Slot-based programs: Oregon Prenatal to Kindergarten (OPK)/Preschool Promise (PSP)/Baby Promise (BP). These programs provide a set dollar amount per slot or classroom. PSP is a 6-hour/day, 10-month program for families at or below 200% FPL, Baby Promise provides free, high-quality early care and education for infants and toddlers for families that are eligible for ERDC, and OPK is Oregon's investment in Early Head Start and Head Start which provide families under 125% of FPL early learning and care as well as family support services including a family advocate and home visits. While the set dollar amount per slot or classroom can make scaling based on available budget clearer, it is important to keep in mind economies of scale. They are designed as an access-based funding model. There are thresholds to meet in terms of number of slots or classrooms to make a program viable, which will vary based on the provider's business model and local market conditions. Costs are tied to the programmatic and compliance requirements. These programs must maintain environments of high quality to promote learning outcomes, the space must meet all licensing, and environmental & health standards regardless of enrollment levels.

Family Support services: Healthy Families Oregon (HFO)/Relief Nurseries (RN)/Early Childhood Equity Fund (ECEF). These programs provide wraparound supports for families. Providers design services around program standards, available funding, and the unique needs of each family. There is no set dollar amount per slot or classroom, so the impacts of budget reductions to these programs are more nuanced and harder to predict and may impact scope and quality of services, which may not be adjustable due to strict program standards.

Program Enhancement: Birth to Five Literacy. This funding augments existing services and programs to advance literacy and language revitalization priorities. Reductions may lead to a watering down of these services, reducing overall quality and effectiveness.

Vouchers: Employment Related Day Care (ERDC). Unlike slot-based programs, funding is attached to a family's eligibility, who then select an eligible child care provider for services. This funding can be used for standalone child care, or to augment care outside of program hours such as Preschool Promise with its six-hour day. Reductions may impact not just the ability to secure child care but also the viability of participating in early education programs. Families eligible for ERDC have income at or below 200% of the federal poverty line and they are required to be working, enrolled in school, receiving TANF, or on leave due to medical reasons. The legislature expanded ERDC eligibility for families currently receiving TANF as a priority (bypass) population in July 2023 when the ODHS TANF JOBS Program ended and ERDC moved to DELC. In November 2023, DELC instituted a waitlist for the program to help slow growth, allowing only certain populations to bypass the waitlist. These efforts stabilized and generally flatlined the growth of the program; however, the caseload has remained at record levels. Changes in state and federal policy have resulted in ERDC's structural budget deficit. The populations that bypass the waitlist include those families receiving TANF who are at or below 47% of the federal poverty line, Temporary Assistance for Domestic Violence Survivor Grant recipients, those placed in a Head Start contracted slot, those placed in a Baby Promise slot, those referred by Child Welfare, and recent ERDC recipients.

Reductions by Type of Early Learning and Care Program: DELC's nuanced approach to the preliminary reductions are organized by type of program. Additional details are provided in the budget spreadsheet that includes a budget narrative for each line.

Classroom/Slot-based Programs (OPK/PSP/BP)

First Reduction: $9,141,292.67 Full Reduction: $23,269,023.11

Approach to reduction: Slots will be reduced, which will decrease capacity to serve children in early learning infant, toddler and preschool programs across the state.

- 2.5% scenario: OPK would be reduced by 1.4% and PSP 2.3%
- 5.0% scenario: OPK would be reduced by 4% and PSP would be reduced by 5%.
- Baby Promise is not reduced because it is funded solely by federal funding.

Timing in the biennium: For PSP, at the 2.5% reduction scenario, DELC would maintain current slot allocations at 5,169 but would not reallocate 130 slots in community. At 5% reduction, PSP would lose an additional 140 slots, totaling a 270-slot reduction for the biennium. The 5% reduction would mean that PSP would not be able to maintain all slots currently out in community. For PSP and OPK, DELC would start reducing funding by identifying slots not filled as of January 2026. We would begin to recoup the associated funds instead of reallocating those slots to other programs or other parts of the state. Enrollment for the next program year starts in the Spring 2026. DELC would decrease the number of children that can be enrolled in the Fall of 2026, second year.

Impact: Oregon would lose up to 232 slots at the first reduction, and 571 slots at the second reduction. We anticipate that reduction in slots could lead to some program closures, especially in rural Oregon, and urban programs that depend on Preschool Promise to stay afloat. This does not require statutory changes.

Family Support Services (HFO/RN/ECEF)

First Reduction: $903,911.41 Full Reduction: $1,179,574.36

Approach to reduction: These programs are smaller, so the approach is to protect their viability as long as possible. DELC is protecting programs like HFO and RN because they work to prevent child abuse and neglect. At times of increased stress and pressure on families, such as dwindling supports for housing, food, and health care, we anticipate increased rates of child abuse and neglect.

- 2.5% scenario: ECEF 0.9%, HFO.9%, RN .9%
- 5.0% scenario: ECEF 0.9%, HFO 1.2%, RN 1.5%

Timing in the biennium: HFO's first proposed reduction is cancelling a request for proposals (RFP) for a quality assurance (QA) contractor that would support the implementation of QA and technical assistance (TA) system. Program sites have not received the accreditation required site visits since late 2024. This will delay the re-implementation of these site visits and associated TA. For ECEF and RN, the first proposed reduction would likely reduce the number of families served. If a second reduction is needed to get to 5%, services would be reduced at the beginning of the second year of the biennium for ECEF, HFO, and RN.

Impact: Oregon would be out of compliance with Healthy Families America (HFA) accreditation standards without a QA and TA system in place and will be put on a timeline for expected improvements and documentation of progress in order to maintain accreditation to the HFA model. DELC anticipates that in the first reduction scenario, 91 families would no longer receive ECEF or RN services, and 96 of families would no longer receive ECEF or RN at the 5% reduction. Smaller, holistic programs will make independent business decisions and may reduce not only the number of families served but also the level and quality of services provided. This does not require statutory changes.

Program Enhancement (Birth to Five Literacy)

No reductions proposed for Birth to Five Literacy.

Child Care Vouchers (ERDC)

First Reduction: $0 Full Reduction: $8,731,753

Approach to reduction: ERDC would be reduced by 2.5% only if DELC must make 5% reductions. In order to meet a 2.5% General Fund reduction target DELC would shift $20M of current ERDC General Fund budget onto Federal Funds.

Timing in the biennium: ERDC is held harmless for first reduction. DELC proposes a 2.5% reduction if the agency must make cuts at the 5% scenario. Policy action outlined below to shut off the bypass populations would need to occur no later than July 2026.

Impact: More than 12,000 families receive ERDC – on average two children per family. This reduction would mean the caseload of families being served would be reduced by approximately 216 families with more than 400 children. These families would no longer receive a voucher that helps pay for child care. Child care providers relying on ERDC payments to stay afloat report having to defer maintenance, inability to pay bills, and difficulty retaining staff, without consistent enrollment from ERDC-supported families.

Status of ERDC Policy and Statutory Change Required: ERDC currently has an active waitlist to manage the caseload, however the caseload continues to grow at a slow rate because few families are leaving the program along with those populations that bypass the waitlist summarized above. The options for addressing the deficit are limited and all come with significant drawbacks. The option that is most feasible and effective, is to shut off the bypasses for a period of time, including the TANF bypass. DELC does not want to recommend a policy change that would impact families with young children who receive TANF and ERDC. There is a reason why this bypass policy was put into place when the waitlist was established. This is a priority population that benefits from ERDC's purpose to both support families' ability to engage in employment or school and provide a stable child development program for young children. However, ERDC has a structural budget issue that must be addressed or all families who currently receive ERDC will be impacted.

To shut off the bypasses for a period of time, there needs to be statutory change to give DELC the authority. Technical capacity in the ONE system and agency authority in administrative rule to turn off bypass populations will exist as of January 2026. To meet ERDC reduction targets, most bypasses would need to be closed and ERDC would be limited to only those families currently on the caseload. To address the budget shortfall, including additional reductions, the bypass populations would need to be turned off no later than July

2026 for a minimum of 10 months but potentially through the end of the biennium, depending on when the bypasses were shut off. Statutory, rule and programmatic changes may need to be explored by ODHS regarding supporting families receiving TANF during job search, employment or education activities if ERDC is not available for a period of time.

Considering Reductions in ERDC. The ERDC program is currently estimated to have a structural deficit between $93M and $111M in the 2025-2027 biennium due to policy changes over the last few biennium that expanded eligibility for the program without an accompanying increase in budget. Recognizing that the structural budget deficit for the ERDC Program DELC considered alternatives to proposing this reduction. If the bypass populations are not closed, ERDC will run out of funding to pay for any approved families receiving a child care voucher as of January 2027. DELC is not recommending other policy options because they do not amount to the funding needed to close this level of deficit.

Tribal Early Learning Plan & Fund

No reductions proposed for this fund. It is listed in the spreadsheet as “Early Learning Tribal Hub.”

3. Community Systems

The Community Systems Office connects state-level strategies with regional and local organizations that serve children and families. Community Systems ensures that the voices and needs of communities are reflected in statewide decision-making and implementation by fostering collaboration, building capacity, bridging policy and practice, and enhancing communication. Oregon invested in this community-based strategy by founding Early Learning Hubs through legislation in 2013. The Hubs play a critical role in advancing Oregon’s early childhood system by facilitating cross-sector partnerships and by centering the voices of families and communities more fully as designers of the regional early childhood system. In addition to this this network of 16 regional Early Learning Hubs, DELC’s Community Systems include parenting education and leadership initiatives, the SPARK quality recognition system, and the Kindergarten Readiness Partnership and Innovation (KPI) program.

Parenting Education (OPEC)

First Reduction: $0 Full Reduction: $217,351

Approach to reduction: A reduction for the 5.0% scenario at the total 5%.

Timing in the biennium: Reductions would be taken at the beginning of the second year of the biennium.

Impact: This reduction would limit both the reach of parenting education programming and the infrastructure needed to support delivery across the state. With less funding, fewer families - particularly those from priority populations - would gain access to evidence-based, culturally responsive parenting education series. This could mean fewer workshops, parent cafés, support groups, and early literacy-focused programs, especially in regions with limited existing infrastructure. This would also scale back the training of parenting educators, and the technical assistance and evaluation efforts, limiting the ability to ensure program fidelity and responsiveness to community needs. Any reduction in the state-funded portion of this grant could jeopardize Oregon's ability to draw down federal CHIP matching funds, effectively compounding the impact of the cut. This does not require statutory changes.

Early Learning Hubs

First Reduction: $99,090   Full Reduction: $198,179

Approach to reduction: First reduction at 0.4% and second at 2.6%.

Timing in the biennium: Reductions to System Coordination will be applied to the second grant agreement of the biennium. Reductions to Coordinated Enrollment funding will be applied to the next Coordinated Enrollment grant period, which will run from April 2026 through June 2027.

Impact: Early Learning Hubs receive funding to be a "hub" for regional early childhood systems-building and implement the state's coordinated enrollment system. The reduction in System Coordination funding will result in decreased capacity for Early Learning Hubs to carry out their core functions of convening, connecting, and building capacity across the regional early childhood system. Hubs will decrease staffing, particularly in roles that enable cross-sector coordination, data reporting, and technical assistance; reduced ability to convene Governance and Family Leadership Councils, especially with full representation from cross-sector representatives, priority populations and Tribal Nations; limitations in fulfilling statewide expectations for regional alignment, including participation in learning collaboratives and strategic convenings; strain on the backbone entities' ability to provide operational and fiscal support, potentially impacting compliance and reporting.

A reduction in Coordinated Enrollment funding will disrupt the infrastructure needed to ensure equitable and efficient enrollment in publicly funded programs. This level of reduction could result in reduced staffing to manage the scope of coordinated enrollment activities, including outreach, eligibility determination, and placement. It may also cause delays in convening early childhood programs, which is essential for aligning enrollment and processes across PSP, Head Start, and OPK in communities. Outreach and marketing efforts - particularly those targeting priority populations - would be scaled back, potentially resulting in under-enrollment or inequitable access. This does not require statutory changes.

Kindergarten Partnership Initiative
No reductions proposed.

4. Professional Learning

The Professional Learning Office equips the early childhood workforce to enter the field prepared, stay current on best practices, and develop skills and competencies, and retain their expertise in the profession. DELC considers this work the backbone of Oregon's early learning and care system because it increases access to high quality programs, improves experiences for children, and leads to better outcomes for young children and their families.

Early Learning Professional Development (Backbone for Quality & Workforce Development)
First Reduction: $678,603 Full Reduction: $1,357,205

Approach to reduction: Reductions are presented at 2.5% and 5.0% respectively. This does not require statutory changes.

Impact: There will be several impacts:

- Higher education scholarships will be reduced, first by 22% which may affect around 30 or more students pursuing part- to full-time Early Childhood Education Associates, Bachelors, or Masters degrees, and then a total of 45% at the 5.0% scenario which will affect access to scholarships for 50 or more students.
- Number of substitutes in communities from the statewide substitute pool will be reduced, or less hours of substitute care will be available to child care programs. This pool subsidizes access for child care program substitutes to meet required adult to child ratios when staff are out.
- Decrease in the supports for shared services that help small child care businesses remain viable; it will impact 2 of the 7 regions affecting services close to 60 child care programs.
- At 2.5% scenario, there will be a decrease in multiple regions for professional development that specifically focus on building early educator competencies. These cuts will directly impact the availability of coaching support and limit access to regional technical assistance professionals and opportunities for higher education and advanced training. Without these services, early educators may lose critical pathways to growth, and communities lose access to inclusive, high-quality early learning.
- At the 5.0% scenario, there will be a decrease in the funding for Inclusion Specialists who support educators in serving all children, especially children with developmental delays or disabilities. These positions are critical and aligned with Every Child Belongs to support early learning program compliance with the ban on suspension or expulsion, especially when children with disabilities are expelled at higher rates compared to their

peers. There will be additional reductions to the systems that bring advanced training and support to child care providers across the state. These cuts will reduce access to consultation that develops important skills like trauma-informed care and inclusion, and they will also affect regional delivery of training that helps early educators build key skills. This affects the availability of consultants that work directly with child care programs on efforts to increase quality.

Early Learning Program Supports (Statewide coaching)
First Reduction: $446,363 Full Reduction: $892,726

Approach to reduction: First scenario is 2.4% and second scenario is 4.9%. This does not require statutory changes.

Impact: These reductions will decrease access to program observation and assessments using the Classroom Assessment Scoring System (CLASS) and Environmental Rating Scales (ERS) tools. These tools identify areas of strength and opportunities for improvement which lead to increases in quality of programs. They also impact DELC's ability to work with state and federally funded early learning programs on continuous quality improvement. Reducing the use of these tools will also decrease DELC's insight into the effectiveness of programs in delivering quality services. The first scenario will reduce coaches and quality specialists working with Preschool Promise programs in four regions and in the second scenario by seven regions. Preschool Promise programs are required to engage with coaches, and these reductions will reduce the availability of coaches for Preschool Promise programs. It will also reduce availability of Mentor Coaching for improving the effectiveness of all coaches.

Child Care Supports (State funding for Focused Child Care Networks)
First Reduction: $60,373 Full Reduction: $462,618

Approach to reduction: First scenario is .8% and second scenario is 6.2%.

Impact: Focused Child Care Networks are strategic investments that bring together cohorts of early learning professionals to provide intensive and regular professional development, peer mentoring, and individualized support for up to two years with a group of early learning programs. Reductions in the second scenario are greater, 8.1%, in order to preserve Every Child Belongs investments in mental and behavioral health supports. These reductions will directly impact the availability of interventions that increase the development and enhancement of quality environments, contribute to early educators implementing strategies that reduce challenging behaviors and ultimately increase the quality of learning for children in early care and education. This reduction is estimated to reduce Focused Child Care Network services to providers in seven to eight regions throughout the state, reducing access to roughly 240 early learning and care programs.

Other Early Learning Grants (Child Care Business Acumen)
First Reduction: $67,072 Full Reduction: $417,132

Approach to reduction: First scenario is .8% and second scenario is 5.0%.

Impact: DELC has technical assistance contracts with First Children's Finance and Northwest Native Chamber supporting child care programs with business acumen strategies. These technical assistance providers provide training to early educators on strengthening their business practices and they provide individualized expertise to support stabilization, sustainability and expansion of child care businesses. Reductions at the 2.5% scenario will impact their response rate and cut services to more than 65 programs needing to build business plans, comprehensive budgets, or programs seeking support as they plan to expand their services. Reductions at the 5.0% scenario will cut services to more than 125 small business child care programs.

Every Child Belongs (Mental Health & Behavior Supports)
No reductions presented for ECB

Impact: Every Child Belongs is the legislatively mandated foundational support system for early learning programs experiencing highly stressful environments, where behaviors of children create risks for other children and workforce turnover, potentially reducing available child care. DELC has contracted with 16 regional service providers to deliver Infant Early Childhood Mental Health Consultation (IECMHC). Most regions only have one full-time position to cover the breadth of requests that will come from the more than 4,000 licensed child care providers across the state when the program is fully launched.

With the implementation of SB 236, which prohibits suspension and expulsion and takes effect July 2026, it is critical to protect the foundational mental health consultation that this funding provides. In the 2023-2025 biennium, many of these regions were in a planning phase, meaning they were still building the skills and competencies of their consultation workforce. This biennium, regions are staffed and beginning to provide consultation services which will effectively expend allocated funding.

DELC is maintaining investments in this category to ensure that this limited resource directly focused on preventing suspension and expulsion is available to early learning programs when they most need it. DELC is prioritizing this support so children can stay in programs that will benefit them in the short- and long-term. This effort also works to decrease educator stress and turnover. It is important to provide resources that do not exacerbate decline of more child care slots in communities.

DELC - Agency Reduction Options - 2.5%

2025-27 Biennium

					GF	LF	OF	FF	TOTAL FUNDS
				2025-27 LAB	**740,922,513**	**-**	**461,548,861**	**247,070,498**	**1,449,541,872**

Detail of Reductions to 2025-27 Legislatively Adopted Budget

1	2	3	4	5	6	7	8	10	12	13	14	15	16	17
Priority (ranked most to least preferred)		**Agency**	**SCR or Activity Initials**	**Program Unit/Activity Description**	**GF**	**LF**	**OF**	**FF**	**TOTAL FUNDS**	**Pos.**	**FTE**	**Gov. Reduction Target Yes / No**	**One-Time Yes / No**	**Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.**
Dept	**Prgm/ Div**													
588	Operations	DELC	588-100	Fund shift $1M of General Fund DPU payroll costs onto Federal Funds	(1,000,000)			1,000,000	$ -				Yes	Moving GF payroll to FF means DELC is now reaching the 5% Federal administrative cap. Will result in the agency not having any further ability to shift funds into FF administrative costs.
588	GIA	DELC	588-500	Fund shift $20M of current GF ERDC budget onto Federal Funds	(15,267,072)			15,267,072	$ -				Yes	This fund shift does not address ERDC budget gap, it fund shifts current GF budgeted to ERDC to FF. It assumes DELC continues to receive Federal awards at current funding levels. We currently estimate having ~$47M in CCDF carry forward. We only propose shifting $20M in order to have ~$30M left in reserve to pay for the first quarter of the 27-29 biennium. This reduction would remove DELC's ability to use these funds to fill the ERDC shortfall, if directed to do so.
588	Operations	DELC	588-100	Printing adjustments	(9,000)				$ 9,000				No	Implementation of new printer defaults and technology (secure print, default to black and white) is projected to save $9,000 annually. Will result in limited impact to operational effectiveness.
588	Operations	DELC	588-100	Limiting licensing/subscriptions	(10,000)				$ 10,000				No	Reduces software licenses. Will result in limited operational impacts.
588	Operations	DELC	588-100	Adjusting contract supports	(16,000)				$ 16,000				Yes	Reduces InfoTech support. Will result in limited operational impact to IT team and the support IT provides to the rest of DELC.
588	Operations	DELC	588-100	Suspends out of state travel for duration of the biennium	(350,000)		(62,516)		$ (412,516)				Yes	Eliminates out of state travel. Will result in limited impact to agency operations, primarily realtionship building with sytstem partners.
588	Operations	DELC	588-100	3-month hiring freeze	(294,966)		(29,501)		$ (324,467)				Yes	Inacts a 3 month hiring freeze on vacant positions. Will result in a limited decrease of effectiveness for all impacted DELC teams and the services they provide.
588	Operations	DELC	588-100	Suspends non-essential overnight travel for duration of the biennium	(100,000)		(50,000)		$ (150,000)				Yes	Allows only essential overnight travel. Will result in imited impact to operational effectiveness.
588	Operations	DELC	588-100	Suspends non-mandatory training	(266,000)				$ (266,000)				Yes	Restricts training to mandatory training. Will impact staff morale by decreasing career development opportunities.
588	Operations	DELC	588-100	Suspends professinal memberships	(360,000)				$ (360,000)				Yes	Reduces professional memberships across the agency, such as BUILD. Without these funds DELC will be less able to stay abreast of best practices and policy developments or maintain relationships with key system partners.
588	Operations	DELC	588-100	Suspends DELC all-agency in person mtg.	(42,000)				$ (42,000)				Yes	Removes the ability for DELC to have an in-person all agency meeting. Will result in a decreased ability to build culture and relationships across DELC teams.
588	GIA	DELC	588-500	Other Early Learning Grants			(67,072)		$ (67,072)					2.5% Reduction in technical assistance contracts to First Children's Finance and Northwest Native Chamber supporting child care programs with business acumen strategies (totals $130,250 of this amount). This will reduce their response rate supporting child care programs needing to build business plans, comprehensive budgets or programs seeking support as they plan to expand their services.

DELC - Agency Reduction Options - 2.5%
2025-27 Biennium

	2025-27 LAB					
	GF	LF	OF	FF	TOTAL FUNDS
2025-27 LAB	740,922,513	-	461,548,861	247,070,498	1,449,541,872

Detail of Reductions to 2025-27 Legislatively Adopted Budget

1	2	3	4	5	6	7	8	10	12	13	14	15	16	17
Priority (ranked most to least preferred) Dept	Prgm/ Div	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	FF	TOTAL FUNDS	Pos.	FTE	Gov. Reduction Target Yes / No	One-Time Yes / No	Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.
588	GIA	DELC	588-500	Child Care Supports			(60,373)		$ (60,373)					Reduces Focused Child Care Network operational funding at a higher percentage in order to preserve needed mental and behavioral health supports. However, this funding is effective in supporting early learning programs to develop quality environments, to implement strategies that reduce challenging behaviors and to advance in their learning and development, increasing the quality of learning for children in early care and education. Each network is a cohort providing intensive and regular professional development, peer mentoring, and individualized support for up to two years with a group of early learning programs. This reduction is estimated to reduce FCCN services to child care providers in 3-4 regions affecting access to these services to around 120 early learning and care programs. Reduction of Other Funds reduces funding earmarked for BOLI payments related to ERDC.
588	GIA	DELC	588-500	Early Learning Hubs			(99,090)		$ (99,090)					A .4% reduction in Coordinated Enrollment Funding, would require targeted adjustments that could still affect the effectiveness of coordinated enrollment. This reduction may lead to fewer resources for family-facing materials and multilingual application formats, potentially limiting accessibility for families with diverse language needs. It could also reduce the capacity to support continuous enrollment efforts throughout the year, especially in regions with high mobility or fluctuating demand. Delays in implementing or updating coordinated enrollment plans, including data collection and reporting on equity outcomes, may occur. Furthermore, collaboration with EI/ECSE and other partners to ensure timely and inclusive placement for children with disabilities or special needs could be constrained. A .4% reduction in System Coordination funding would result in decreased capacity for Earl Learning Hubs to carry out their core functions of convening, connecting, and building capacity across the early childhood system. Hubs would need to scale back on engagement activities, such as community outreach, translation services, or convening frequency. Some technical assistance and peer learning opportunities may be deprioritized or delayed. Governance and Family Leadership Council support may be reduced, affecting authentic family voice in decision-making. Hubs may face challenges maintaining the same level of responsiveness to DELC's evolving guidance and reporting requirements.
588	GIA	DELC	588-500	Early Learning Professional Development			(678,603)		$ (678,603)					Reduces higher education scholarships funding by 22%, reductions to funding for the statewide substitute pool. This funding pays the salaries of substitutes throughout the state and that supports subsidized access for child care programs to obtain a substitute to meet required adult to child ratios in their environments. Reductions will affect the amount of substitutes availalbe in communities. Additional reductions to the shared services business coach structure piloting in 7 regions in the state. A reduction here would potentially affect 1-2 regions making business acumen coaching and professional development unavailable. This service supports new small business owners to build and maintain a viable child care business. Reductions to professional development approaches focused on competency and skill development for early educators will affect regional availability of higher level instruction for early educators. Additional reductions will affect the centralized system infrastructure for statewide coaching.

DELC - Agency Reduction Options - 2.5%

2025-27 Biennium

Detail of Reductions to 2025-27 Legislatively Adopted Budget

1	2	3	4	5	6	7	8	10	12	13	14	15	16	17
				2025-27 LAB	**740,922,513**	**-**	**461,548,861**	**247,070,498**	**1,449,541,872**					
Priority (ranked most to least preferred)		**Agency**	**SCR or Activity Initials**	**Program Unit/Activity Description**	**GF**	**LF**	**OF**	**FF**	**TOTAL FUNDS**	**Pos.**	**FTE**	**Gov. Reduction Target Yes / No**	**One-Time Yes / No**	**Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.**
Dept	**Prgm/ Div**													
588	GIA	DELC	588-500	Oregon Prenatal to Kindergarten			(5,032,794)		$ (5,032,794)					Reduces services to approximately 102 children annually. OPK service models annual cost per slot range between $16,519 to $34,464. The number of children impacted will depend on which service model experiences the reductions. LAB funds 7703 slots (1744 slots in P-3 and 5959 slots in 3-5). in order to put this reduction into effect, DELC would have to start by reducing contracts by slots not filled as of January 2026. Previous biennium underspend was related to lack of staff to fill a classroom or open classrooms. As of January 2026, DELC can analyze slots not filled and begin to recoup the slots and associated funds.
588	GIA	DELC	588-500	Preschool Promise			(4,108,498)		$ (4,108,498)					This reduction will result in 130 less slots available for reallocation in community. At this funding level, the slot service level for 25-27 will be 5169, down from 5299 that was the planned service level for the 25-27 LAB.
588	GIA	DELC	588-500	Early Learning Program Supports			(446,363)		$ (446,363)					Reduces funding for public funded program observation and assessments using CLASS and ERS tools which will affect DELC's ability to work with state and federal funded early learning programs on continuous quality improvement in addition to reducing DELC's insight into the holisitic effectiveness of programs in delivering quality services. Reduces funding for coaches and quality specialists working with Preschool Promise programs in up to 3-4 regions or in reductions across the board. Preschool Promise programs are required to engage with coaches which would reduce the availability of coaches and coach caseloads which directly reduces resources available to Preschool Promise programs and quality of programs. Reduces funding to the centralized coaching system that provides Mentor Coaching services to all coaches in the state that are funded by DELC.
588	GIA	DELC	588-500	Healthy Families Oregon			(400,000)		$ (400,000)					This reduction would come from a planned RFP for a QA contractor that would support the implementation of the quality assurance and technical assistance system for Healthy Families Oregon. Program sites have not received the accreditation required site visits since late 2024, and this will further delay the re-implementation of these site visits and associated technical assistance, which may impact our state accreditation. DELC recieved a new QA position in the 2025-2027 LAB, and is in the process of recruitment and hiring, and this position will support the work when hired.
588	GIA	DELC	588-500	Relief Nurseries			(250,000)		$ (250,000)					Estimated impact is 6 families with infant, toddler and preschool aged children not receiving therapeutic classroom services and/or home visiting and resource supports.
588	GIA	DELC	588-500	Early Childhood Equity Fund			(253,911)							This would cause reduction in services for 85 families annually. It would impact parenting education opportunities and services that support parents engagement in their childs learning.
588	Operations	DELC	588-100	DELC Vacancy Savings	(808,025)									This action requires the agency to manage to an net 8 General Fund positions (4.00 FTE) in vacancy savings the second year of the biennium. No impact to position authority.
					(18,523,063)	**-**	**(11,538,721)**	**-**	**$ (12,697,776)**	0.00	0.00			
				Target (5%)	**(37,046,126)**	**-**	**(23,077,443)**							
				Difference	18,523,063	-	11,538,722							

DELC - Agency Reduction Options - 5.0%

2025-27 Biennium

2025-27 LAB	740,922,513	-	461,548,861	247,070,498	1,449,541,872

Detail of Reductions to 2025-27 Legislatively Adopted Budget

1	2	3	4	5	6	7	8	10	12	13	14	15	16	17
Priority (ranked most to least preferred)		Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	FF	TOTAL FUNDS	Pos.	FTE	Gov. Reduction Target Yes / No	One-Time Yes / No	Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.
Dept	Prgm/ Div													
588	Operations	DELC	588-100	Fund shift $1M of General Fund DPU payroll costs onto Federal Funds	(1,000,000)		0	1,000,000	$ -				Yes	Moving GF payroll to FF means DELC is now reaching the 5% Federal administrative cap. Will result in the agency not having any further ability to shift funds into FF administrative costs.
588	GIA	DELC	588-500	Fund shift $20M of current GF ERDC budget onto Federal Funds	(20,000,000)		0	20,000,000	$ -				Yes	This fund shift does not address ERDC budget gap, it fund shifts current GF budgeted to ERDC to FF. It assumes DELC continues to receive Federal awards at current funding levels. We currently estimate having ~$47M in CCDF carry forward. We only propose shifting $20M in order to have ~$30M left in reserve to pay for the first quarter of the 27-29 biennium. This reduction would
588	Operations	DELC	588-100	Printing adjustments	(9,000)		0		$ 9,000				No	Implementation of new printer defaults and technology (secure print, default to black and white) is projected to save $9,000 annually. Will result in limited impact to operational
588	Operations	DELC	588-100	Limiting licensing/subscriptions	(10,000)		0		$ 10,000				No	Reduces software licenses. Will result in limited operational impacts.
588	Operations	DELC	588-100	Adjusting contract supports	(16,000)		0		$ 16,000				Yes	Reduces InfoTech support. Will result in limited operational impact to IT team and the support IT provides to the rest of DELC.
588	Operations	DELC	588-100	Suspends out of state travel for duration of the biennium	(350,000)		(62,516)		$ (412,516)				Yes	Eliminates out of state travel. Will result in limited impact to agency operations, primarily realtionship building with sytstem partners.
588	Operations	DELC	588-100	3-month hiring freeze	(294,966)		(29,501)		$ (324,467)				Yes	Inacts a 3 month hiring freeze on vacant positions. Will result in a limited decrease of effectiveness for all impacted DELC teams and the services they provide.
588	Operations	DELC	588-100	Suspends non-essential overnight travel for duration of the biennium	(100,000)		(50,000)		$ (150,000)				Yes	Allows only essential overnight travel. Will result in imited impact to operational effectiveness.
588	Operations	DELC	588-100	Suspends non-mandatory training	(266,000)		0		$ (266,000)				Yes	Restricts training to mandatory training. Will impact staff morale by decreasing career development opportunities.
588	Operations	DELC	588-100	Suspends professinal memberships	(360,000)		0		$ (360,000)				Yes	Reduces professional memberships across the agency, such as BUILD. Without these funds DELC will be less able to stay abreast of best practices and policy developments or maintain relationships with key system partners.
588	Operations	DELC	588-100	Suspends DELC all-agency in person mtg.	(42,000)		0		$ (42,000)				Yes	Removes the ability for DELC to have an in-person all agency meeting. Will result in a decreased ability to build culture and relationships across DELC teams.
588	GIA	DELC	588-500	Other Early Learning Grants	(350,060)		(67,072)		$ (417,132)					5% reduction in technical assistance contracts to First Children's Finance and Northwest Native Chamber supporting child care programs with business acumen strategies (totals $260,500 of this amount). This will reduce their response rate supporting child care programs needing to build business plans, comprehensive budgets or programs seeking support as they plan to expand their services.
588	GIA	DELC	588-500	Child Care Supports	(341,871)		(120,747)		$ (462,618)					Reduces Focused Child Care Network operational funding at a higher percentage in order to preserve needed mental and behavioral health supports. However, this funding is effective in supporting early learning programs to develop quality environments, to implement strategies that reduce challenging behaviors and to advance in their learning and development, increasing the quality of learning for children in early care and education. Each network is a cohort providing intensive and regular professional development, peer mentoring, and individualized support for up to two years with a group of early learning programs. This reduction is estimated to reduce FCCN services to child care providers in 7-8 regions throughout the state reducing access to close to 240 early learning and care programs.Reduction of Other Funds reduces funding earmarked for BOLI payments related to ERDC.

DELC - Agency Reduction Options - 5.0%
2025-27 Biennium

				2025-27 LAB	740,922,513	-	461,548,861	247,070,498	1,449,541,872						
Detail of Reductions to 2025-27 Legislatively Adopted Budget															
1	2	3	4	5	6	7	8	10	12	13	14	15	16	17	
Priority (ranked most to least preferred)		**Agency**	**SCR or Activity Initials**	**Program Unit/Activity Description**	**GF**	**LF**	**OF**	**FF**	**TOTAL FUNDS**	**Pos.**	**FTE**	**Gov. Reduction Target Yes / No**	**One-Time Yes / No**	**Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.**	
Dept	**Prgm/ Div**														
588	GIA	DELC	588-500	Early Learning Hubs			(198,179)		$ (198,179)					A reduction in Coordinated Enrollment funding would disrupt the infrastructure needed to ensure equitable and efficient enrollment into publicly funded preschool programs. This level of reduction could result in reduced staffing capacity to manage the full scope of coordinated enrollment activities, including outreach, eligibility determination, and placement. It may also cause delays in convening and supporting early childhood partners, which are essential for aligning enrollment timelines and processes across programs like Preschool Promise, Head Start, and Oregon Prenatal to Kindergarten. Additionally, outreach and marketing efforts - particularly those targeting priority populations - would be scaled back, potentially resulting in under-enrollment or inequitable access to preschool slots. A reduction in System Coordination funding would result in decreased capacity for Early Learning Hubs to carry out their core functions of convening, connecting, and building capacity across the early childhood system. Hubs would experience decreased staffing capacity, particularly in support roles that enable cross-sector coordination, data reporting, and technical assistance; Reduced ability to convene and sustain Governance and Family Leadership Councils, especially with full representation from cross-sector representatives, priority populations and Tribal Nations; Limitations in fulfilling statewide expectations for regional alignment, including participation in learning collaboratives, technical assistance, and strategic convenings; Strain on the backbone entity's ability to provide operational and fiscal support, potentially impacting compliance and reporting timelines.	
588	GIA	DELC	588-500	Early Learning Professional Development			(1,357,205)		$ (1,357,205)					Reduces higher education scholarships funding by 45%. Increases reductions to funding for the statewide substitute pool. This funding pays the salaries of substitutes throughout the state and that supports subsidized access for child care programs to obtain a substitute to meet required adult to child ratios in their environments. Reductions will affect the amount of substitutes available in communities. Additional reductions to the shared services business coach structure piloting in 7 regions in the state. Each region has 1 FTE of business coach and reductions may affect multiple regions staffing or infrastructure. This service supports new small business owners to build and maintain a viable child care business. Additional reductions to professional development approaches focused on competency and skill development for early educators will affect regional availability of higher level instruction for early educators. Additional reductions will affect the centralized system infrastructure for statewide coaching. Additional reductions to the Inclusion Specialist function provided throughout the state that supports early educators to create environments that serve all children and increase their effectiveness in serving children with disabilities. These positions are critical and aligned with Every Child Belongs to support early learning programs to maintain care for children and not suspend or expel, especially when children with disabilities are expelled at the highest rates in our state compared to their peers. This could affect more than one region in the state.	

DELC - Agency Reduction Options - 5.0%

2025-27 Biennium

					6	7	8	10	12	13	14	15	16	17
				2025-27 LAB	**740,922,513**	**-**	**461,548,861**	**247,070,498**	**1,449,541,872**					
Detail of Reductions to 2025-27 Legislatively Adopted Budget														
1	2	3	4	5	6	7	8	10	12	13	14	15	16	17
Priority (ranked most to least preferred)		**Agency**	**SCR or Activity Initials**	**Program Unit/Activity Description**	**GF**	**LF**	**OF**	**FF**	**TOTAL FUNDS**	**Pos.**	**FTE**	**Gov. Reduction Target Yes / No**	**One-Time Yes / No**	**Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.**
Dept	**Prgm/ Div**													
588	GIA	DELC	588-500	Oregon Prenatal to Kindergarten	(3,224,470)		(11,619,634)		$ (14,844,104)					Reduces services to approximately 271 children annually. OPK service models annual cost per slot range between $16,519 to $34,464. The number of children impacted will depend on which service model experiences the reductions. LAB funds 7703 slots (1744 slots in P-3 and 5959 slots in 3-5). in order to put this reduction into effect, DELC would have to start by reducing contracts by slots not filled as of January 2026. Previous biennium underspend was related to lack of staff to fill a classroom or open classrooms. As of January 2026, DELC can analyze slots not filled and begin to recoup the slots and associated funds.
588	GIA	DELC	588-500	Preschool Promise	(1,141,981)		(7,282,938)		$ (8,424,919)					This reduction would result in a reduction of 270 slots from the service level of 5299 for the LAB for Preschool Promise. The impact will include eliminating the 50 non-competitive slot available for Tribes, no additional slots available for re-allocation in community, and a reduction of 60 slot that are currently in community.
588	GIA	DELC	588-500	Early Learning Program Supports			(892,726)		$ (892,726)					Reduces funding for public funded program observation and assessments using CLASS and ERS tools which will affect DELC's ability to work with state and federal funded early learning programs on continuous quality improvement in addition to reducing DELC's insight into the holisitic effectiveness of programs in delivering quality services. Reduces funding for coaches and quality specialists working with Preschool Promise programs in up to 6-7 regions or in reductions across the board. Preschool Promise programs are required to engage with coaches which would significantly reduce the availability of coaches, quality specialists and their caseloads which directly reduces resources available to Preschool Promise programs and affects quality of programs. Reduces funding to the centralized coaching system that provides Mentor Coaching services to all coaches in the state that are funded by DELC.
588	GIA	DELC	588-500	ERDC	(8,731,753)				$ (8,731,753)					This reduction would mean the caseload would have to be reduced by 216 families who ERDC is helping pay for child care. ERDC currently has an active waitlist to manage the caseload, however even with a waitlist in place, the caseload continues to grow at a slow rate because few families are leaving the program and there are certain populations that bypass the waitlist. The populations that bypass the waitlist include those receiving TANF, Temporary Assistance for Domestic Violence Survivor Grant recipients, those being placed in a Head Start contracted slot, those being placed in a Baby Promise slot, those referred by Child Welfare, and recent ERDC recipients. In order to reduce the caseload to align with these budget reductions, ERDC would be required to close all bypass populations listed above and limiting ERDC to only those currently on the caseload.
588	GIA	DELC	588-500	Healthy Families Oregon			(500,000)		$ (500,000)					This reduction would come from a planned RFP for a QA contractor that would support the implementation of the quality assurance and technical assistance system for Healthy Families Oregon. Program sites have not received the accreditation required site visits since late 2024, and this will further delay the re-implementation of these site visits and associated technical assistance, which may impact our state accreditation. DELC recieved a new QA position in the 2025-2027 LAB, and is in the process of recruitment and hiring, and this position will support the work when hired.
588	GIA	DELC	588-500	Relief Nurseries			(425,663)		$ (425,663)					Estimated impact is 10 families with infant, toddler and preschool aged children not receiving therapeutic classroom services and/or home visiting and resource supports.

DELC - Agency Reduction Options - 5.0%

2025-27 Biennium

2025-27 LAB	**740,922,513**	**-**	**461,548,861**	**247,070,498**	**1,449,541,872**				

Detail of Reductions to 2025-27 Legislatively Adopted Budget

1	2	3	4	5	6	7	8	10	12	13	14	15	16	17
Priority (ranked most to least preferred)		**Agency**	**SCR or Activity Initials**	**Program Unit/Activity Description**	**GF**	**LF**	**OF**	**FF**	**TOTAL FUNDS**	**Pos.**	**FTE**	**Gov. Reduction Target Yes / No**	**One-Time Yes / No**	**Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.**
Dept	**Prgm/ Div**													
588	GIA	DELC	588-500	Early Learning Parenting Education			(217,351)		$ (217,351)					A 5% reduction would limit both the reach of parenting education programming and the infrastructure needed to support high-quality delivery across the state. With less funding available for subawards to OPEC Hubs and community partners, fewer families - particularly those from priority populations - would gain access to evidence-based, culturally responsive parenting education series. This could mean fewer workshops, parent cafés, support groups, and early literacy-focused programs, especially in regions with limited existing infrastructure. Additionally, the university's ability to provide professional development through the OPEC Training Academy and Connect & Learn communities would be constrained, potentially reducing the number of parenting educators who receive curriculum training and facilitation support. Technical assistance and evaluation efforts, such as mentorship, curriculum adaptation, and one-on-one consultation, would also be scaled back, limiting the ability to ensure program fidelity and responsiveness to community needs. Any reduction in the state-funded portion of this grant could jeopardize the university's ability to draw down federal CHIP matching funds. A 5% reduction would not only reduce the direct services and supports available to families and parenting educators, but could also undermine the leverage of additional federal dollars, effectively compounding the impact of the cut. This would diminish the overall investment in parenting education infrastructure and programming statewide.
588	GIA	DELC	588-500	Early Childhood Equity Fund			(253,910)		$ (253,910)					This would cause reduction in services for 85 families annually. It would impact parenting education opportunities and services that support parents engagement in their childs learning.
588	Operations	DELC	588-100	DELC Vacancy Savings	(808,025)				$ (808,025)					This action requires the agency to manage to an net 8 General Fund positions (4.00 FTE) in vacancy savings the second year of the biennium. No impact to position authority.
					(37,046,126)	**-**	**(23,077,443)**	**-**	**$ (39,088,569)**	**0**	**0.00**			

Target (5%)	**(37,046,126)**	**-**	**(23,077,443)**	
Difference	(0)	-	0	

DELC
2025-27 Biennium

Detail of Programs in the 2025-27 Legislatively Approved Budget that have been established or expanded since 2021-23

1	2	3	4	5	6	7	8	9	11	13	14	15	16
		Program Establishment / Expansion											
Agency	SCR	Biennium	Effective Date	Authorization	Program Description	GF	LF	OF	FF	TOTAL FUNDS	Pos.	FTE	Implementation Status
588	500	2023-25		HB 3380	Preschool Promise (PSP) - founded in 2015; 2021 & 2023 increased investments	41,546,754		137,470,265		$ 179,017,019			PSP founded in 2015; in 2021 & 2023 the program saw increased investments; More than 230 programs statewide, more than 5300 children served; Slots available in the state were decreased at the beginning of 2025-2027.
588	500	2021-23		HB 2055 & HB 2815	Tribal Early Learning Hub	652,707		652,707		$ 1,305,414			Established Tribal Early Learning Hub to coordinate early learning services for tribal communities, which transitioned into the Tribal Advisory Committee (TAC). The TAC is replaced by OTELA in 2025 HB 2815, see related item below.
588	500	2021-23		HB 2166 & SB 236	Every Child Belongs	8,201,681				$ 8,201,681			HB2166 required DELC to create an early childhood suspension and expulsion prevention program. SB236 did not come with funding, however it bans providers from using expulsion and suspension with children birth to age five, starting July 1, 2026.
588	500	2023-25		HB 3073 & HB 4005	DELC launched as an independent state agency with HB 3073 and HB 4005.	740,922,513		461,548,861	247,070,498	$ 1,449,541,872			
588	500	2021-23 & 2023-25		HB 3073 & HB 2683	Employment Related Day Care (ERDC)	349,270,137			121,948,094	$ 471,218,231			Program transferred to DELC in 2023 with expanded ERDC eligibility for families receiving TANF (categorically eligible) when the TANF JOBS program ended. At the same, Oregon implemented 12-month protected eligibility, a federal
588	500	2023-25		ORS 329A.500 OAR 414-175-0010	ERDC Waitlist					$ -			Implemented the ERDC waitlist, so only bypass populations can join the caseload as of November 2023.
588	500	2023-25		SB 5506	Imagination Library of Oregon			2,000,000		$ 2,000,000			Serves more than 67,000 families statewide.
588	500	2023-25		HB 3005	Child Care Infrastructure Fund TA			40,311		$ 40,311			Implemented; DELC contracted for technical assistance to be provided during 3 rounds of infrastructure grants that came from Business Oregon totaling $40M. The last round of grants will be awarded by Business Oregon early 2026
588	500	2023-25		HB 2717	Outdoor Nature based Child Care			65,496		$ 65,496			Requires DELC to license and oversee outdoor child care programs as defined in the measure.
588	500	2023-25		HB 3198	Birth Through Five Literacy			10,012,501		$ 10,012,501			Requires DELC to administer a Birth Through Five Literacy Plan and grants to ECE programs.
588	500	2023-25		SB 1040	Microcenter Pilot Program					$ -			Established during the 2023 Session as a pilot program, the bill is set to be repealed by January 2, 2026. Pilot has been completed. One time funding in 2023-25.

DELC
2025-27 Biennium

Detail of Programs in the 2025-27 Legislatively Approved Budget that have been established or expanded since 2021-23

1	2	3	4	5	6	7	8	9	11	13	14	15	16
		Program Establishment / Expansion											
Agency	SCR	Biennium	Effective Date	Authorization	Program Description	GF	LF	OF	FF	TOTAL FUNDS	Pos.	FTE	Implementation Status
588	500	2023-25		HB 4098	CHIPS Child Care Fund			4,000,000		$ 4,000,000			OBDD & BOLI administer the program. Funds are transferred to DELC to accommodate personnel workload increase for the Direct Pay Unit and Child Care Assistance Program associated with new child care slots added to the BOLI Apprenticeship Related Child Care Program.
588	500	2025-27		SB 2815	Establishes Oregont Tribal Early Learning Account (OTELA)					$ -			See row 9 above for Tribal Early Learning Hub funding.
										$ -			
										$ -			
										$ -			
										$ -			
										$ -			
										$ -			
										$ -			
				TOTAL		**1,140,593,792**	**-**	**615,790,141**	**369,018,592**	**$ 2,125,402,525**	**0**	**0.00**	

Instructions

Column (5) - Authorization should identify the source of the new program or program expansion, which could include enabling legislation, approved policy option package, or administrative establishment.
Column (6) - Program description should include a summary of the program and the expansion (if applicable), including any partner state agencies.
Column (16) - Current status of program implementation should be summarized, including any future budget requests anticipated upon full program implementation.