



Oregon Department of
**Early Learning
and Care**

Legislative Budget Reduction Exercise

Presenters:

Carey McCann, Interim Director

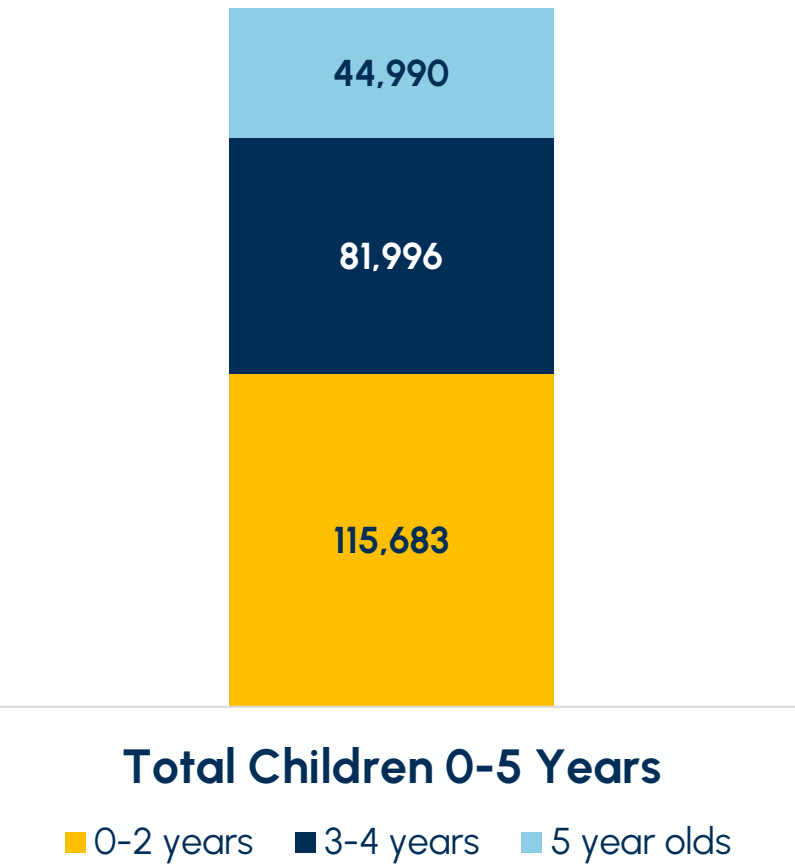
Cooper Brown, Deputy Director of Operations



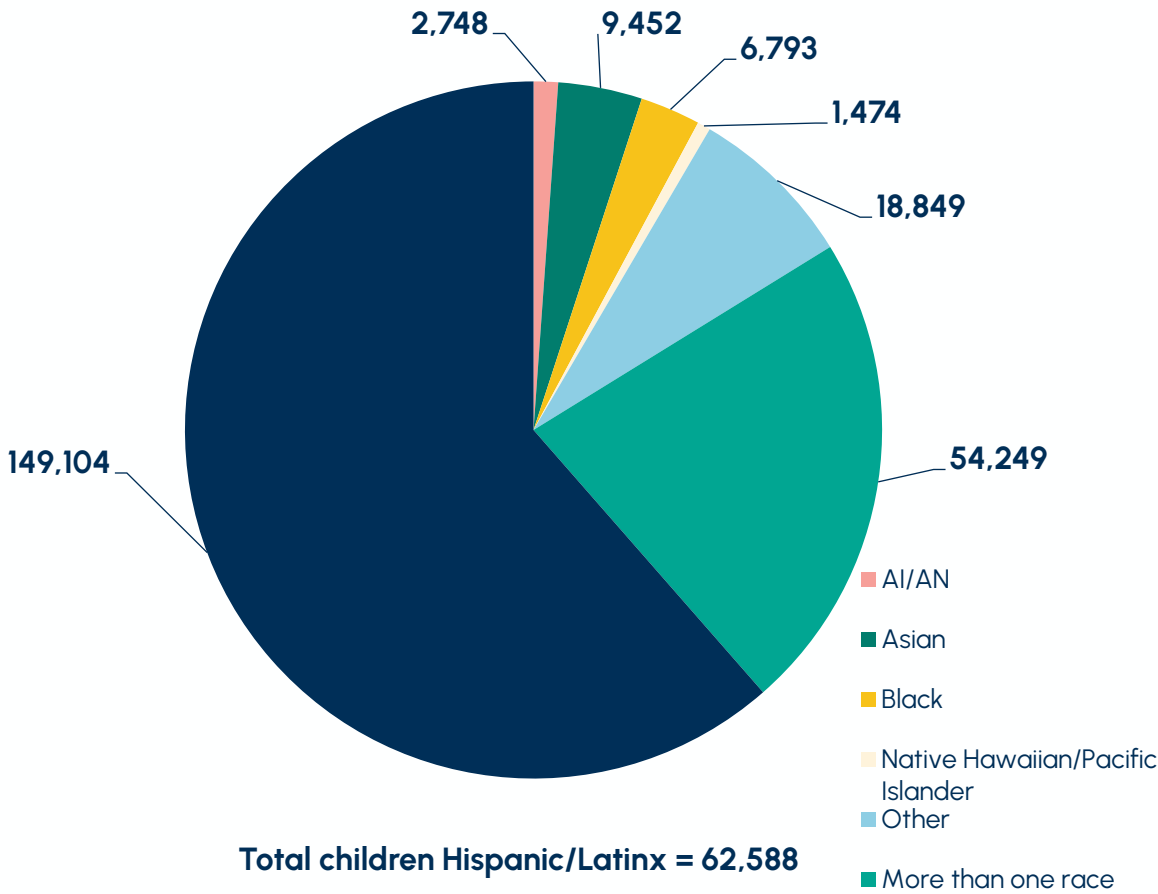
Children in Oregon Birth to 5 Years Old



242,699 Total Children ages 0-5 Years



Oregon Children 0-5 Years by race



Data Source: 2023 1-Year Estimates American Community Survey Public Use Microdata Sample

Note: for US Census data, children can be included in a specific race group and in the Hispanic/Latinx group, these are not mutually exclusive groups. Due to this, adding children across race and ethnicity will lead to a higher number than the total children 0-5 years.

The Economic Impact of Child Care



Child care is one of two **essential** occupations in Oregon



69% of young children have all available parents in the workforce



Lack of Child Care is a barrier to job access and retention



H.R.1 Increased work requirements for Medicaid and SNAP

The Impact of Early Learning & Child Care



Investments in early childhood have economic and early childhood development implications.



Return on Investment

Every dollar invested in early childhood education can yield a return of between \$4 and \$16 in economic benefits.



Family Economic Stability

When parents are assured that their children are receiving quality care and education, they are better able to pursue full-time employment, which enhances household income and economic stability.



Economic Impact in Community

Investment in early childhood programs creates jobs in the sector, and the economic stability afforded to families generates economic activity in local communities.



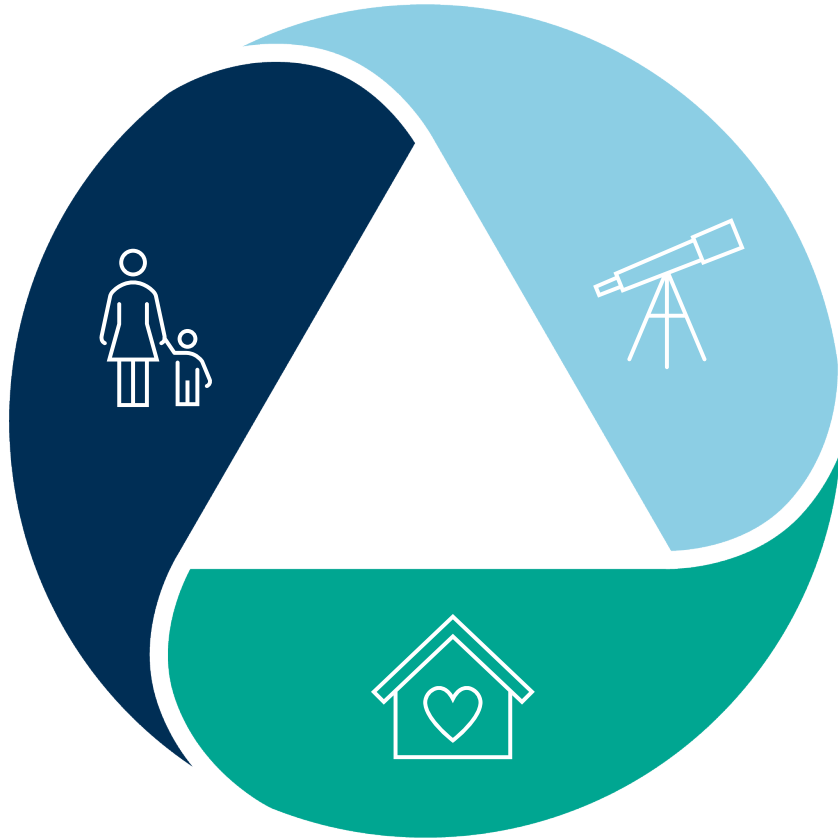
Business Support
Home-based and center-based providers are small businesses. These early childhood educators are essential members of Oregon's workforce—they pay taxes and help strengthen the state's economy.



Literacy & Equal Access to Education

Early learning programs help close the achievement gap between children from affluent families and those from lower-income backgrounds so that all children can thrive.

DELC'S PURPOSE



- Builds and administers core parts of Oregon's early learning and care system
- Sets the strategic vision for early learning and care in Oregon
- Creates operational foundations to create consistency and efficiency across programs to work together in service of children and families

2024 Oregon Child Care Desert Report



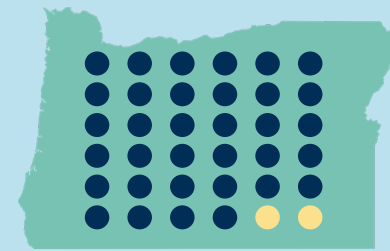
Important Role of Public Funding in Building Oregon's Child Care Supply

A child care desert is a community with 3 or more children for a single child care slot.

Report:
<https://health.oregonstate.edu/early-learners/supply>



There are **5** infants & toddlers for a single child care slot in Oregon



Almost all Oregon counties are child care deserts for infants and toddlers

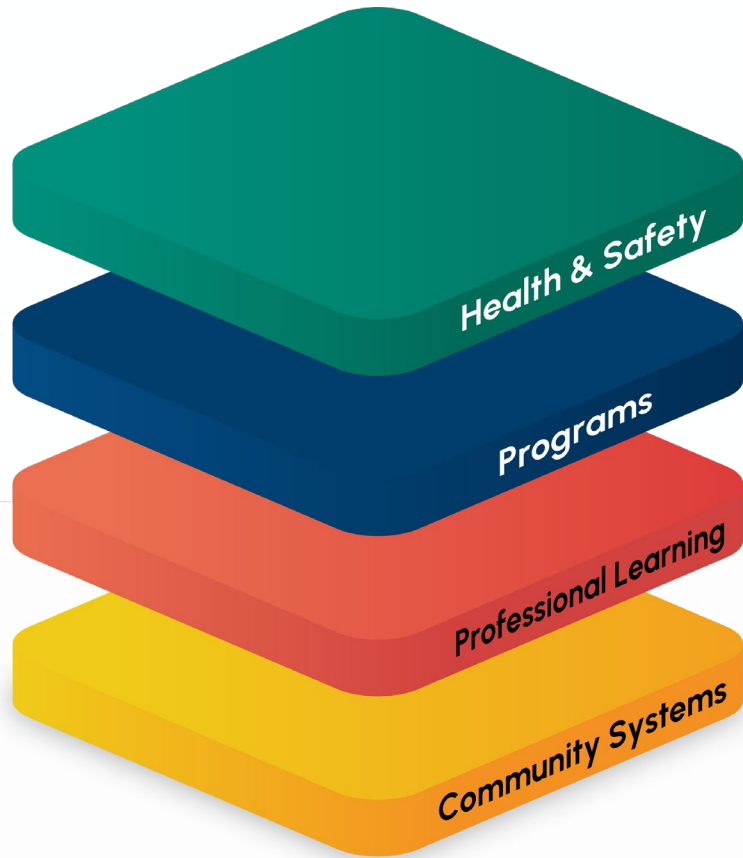
There are **3** preschool-age children for a single care slot in Oregon



Nine Oregon counties are child care deserts for preschool-age children

Without publicly funded slots, 28 counties would be child care deserts for preschoolers.

Oregon's Early Learning and Care



Health & Safety - 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, and taking legal action when necessary



Programs - tailored to meet family preferences and include parenting education, respite, home visiting, infant and toddler child care, preschool, after-school and weekend care, and screening and referrals



Professional Learning – focus on the early learning and care professionals, their retention, preparation and development that will lead to increased access to high quality programs, improve learning experiences, and support programs in generating better outcomes for young children and families.



Community Systems – vital role in connecting state-level strategies with regional and local initiatives and priorities.



Health and Safety

1,290
REGISTERED FAMILY
CHILD CARE HOMES



A **small group of up to 10 children** in a home setting, usually cared for by one person.

1,245
CERTIFIED FAMILY
CHILD CARE HOMES



A **larger group of up to 16 children** in a home setting, usually cared for by one or more people.

1,408
CERTIFIED CHILD CARE CENTERS
TWO TYPES



Child Care Center:
Child care business operated in a commercial building with multiple individuals providing child care.



School-Age Center:
Child care operated in a commercial building and only cares for children that are school-aged.

2 (new as of July 2025)
CERTIFIED OUTDOOR NATURE-
BASED



Outdoor Nature-Based:
Child care operated outdoors that serves preschool and school-age children.



Early Learning and Care Programs

- Slot/Classroom based: Oregon Prenatal to Kindergarten, Preschool Promise, Baby Promise
- Vouchers: Employment Related Daycare
- Family Supports: Relief Nurseries, Early Childhood Equity Fund, and Healthy Families Oregon
- Program Enhancements: Birth to Five Literacy



Professional Learning

Professional learning is crucial for the early childhood workforce. It equips individuals to:

- Enter the workforce prepared
- Stay current on best practices
- Develop knowledge and skills

Ultimately leading to:

- Increased access to high quality programs
- Improved learning experiences
- Better outcomes for young children, families, and early learning and care professionals



Community Systems

Community Systems plays a vital role in connecting state-level strategies with regional and local initiatives and priorities that serve children and families.

- Early Learning Hubs
- Parenting education and leadership initiatives
- Spark quality recognition and improvement system
- Kindergarten Readiness Partnership and Innovation (KPI) program
- Head Start Collaboration Office



Slot/Classroom-Based Programs

Oregon Prenatal to Kindergarten

- Serves families under 125% of FPL by providing high-quality, culturally responsive early childhood education, health care, nutrition, and comprehensive family support services.

Preschool Promise

- Provides high quality preschool to families living at or below 200% FPL, with children ages 3 and 4.

Baby Promise

- Baby Promise offers free, high-quality care and education for infants and toddlers up at or below 200% of the FPL. Families must be enrolled in ERDC.

These programs must maintain environments of high quality to promote learning outcomes, the space must meet all licensing, and environmental & health standards.



Vouchers: ERDC

- Follows the family based on income eligibility + requirements to be working, enrolled in school, receiving TANF, or on leave due to medical reasons
- Flexibility
 - Standalone or Augment Program Hours
 - Half-Day, Full-Day, Afterschool
 - Full-Year
- This reduction exercise is separate from addressing ERDC's structural deficit



Family Support Services



Healthy Families Oregon (HFO), Relief Nurseries (RN), and Early Childhood Equity Fund (ECEP) are funded to provide wraparound supports for families in response to program standards and unique family needs.

Programs are smaller, so the approach is to protect their viability as long as possible

Programs like HFO and RN prevent child abuse and neglect

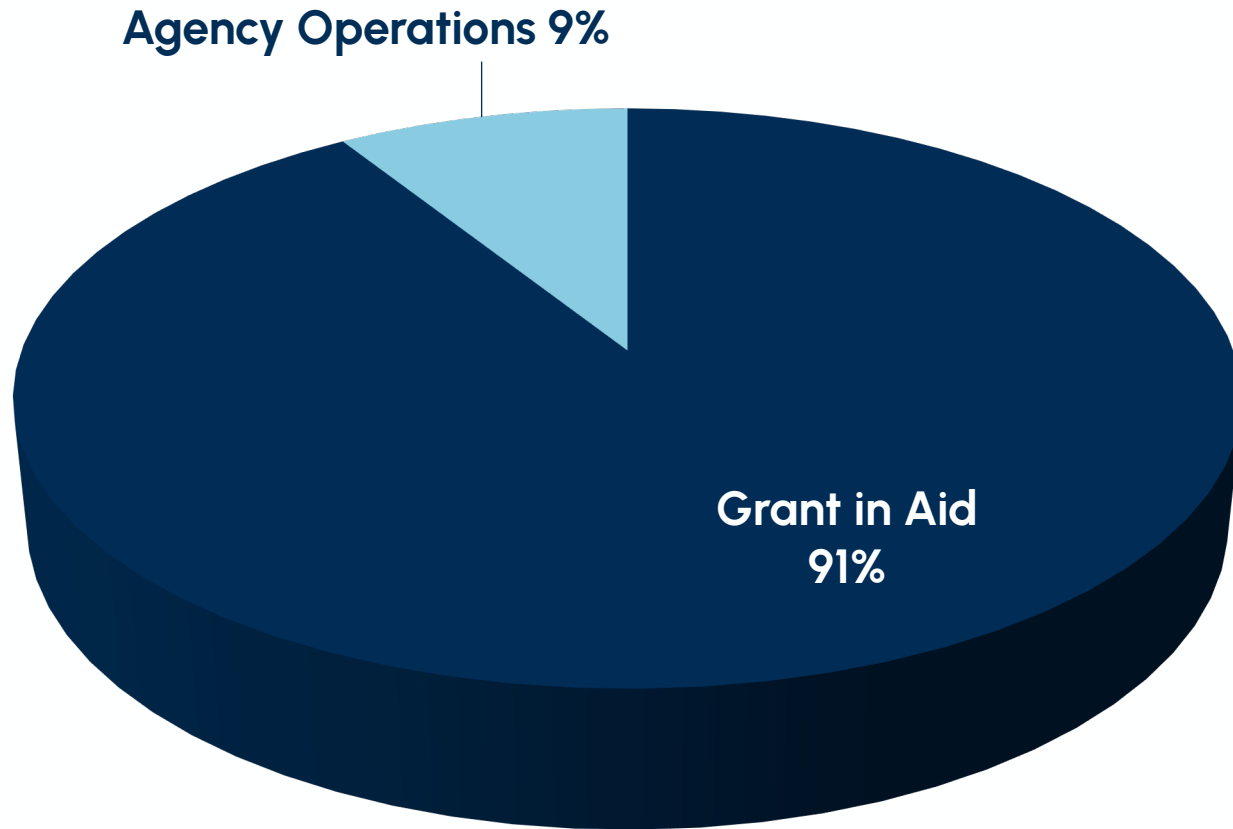
Programs will make independent business decisions and may need to reduce not only the number of families served but also the level and quality of services provided





Reduction Exercise Overview

DELC Operations & Grant In Aid



2025-27 Governor's Budget

Total All Funds:

\$1.5 billion

384 Positions (376.37 FTE)

Approach to Reduction Exercise



**5% Reduction =
\$60.1M**

Protect the **health and safety** of young children

Protect operational foundations

Retain early learning and care workforce infrastructure

Considerations

Real-life impacts on people, families, and providers

Ripple effects

Ability to build back

Stage of agency development

Approach to Reduction Exercise



2.5% Reduction ($GF + OF$) = \$30.1M

5% Reduction ($GF+OF$) = \$60.1M

Fund Shift General Fund to Federal Fund

- At 2.5% Reduction: **\$16.3M**
- At 5.0% Reduction: **\$21.0M**

Operations

- At 2.5% Reduction: **\$2.2M**
- At 5.0% Reduction: **\$2.2M**

Programs

- At 2.5% Reduction: **\$11.4M**
- At 5.0% Reduction: **\$36.7M**

Licensing Held Harmless



- Licensing child care facilities is core DELC function
- 4.2% of DELC's budget and 52% of agency FTE
- Direct impacts to child health and safety
- Less licensing = less availability of child care
- Longer re-build timeline

Programs Held Harmless



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)

Held Harmless at the 2.5% Exercise

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



Programs with Reductions

Listed in prioritized order for reductions at 5% Reduction Exercise

- Other Early Learning Grants
- Child Care Supports
- Early Learning Hubs
- Early Learning Professional Development
- Early Learning Program Supports
- Oregon Prenatal to Kindergarten
- Preschool Promise
- Employment Related Day Care
- Health Families Oregon
- Relief Nurseries
- Early Learning Parenting Education
- Early Childhood Equity Fund

IMPACTS

- Less slots for children and families
- Reduced wrap around services
- Less coaches and professional learning
- Increased risk of suspension and expulsion



Complexities of Reductions



Program size and design



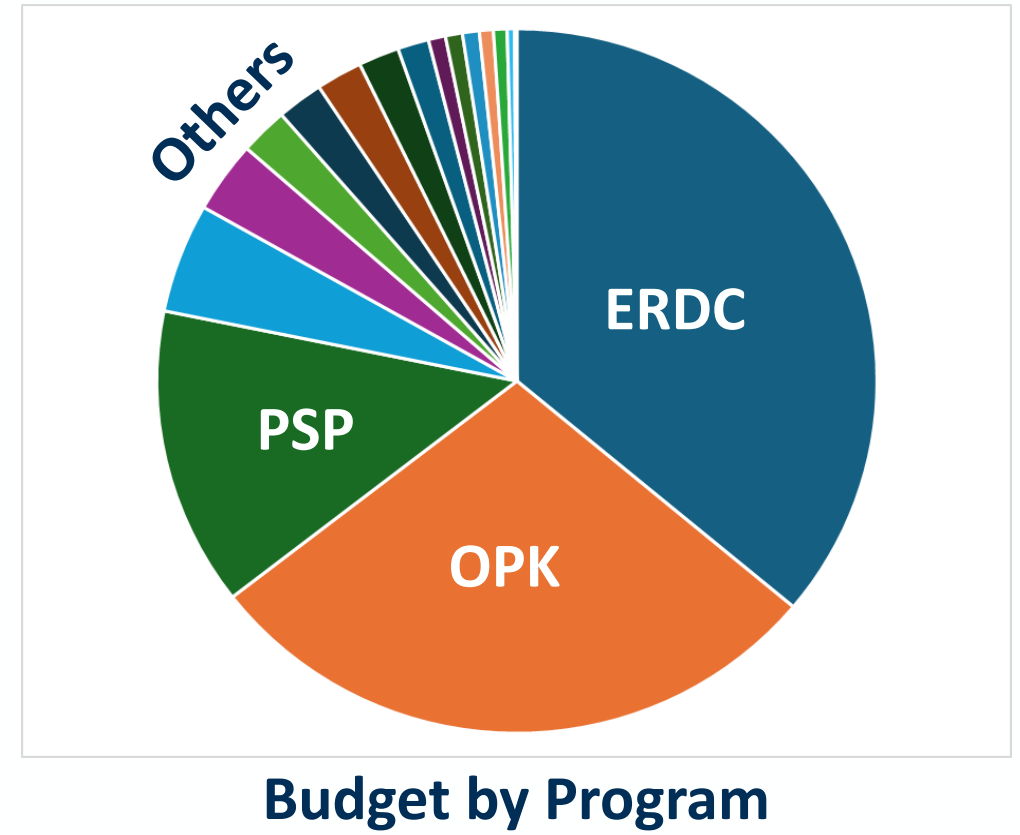
Fiscal management improvement



Program interdependence



Timing in the biennium



Why does Employment Related Day Care (ERDC) have a Structural Deficit



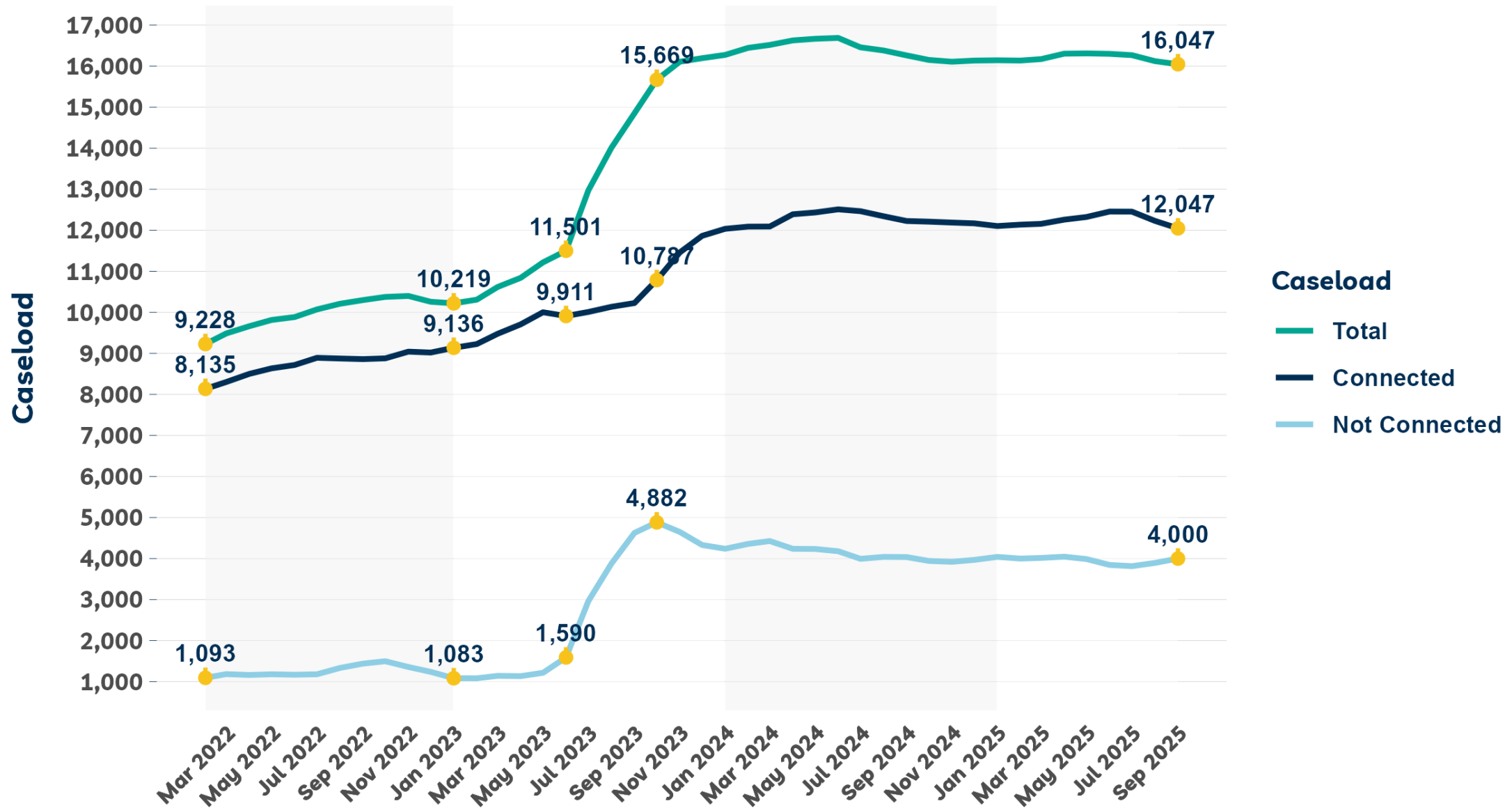
Vouchers: ERDC



- Follows the family based on income eligibility of 200% FPL + requirements to be working, enrolled in school, receiving TANF, or on leave due to medical reasons
- Flexibility
 - Standalone or Augment Program Hours
 - Half-Day, Full-Day, Afterschool
 - Full-Year
- More than 12,000 families receive ERDC, avg of 2 children per family

ERDC Caseloads Over Time

February 2022 to September 2025



ERDC Structural Deficit



Policy changes,
provider rates



Eligibility expanded,
less attrition



Structural deficit
\$93M and \$111

Closing Reflections



- 91% of DELC's Budget is Grant-in-Aid: reductions will impact children, families, and providers
- Early learning and care is not a universal program; Oregon's supports are tailored for families who need them most.
- ERDC structural deficit is separate from this reduction exercise.
- Reduction options focused on taking internal cuts first, then ancillary programs and support functions, and lastly, programs and cuts that would seriously hinder DELC's ability to operate.



Thank You

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