



Oregon Department of
**Early Learning
and Care**

Agency Spending and Fiscal Integrity

Joint Ways & Means
Subcommittee on Education

February 3, 2026

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Overview



- DELC's first biennium as an agency was 2023-2025
- DELC's end of 23-25 biennium fiscal closeout/reconciliation revealed \$66.6M in combined unspent Other Fund/Early Learning Account and General Fund dollars
- The early childhood sector has systemic workforce and facilities availability issues, which affect underspend
- DELC has identified factors regarding the 23-25 underspend and has implemented numerous controls to reduce the risk of significant underspend in the 25-27 biennium
- DELC is committed to continuous quality improvement and partnering with the Legislature on maximizing investments in the early learning system in Oregon, as it has demonstrated significant positive economic and educational impacts



Child Care Landscape

Early Learning and Care by the Numbers



242,699

children in Oregon
from birth through
five years

2025 1-year estimate, Census Bureau, ACS table



115,387

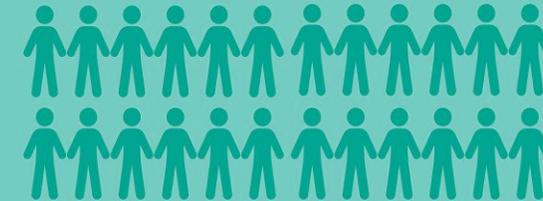
licensed child care capacity
(6 weeks to 12 years)

As of Oct 2025; DELC licensing database

3,620

Completed Monitoring Visits

Total visits in 2025; DELC licensing database



16,900

families served by
ERDC



Dec 2025; ODHS OneSystem Report



Over 16,000
publicly funded
early learning slots

*The number of OPK (federal and state) and PSP slots for the start of 25-26 school year; DELC internal administrative data

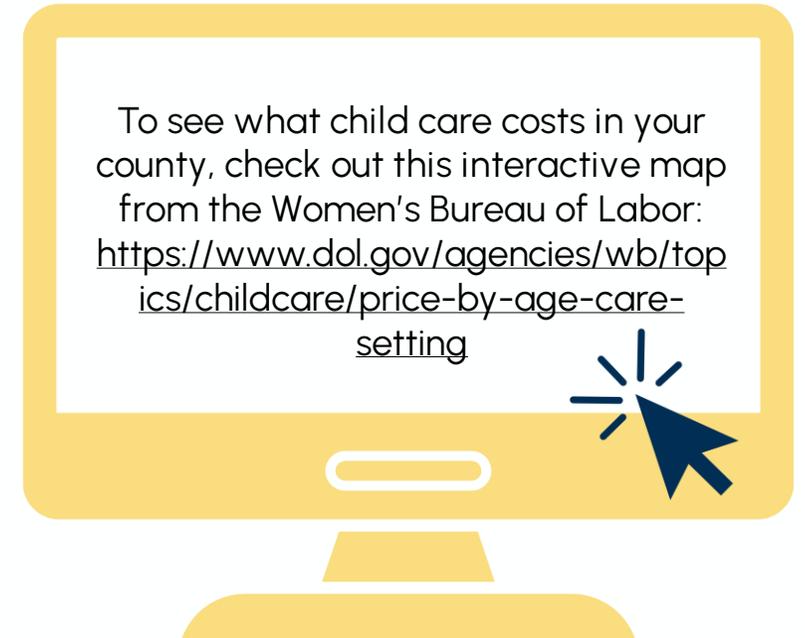


3,965

Licensed child care
facilities

As of Oct 2025; DELC licensing database

Average Cost of Child Care in Oregon



Child Care & Oregon's Economy



The 2024 Oregon Workforce Talent Assessment found that access to affordable housing and child care services were identified as the primary barriers to job access for underserved populations in Oregon.

69%

of children under age 6 have all available parents in the workforce.

42.5%

of Business Community Survey respondents in Oregon cited lack of child care as a key challenge for employee retention.

\$1.4B

estimated annual impact of the infant-and-toddler child care crisis on Oregon's economy.

12.6%

is the largest labor shortage of all industries necessary for Oregon's economy to thrive.

60%

of children and families live in a child care desert, with an average of three children for every available regulated child care slot.

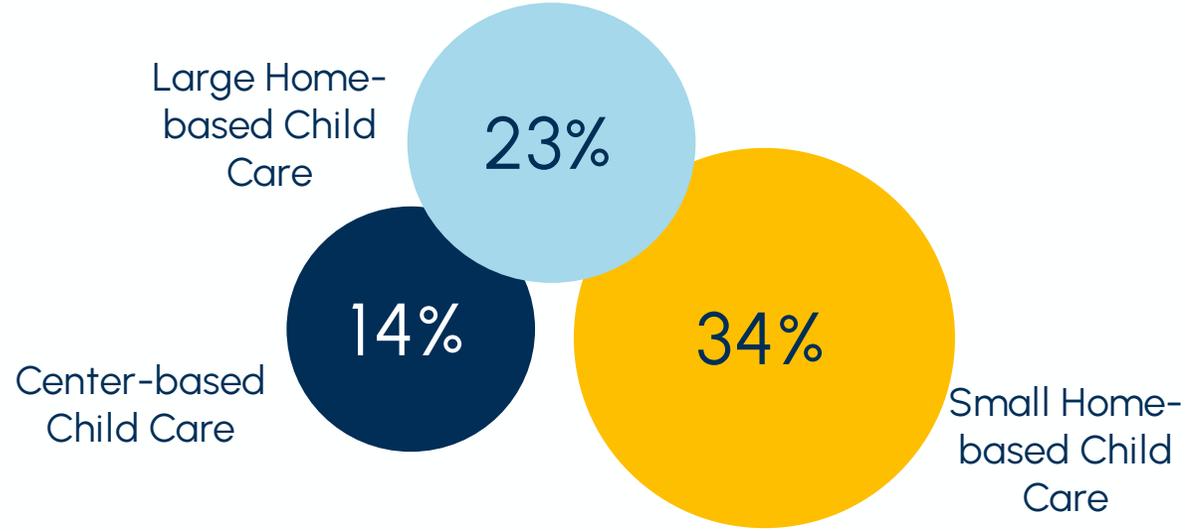
The child care workforce is the workforce that supports all workforces.

Who makes up the Child Care Workforce?

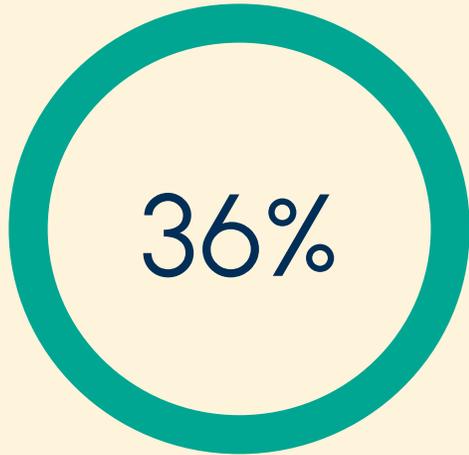
(2023 data)



The early learning workforce is predominantly comprised of women



Many in the workforce report a primary language other than English



36% of the workforce identify as a person of color



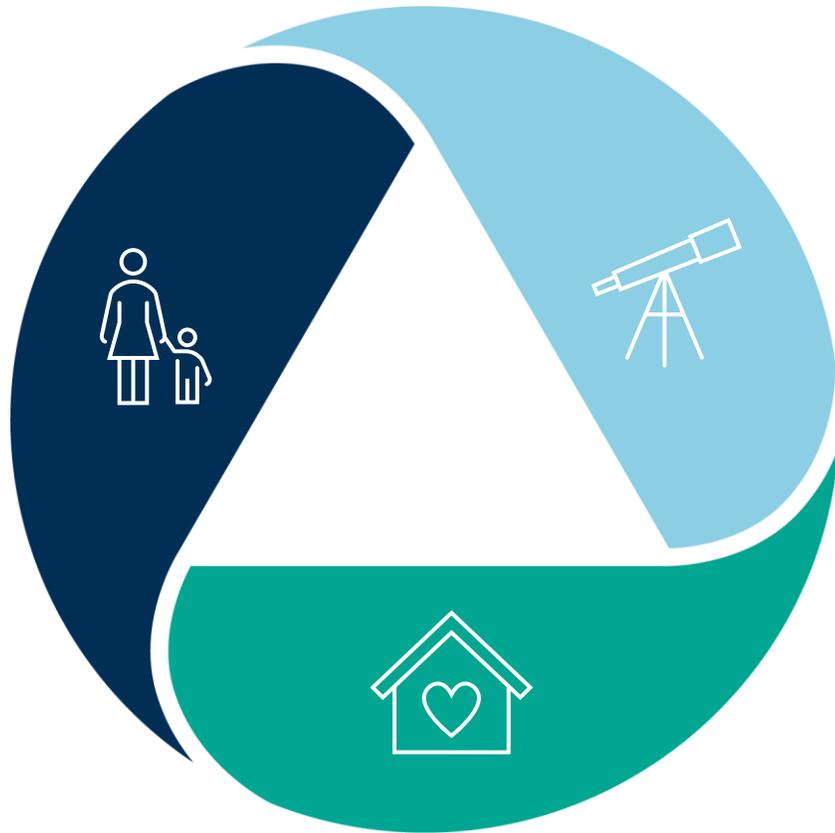
Median Wage for teachers/head teachers in center-based care

51% of Oregon's average annual salary



DELC Overview

Department of Early Learning and Care



- Builds and administers core parts of Oregon's early learning 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

Primary Goals



Through the design and implementation of DELC and development of the agency's first strategic plan, three key goals guide the work of DELC:

- 1** Keep kids healthy and safe in care through child care licensing and compliance
- 2** Increase access to care & set foundational early literacy, including through government-to-government relationships
- 3** Provide strong customer service and be accountable for public funds built on foundational supports

Operations by the Numbers 2025-27



PROCESSES OVER
22,000
ERDC PAYMENTS
(MONTHLY)

MANAGES
OVER
600
CONTRACTS AND GRANTS

PROCESSES UP TO
900
INVOICES
(on average MONTHLY)

OVERSEES OVER
3,900
LICENSED CHILD CARE
FACILITIES

\$1.45B
TOTAL AGENCY BUDGET

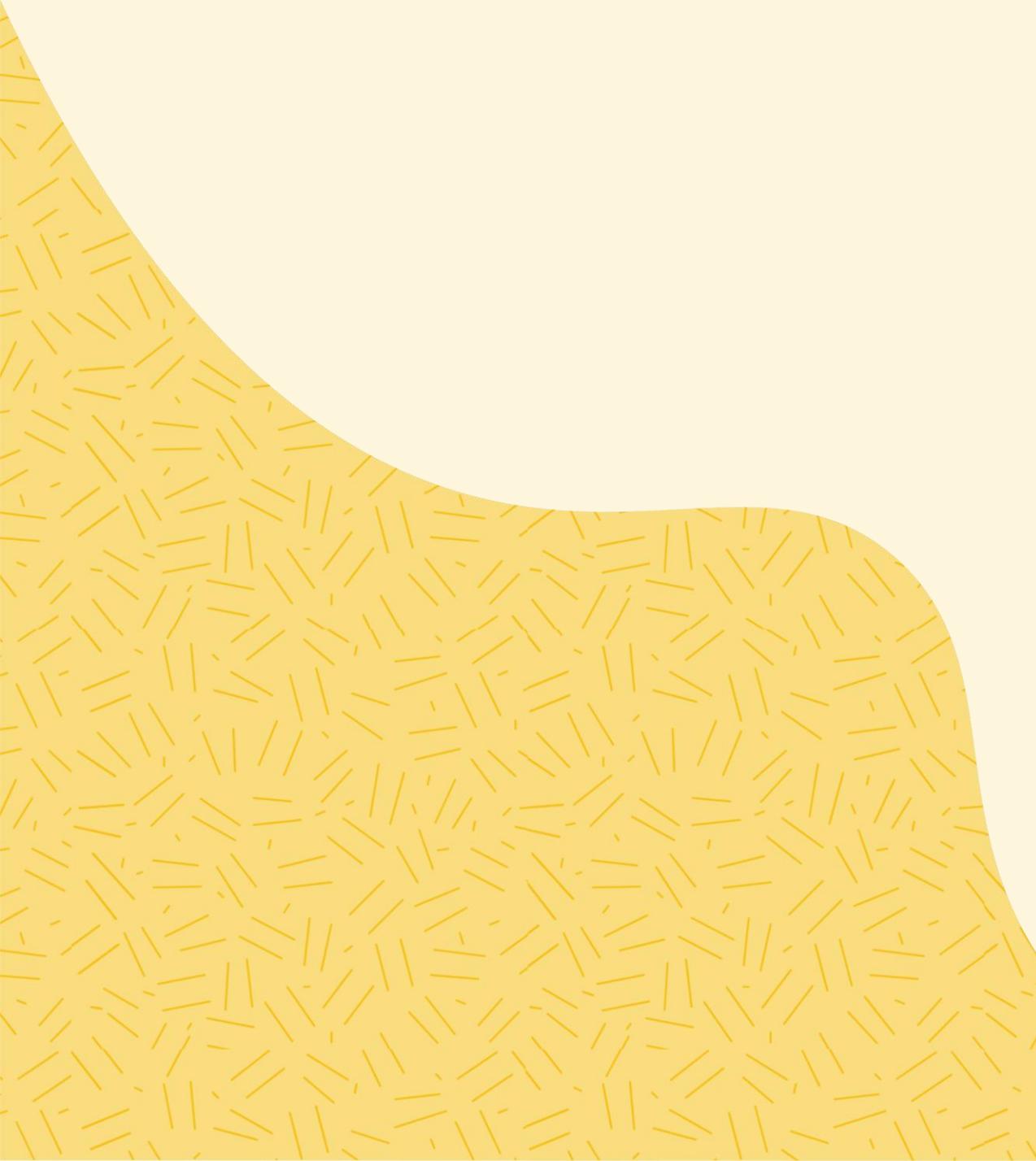
369
TOTAL AGENCY STAFF

2024 Oregon Secretary of State Audits Real-Time Review



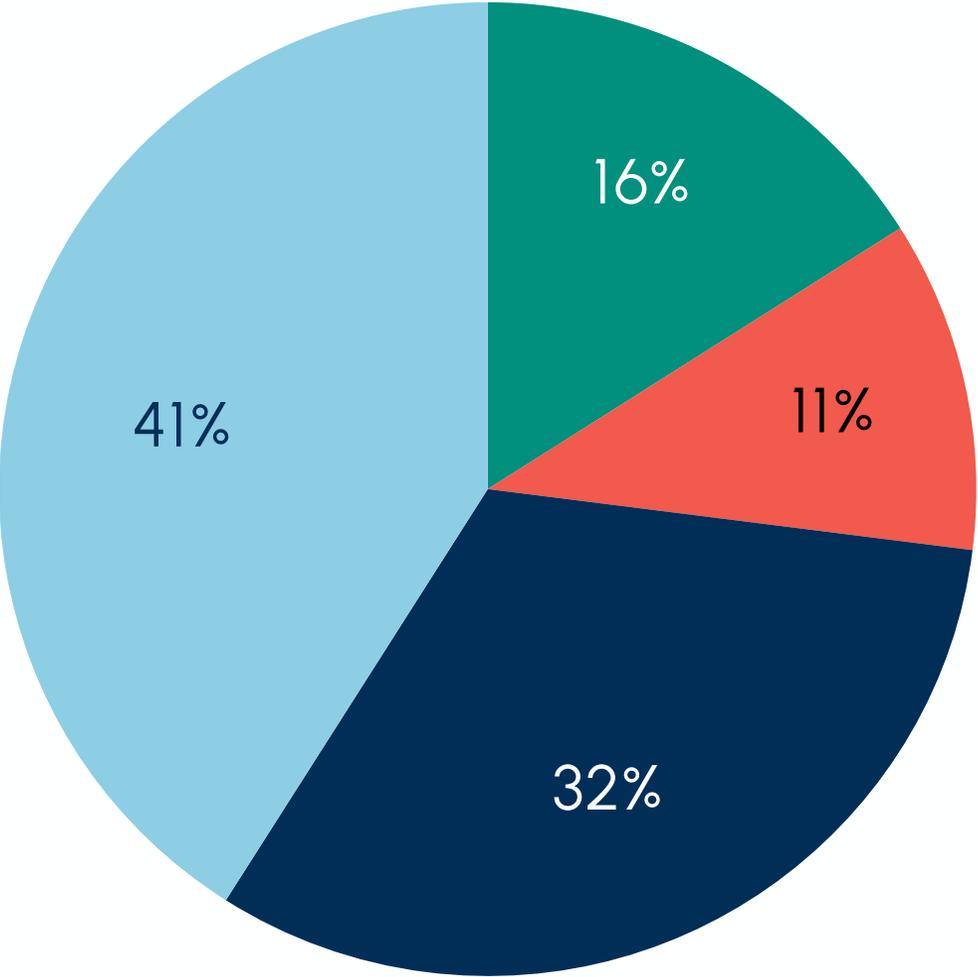
Governance and Internal Controls Findings:

- DELC established many key controls and processes, prioritizing policies to be operational from Day 1
- Major modernization efforts promise more efficient grant oversight and provider payments
- Additional investments key to meeting rising program demand while implementing sufficient oversight



DELIC's 2023-2025 Funding Sources & Budget

2023–25 DELC Funding Sources



General Fund **\$593.7M / 41%**

Federal Fund **\$234.5M / 16%**

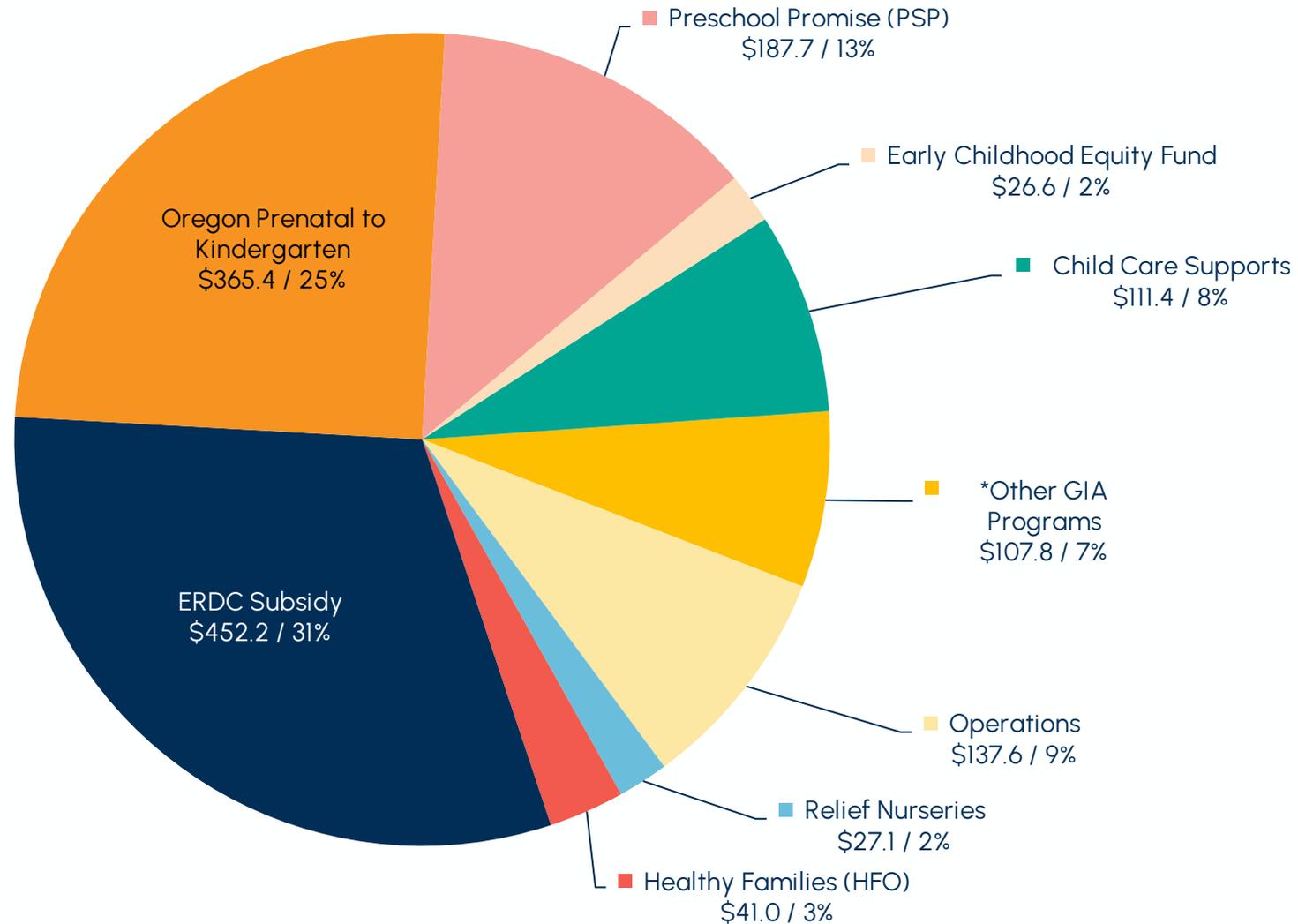
ARPA Fund **\$155.4M / 11%**

Other Fund **\$472.9M* / 32%**

*452.9M is the Early Learning Account

Total Funds \$1.46 Billion

2023-25 DELC Overall Budget (Millions)



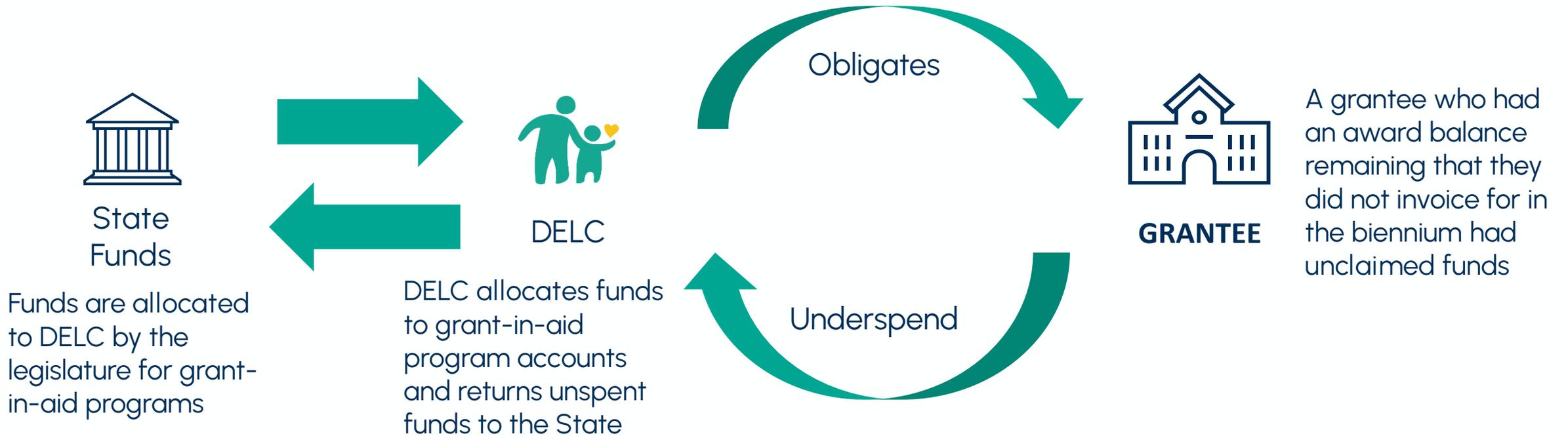


2023-2025
Program
Underspend

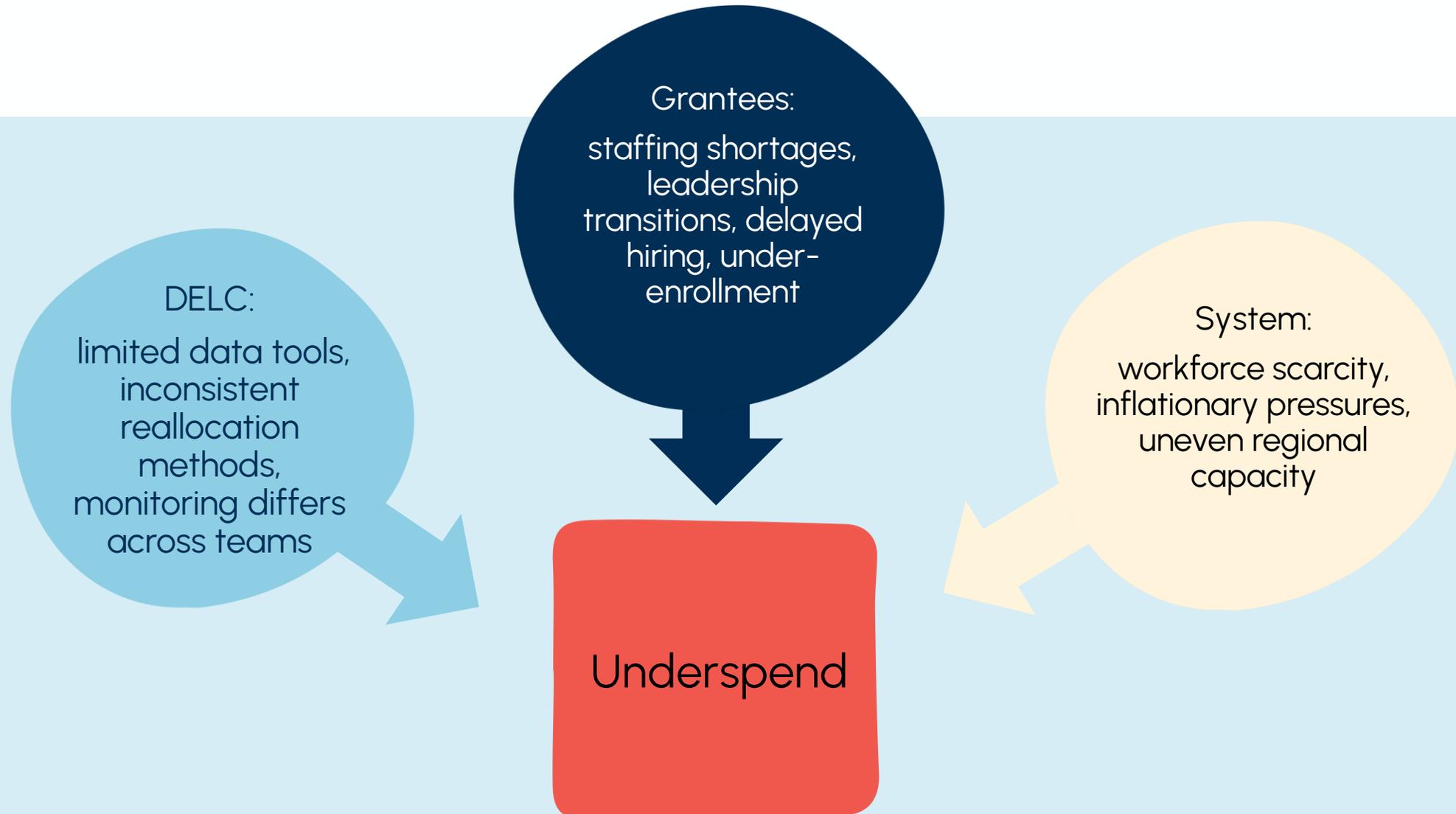
Funding Distribution Overview



$$\text{Underspend} = \text{Unobligated} + \text{Unclaimed}$$



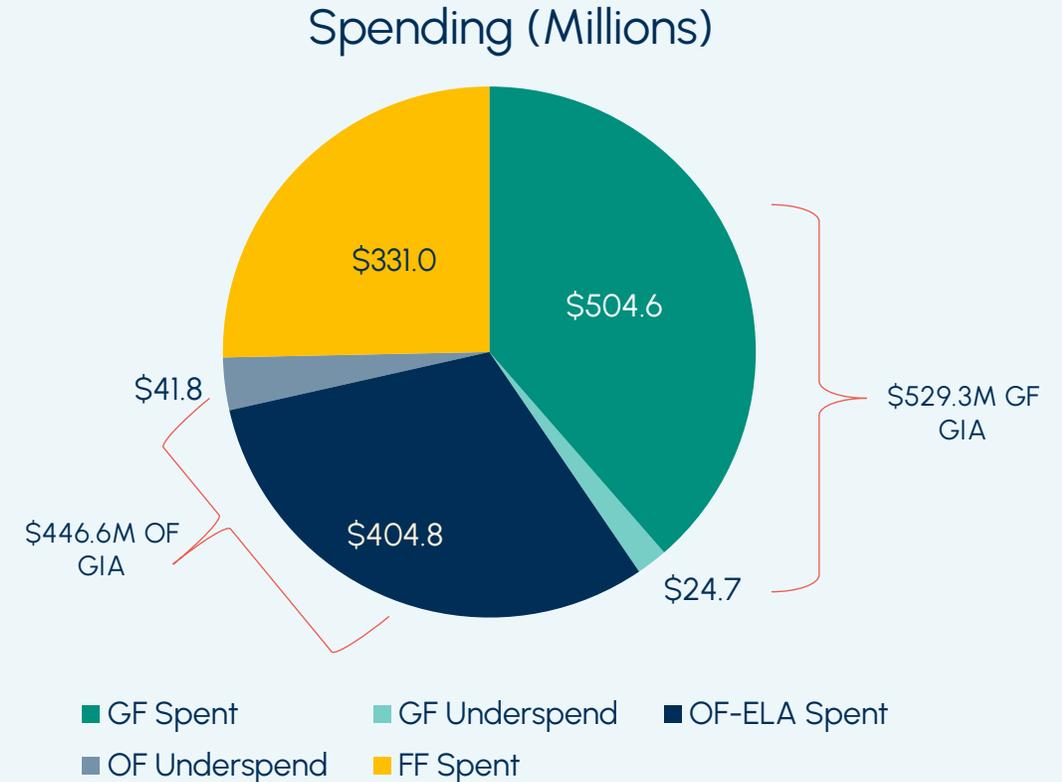
Drivers of Underspending Across Programs



2023-2025 GIA Underspend



Funding Stream	2023 – 25 Grant-in-Aid Budget	2023 – 25 GIA Unspent \$	2023 – 25 GIA Unspent %
General Fund	\$529.3M	\$24.7M	4.7%
Other Fund - ELA	\$446.6M	\$41.9M	9.4%
Federal Fund	\$331.0M	\$0	0.0%



2023-2025 Underspend by Grant Program



Grant-in-Aid Program	Total Program Budget	General Fund Unspent	ELA Unspent	Total \$ Budget Unspent	Total % Budget Unspent
Preschool Promise	\$187.7M	\$5.9M	\$20.3M	\$26.2M	14%
Oregon Prenatal to Kindergarten	\$365.4M	\$8.7M	\$13.4M	\$22.1M	6%
Early Learning Professional Development	\$26.1M	\$0	\$6.1M	\$6.1M	23%
Child Care Supports	\$111.4M	\$5.0M	\$0	\$5.0M	4%
Mental & Behavior Health Support	\$7.9M	\$3.0M	\$0	\$3.0M	38%

2023-2025 Reasons for Underspend



DELC is a Young Agency

1. Needed one biennium of data to identify trends
2. Launched new initiatives like ECB and Tribal set-asides, that required lead time to grow
3. Still developing data systems, process, & tools for tracking and reallocation

Grantee Realities

1. Many grantees experience staffing shortages and leads to unopened classrooms
2. Many grantees experienced high turnover, particularly among leadership

Challenges Affecting the Early Learning and Care Sector

1. Workforce shortage makes recruitment of teachers difficult
2. Compensation (low wages, no or minimal benefits) leads to high staff turnover
3. Unfilled staffing positions lead to unopened classrooms

2023-2025 Underspend Funds | Grantee Themes



"We are struggling to fill staff positions that are necessary for safe child-teacher ratios. We can't have kids here if we don't have teachers."

"When there's grantee leadership turnover it disrupts continuity and delays system changes and program implementation."

"There has been high staff turnover and we've had staff on leave."

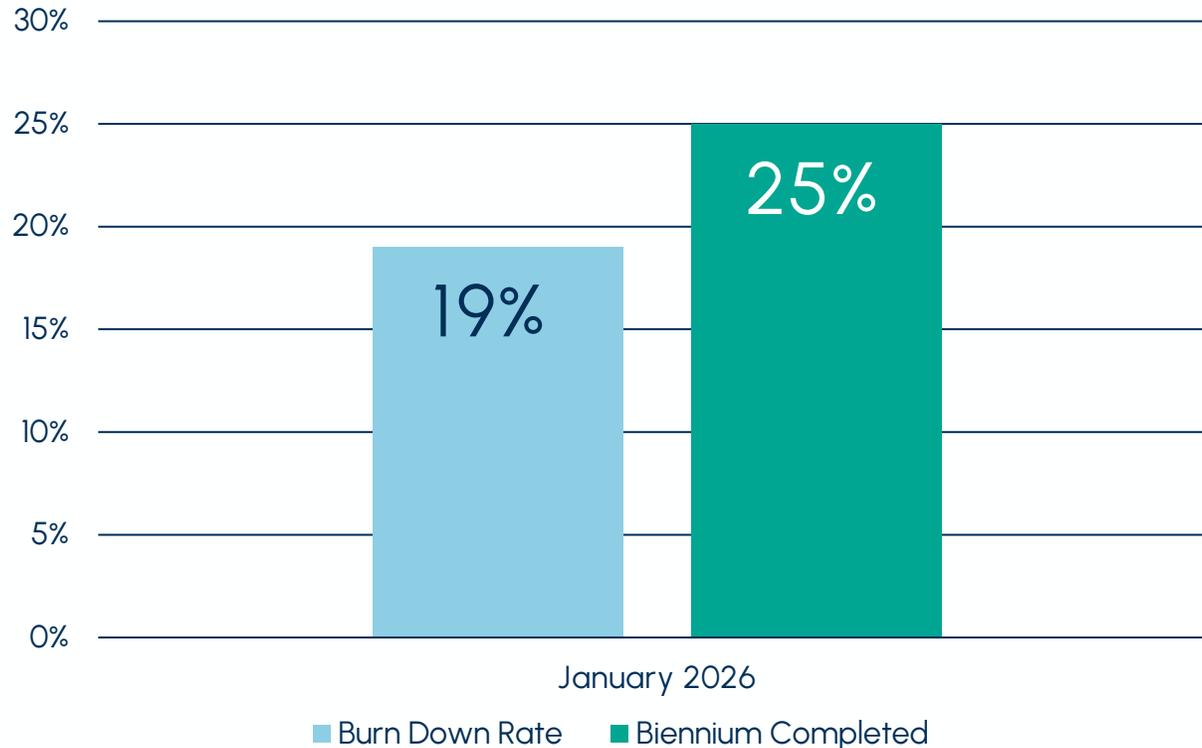
"It is difficult to find staff with specialized skills, especially in smaller regions. Hiring took some time, but positions are filled now."

"We are struggling to recruit qualified, culturally, and linguistically responsive staff and mentor coaches."



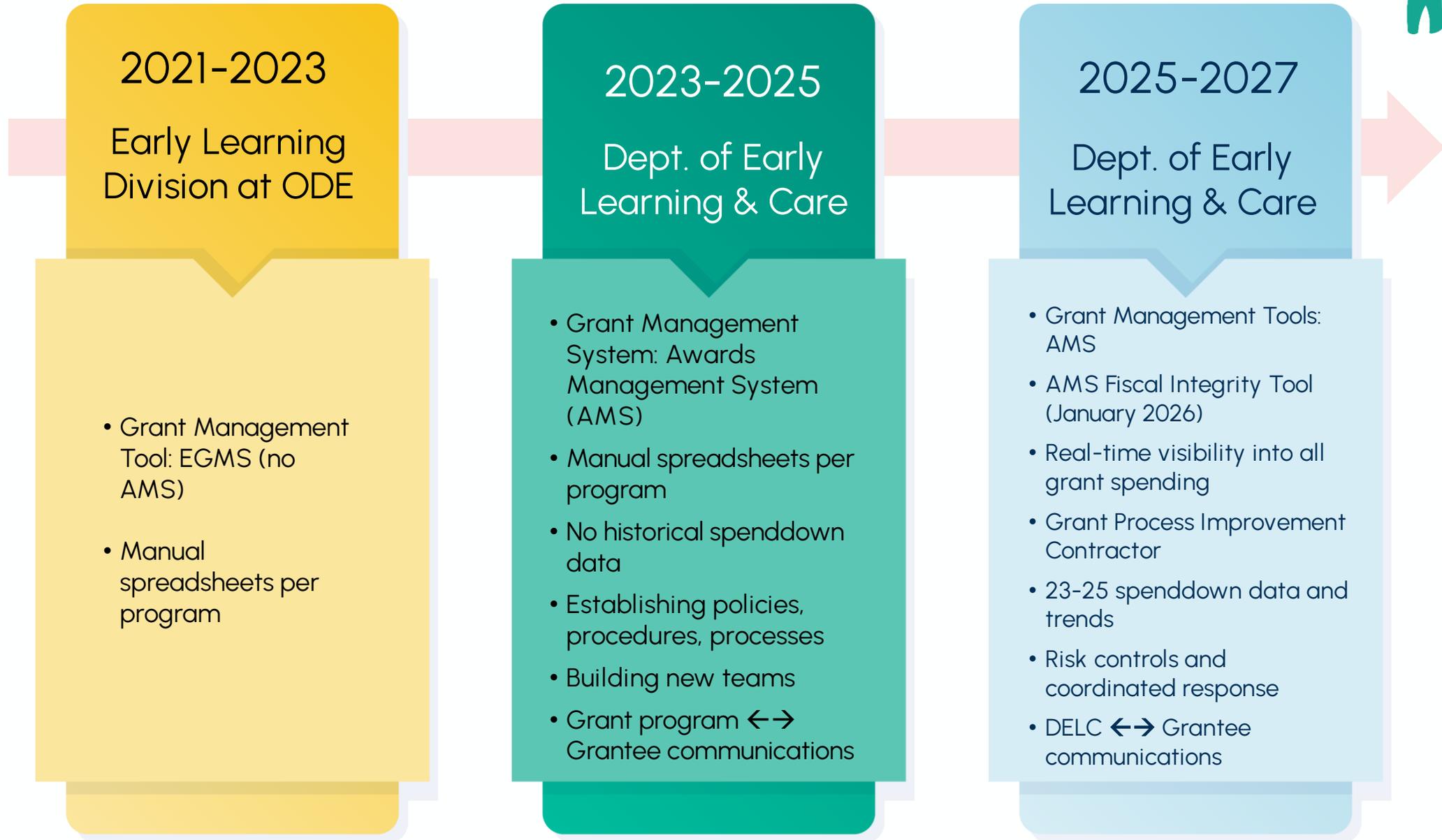
2025-27 Underspend Mitigation

2025-2027 Real-Time Grant-in-Aid Spenddown



- Burn down rate will always lag during the biennium
- Grantees have 45-60 days to submit invoices
- Internal processing and payments take additional time

Evolution of Financial Oversight



Fiscal Integrity Project

Money Controlled



Purpose

Develop controls and procedures to ensure DELC's grant-in-aid funds are spent effectively and for their intended purposes.

Activities

- Improving tracking of all funds and spending across all DELC programs.
- Establishing processes for monitoring and reporting GIA expenditures.
- Enhanced technical assistance for grantees
- Improving reallocation processes for underspending
- Training DELC staff on roles and responsibilities related to fiscal oversight

Program Integrity Project

Services Delivered



Purpose

Build a cohesive, agency-wide system to ensure grantees deliver services aligned with program standards, fiscal expectations, and statutory requirements.

Activities

- Developing unified policies, procedures, tools, and oversight mechanisms
- Standardize grantee monitoring, reporting, compliance, and service quality
- Create a Universal Grantee Monitoring Tool and a Standard Operating Procedures Manual
- Establishing Grantee Training Program and Grant-in-Aid Advisory Group
- Aligning statutes, rules, and agreements to streamline compliance

Progress

Fall 2025 – Present



- ✓ Outside Expertise
 - Hired grant administration process improvement firm
 - Supporting Financial Integrity and Program Integrity Projects
 - Analyzing financial structures and controls

- ✓ 2026 Agency Priorities
 - Made the Fiscal Integrity and Program Integrity Projects agency-wide 2026 priorities for all staff

- ✓ Real-Time Grant Spending Dashboard
 - Allows for tracking across DELC programs of grantee allocations and spending

- ✓ Leveraging Data
 - Building historical trend risk controls and responses from 23-25 data to inform 25-27 decisions (and beyond)

Progress (cont'd)

Fall 2025 – Present



- ✓ Tailoring Approaches
 - Recognizing uniqueness of different grantee types (e.g. ESDs compared to in-home child care provider)

- ✓ Policies and Processes
 - Developed additional policies and processes on timely claiming, spending, and reporting expectations

- ✓ Tribal Consultation Policy
 - Processes for consulting Tribes to determine funding needs that honor Tribal sovereignty
 - Includes how to fairly reallocate funds in a timely manner as needed

Progress (cont'd)

Fall 2025 – Present



- ✓ **Preschool Development Block Grant**
 - \$7.5M in federal funds to improve early learning systems, including financial accountability and controls

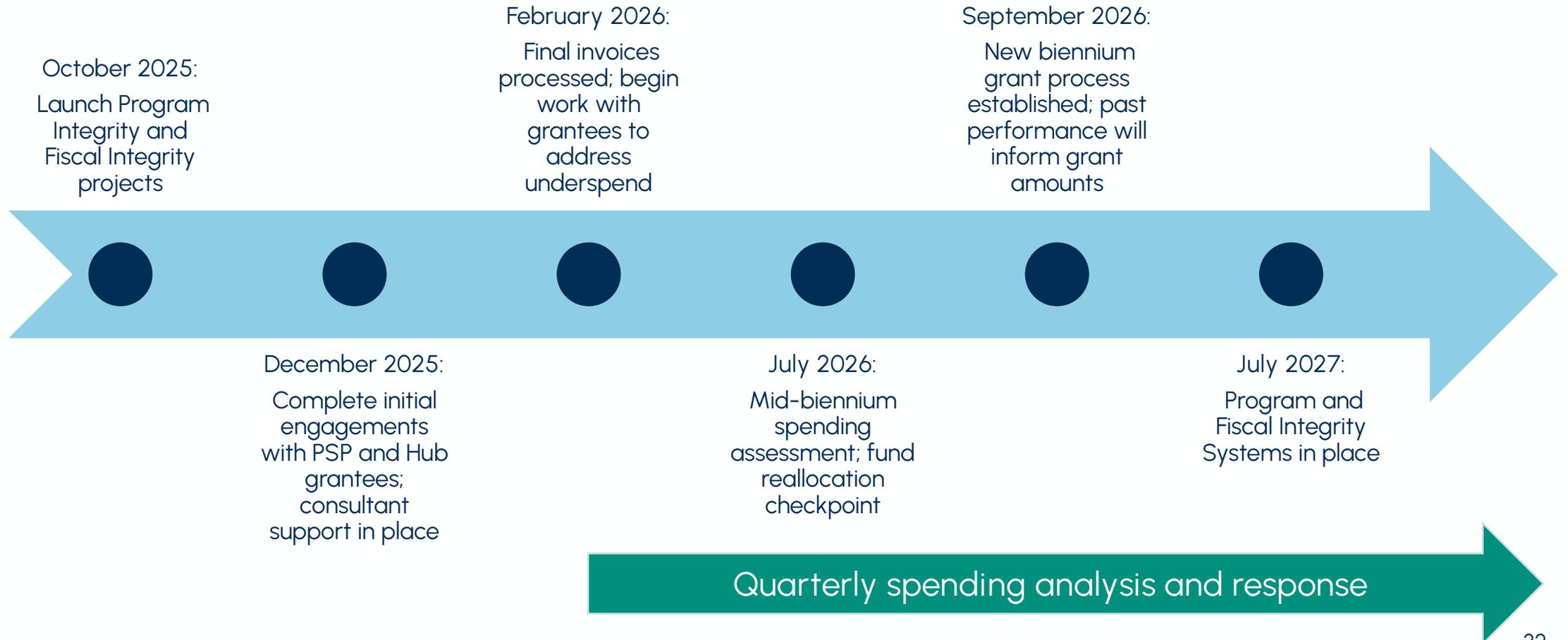
- ✓ **Grantee Communications**
 - Jan 26 - Grantee letters with claim expectations
 - Feb 26 – Targeted outreach to grantees at risk of underspending

- ✓ **Underspend Risk and Reallocation Plan**
 - Spring 26 – Review of grantee spenddown
 - Summer 26 – Decisions and communications about underspending
 - Summer 26 – De-obligation of funds from underspending grantees; redeployment to new or expanding grantees



Next Steps

Timeline of Short-Term Actions



Outcomes



Increased Fiscal Oversight → Efficient Use of Resources

1. Minimal underspending through in-biennium adjustments
2. Nearer to real-time monitoring of spending
3. Identification of critical gaps

Stronger Supports for Programs and Providers → Stabilizing Oregon's Economic Backbone

1. Improved communications, expectations, and technical assistance
2. Responsive policies to maximize effectiveness of resources
3. Resource distribution in the communities prepared for services

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Thank you!

