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August 28, 2026

2027-29 Agency Request Budget
Message from the Early Learning Systems Director, Department of Early Learning and Care

On behalf of the Department of Early Learning and Care (DELC), our staff, child care providers, and community partners, I respectfully submit our 2027-2029 Agency Request Budget (ARB). Oregon is home to more than 242,000 children from birth to age five, and decades of research show that every dollar invested in early childhood yields substantial returns for families, communities, and the economy. However, less than 10% of Oregon's combined federal and state investment in children's education occurs before age five. The state investments from cradle to career accrue gradually in the first five years and increase rapidly once a child enters kindergarten.

While we continue to move through a constrained revenue environment, this ARB aims to balance the immediate operational needs of DELC as a new agency just entering its third year of operation, with the long-term stability required to sustain Oregon’s early learning and care sector. Our goals remain clear and essential:

1. Stabilize the early childhood workforce – the workforce that supports all other workforces in Oregon;
2. Minimize impacts to direct services that families rely on every day;
3. Maintain stable, effective agency operations so children, families, and providers can rely on DELC to deliver essential services statewide.

To fulfill the promise of what early learning can deliver, we must ensure our workforce is supported, our systems are modernized, and our operational backbone is strong. That is why this ARB centers investments in critical infrastructure: the launch and maintenance of the Oregon Early Learning Management System (Oregon ELMS) and the creation of the Office of Compliance and Program Integrity (OCPI). These initiatives are essential to using public resources efficiently, ensuring equitable access, and modernizing outdated systems so families and providers experience timely, dependable services.

In designing this budget, Governor Tina Kotek asked agencies to prioritize economic development, customer service, and protecting Oregon values. Early learning and care sits at the core of economic development. Child care enables caregivers, particularly women, to fully participate in the workforce. At the same time, the early childhood workforce is

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experiencing severe shortages, low compensation, and burnout, creating a gap between supply and demand that affects employers, families, and statewide economic growth.

To meet these challenges in a revenue-neutral landscape, our policy option packages focus on:

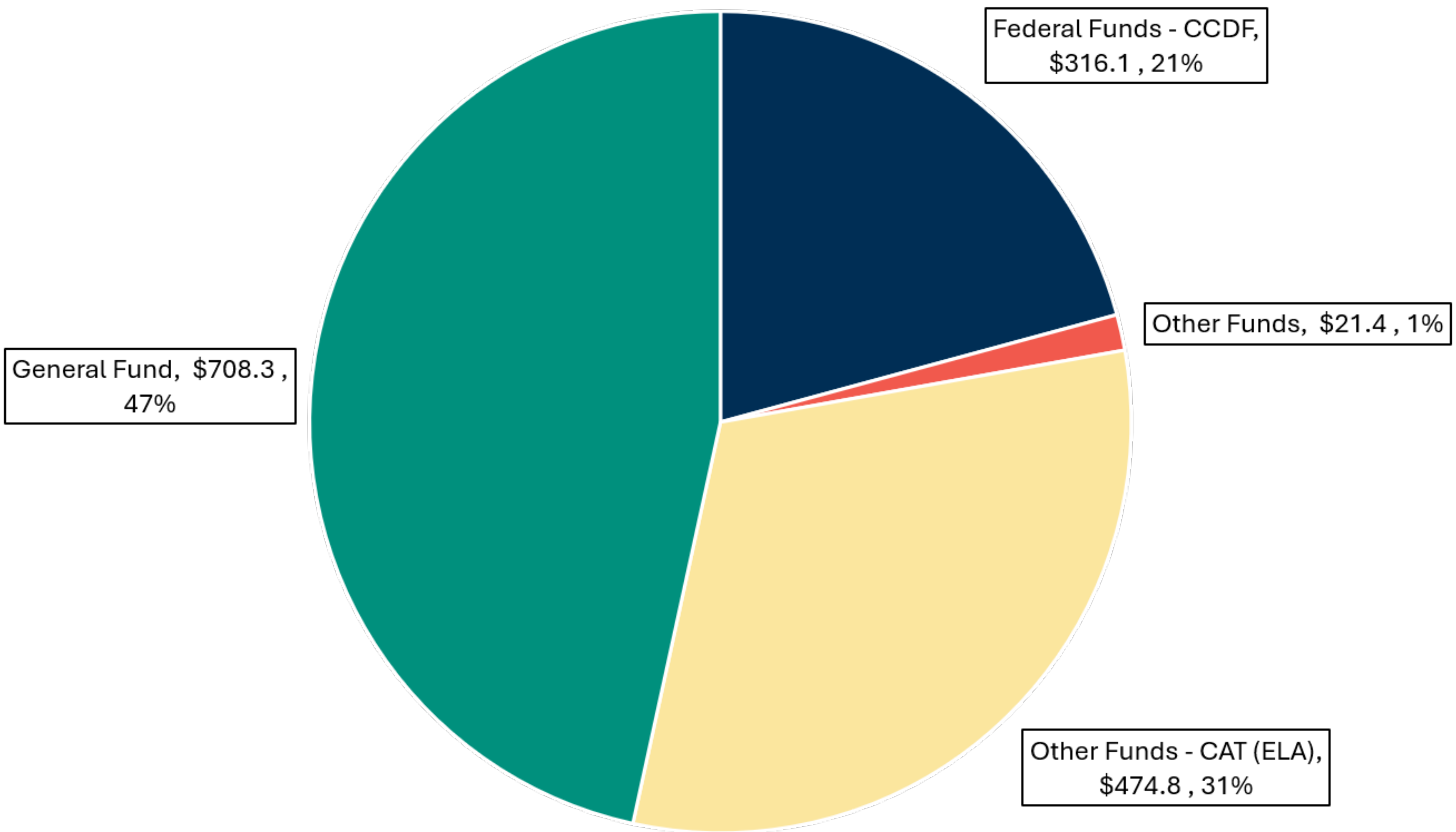
- Ensuring DELC funds are used efficiently and effectively to reach more children and families;
- Making the best use of investments in new IT systems to better serve Oregonians;
- Solidifying foundational staffing and compliance functions to ensure program integrity and reliable, responsive services.

This budget reflects a strategy for protecting the core infrastructure of early childhood services during a difficult revenue period, while laying the groundwork for future investments that Oregon's children, families, and workforce urgently need.

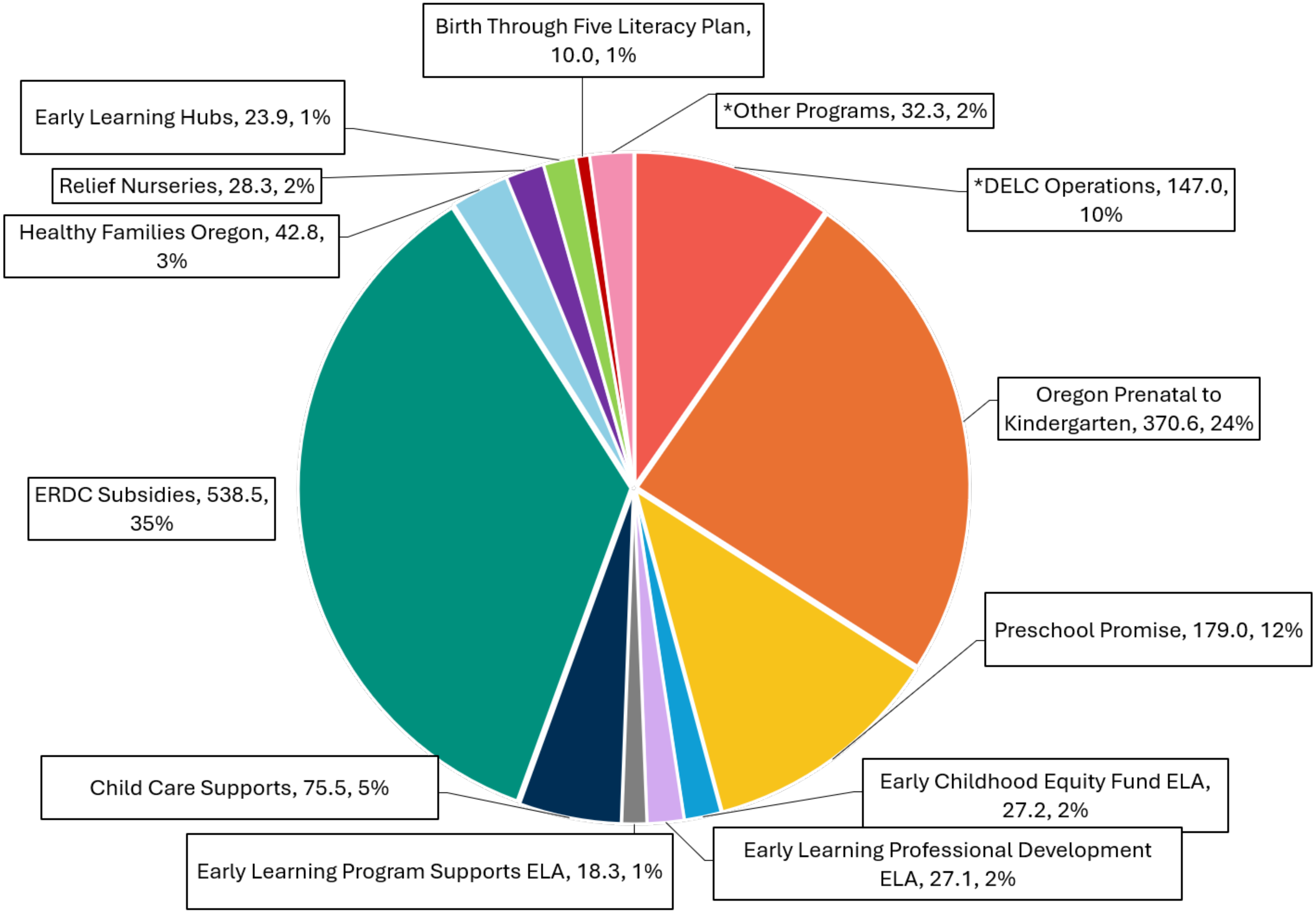
Sincerely,

Alyssa Chatterjee
Early Learning Systems Director, Department of Early Learning and Care

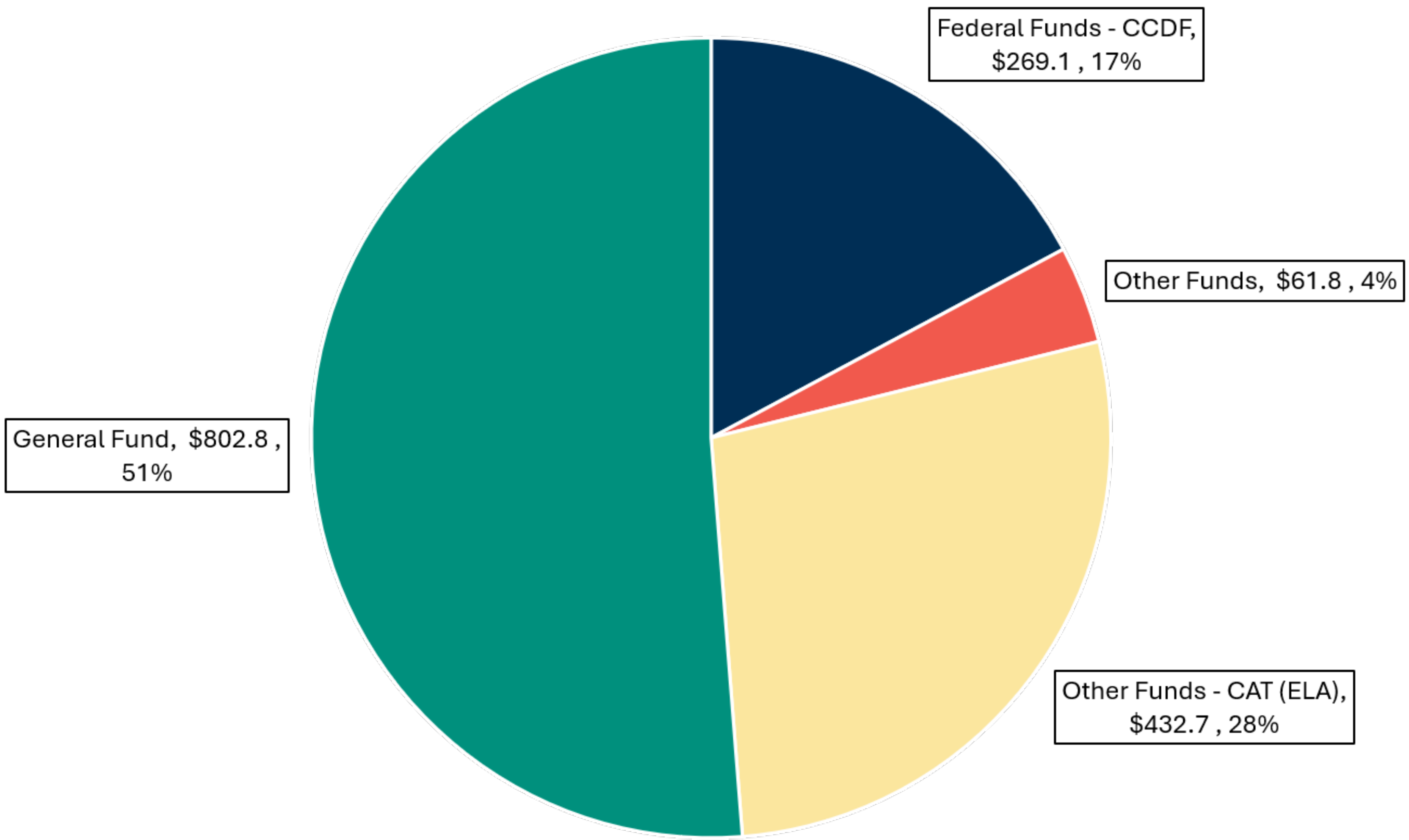
2025-2027 LEG APPROVED BUDGET BY FUND TYPE. $ IN MILLIONS. $1,520.5 TOTAL FUNDS



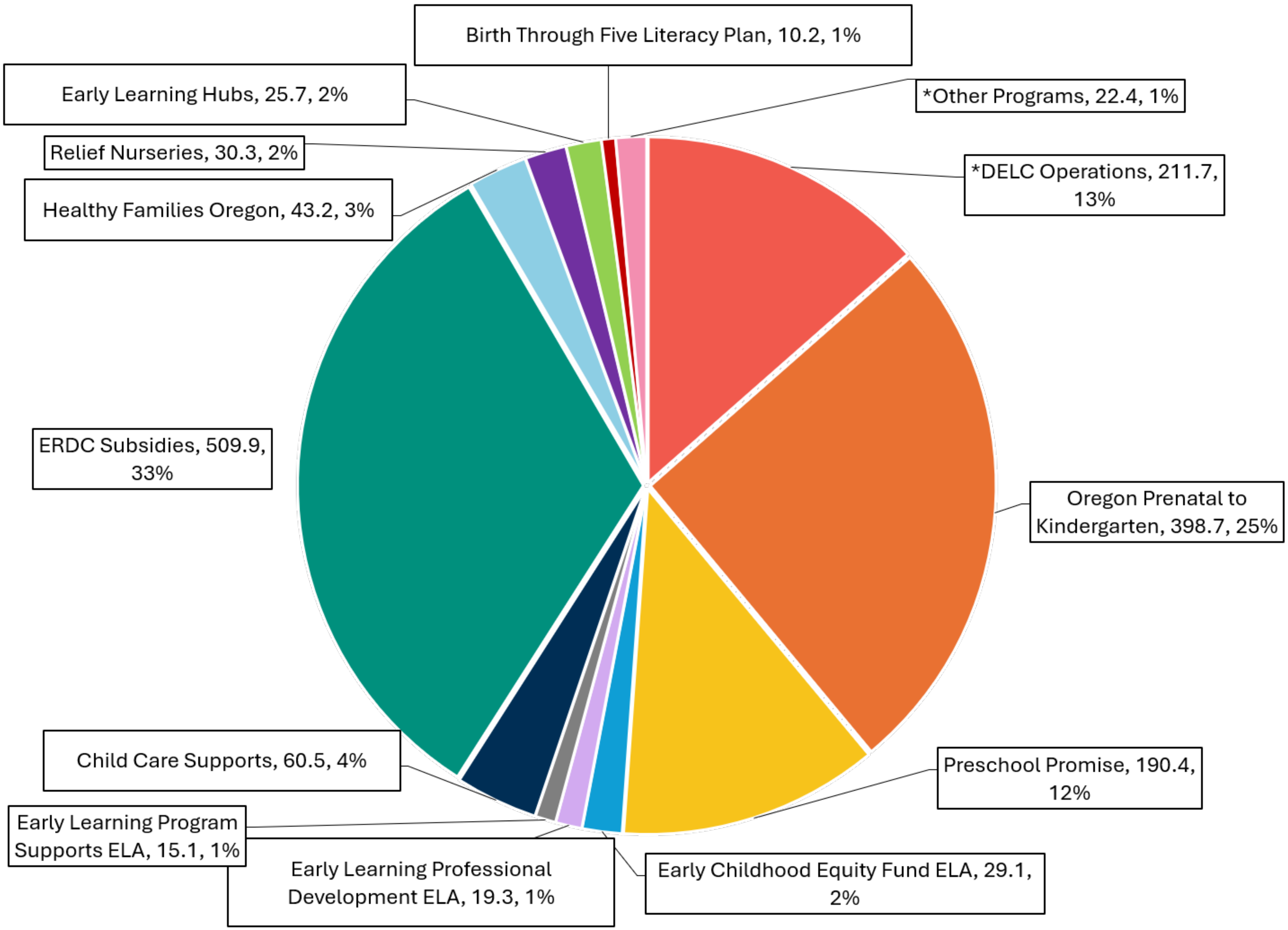
2025-2027 LEG APPROVED BUDGET BY PROGRAM TYPE. $ IN MILLIONS. $1,520.5 TOTAL FUNDS



2027-2029 AGENCY REQUEST BUDGET BY FUND TYPE. $ IN MILLIONS. $1,566.4 TOTAL FUNDS



2027-2029 AGENCY REQUEST BUDGET BY PROGRAM TYPE. $ IN MILLIONS. $1,566.4 TOTAL FUNDS



2027-29 Executive Summary

There are more than 242,000 children from birth through age five in Oregon, and every $1 invested in early childhood yields $4 to $16 in return. DELC's vision is for all children, families, early learning and care professionals, and communities to be supported and empowered to thrive. With this vision in mind, 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 is tailored to meet families' preferences and includes parenting education, respite, home visiting, infant and toddler child care, preschool, and screening and referrals to other supports in the 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.

In preparation for DELC's 2027-29 Agency Request Budget Development, the agency sought feedback from community and early learning partners via webinar, meetings, and a survey to understand what communities wanted to focus on for the upcoming biennium. DELC depends on, and embraces, many vibrant and caring partners, such as afterschool programs, child care homes and centers, Child Care Resource and Referral agencies, culturally specific service organizations, Early Head Start and Head Start, Early Learning Hubs, home visiting programs, infant and early childhood mental health consultants, preschool programs, relief nurseries, trainers, coaches, and others who work in communities throughout the state. These partners reflect the rich diversity of the early childhood workforce and Oregon's families, and they are grounded in Oregon's rural and urban communities.

DELC Priorities

Using partners' input and building on *Growing Oregon Together*, DELC's strategic plan, the agency developed the following priorities focusing on the Workforce and Foundations goals for the 2027-29 biennium. Given the constrained revenue environment and taking a revenue neutral approach for the ARB submission, DELC is prioritizing the following to advance its goals:

Goal 4: The early learning and child care workforce is diverse, culturally responsive, highly qualified, and well compensated through non-standard inflationary adjustments for program personnel.

Goal 5: DELC develops and improves operational foundations to efficiently serve Oregonians by launching and maintaining the Oregon Early Learning Management System (Oregon ELMS) and establishing the Office of Compliance and Integrity.

The ARB includes an additional 9.3% non-standard inflationary adjustment that is added to 75% of the agency's grant-in-aid budget. This is meant to reflect the increased operating costs associated with running early childhood programs and is intended to help stabilize the early childhood workforce through compensation. The early childhood workforce earns about 55% of Oregon's average wage, according to the Oregon 2022 Early Learning Workforce report.

The Oregon ELMS priority is included in the ARB, with budget neutral funding, to modernize and replace two outdated systems: the child care background check and licensing system, and the provider payment system. DELC is launching the single, unified system in fall 2026 and it will allow staff, providers, and families to complete background checks, apply for licenses, file complaints, and receive ERDC payments—all in one place.

DELC is also prioritizing the creation of a new Office of Compliance and Program Integrity (OCPI) to advance the agency's program integrity efforts. This office will help the agency use resources more efficiently, ensure equitable access to services, and strengthen its ability to identify and distribute public resources effectively. Like other similarly-situated agencies, OCPI will be responsible for monitoring, investigating, and enforcing fiscal compliance across all of DELC's publicly funded grant-in-aid strategies, including classroom, family support, program enhancements, and family subsidies.

Child care is a crucial component of Oregon's economy. This workforce provides an essential service that allows parents to work and contribute to the state economy. In 2024, the Oregon Talent Assessment report identified child care as one of the top two occupations that are essential to the functioning of the state's economy. Yet, Oregon's early childhood workforce is facing several challenges including significant staffing shortages, high staff turnover, low wages, and burnout. To close this gap, Oregon must expand access to child care and invest in the workforce by improving compensation, expanding cohort and apprenticeship programs for early learning and child care, and establishing clear advancement opportunities. Simultaneously, families are struggling with limited access to affordable child care as Oregon continues to face a gap between supply and demand. Child care shortages affect employers, reduce family stability, and contribute to statewide economic losses. Supporting high-quality programming has a positive effect on children's social-emotional well-being, educational achievement, health, and socioeconomic outcomes later in life.

To make the best use of limited state resources, agencies were instructed to submit revenue neutral budget proposals; this means agencies should use existing resources for fund any needed capacity or initiatives. In addition to the non-standard inflationary adjustment built into the Current Service Level (CSL) budget, DELC has identified three policy option packages (POPs) which reflect the agency's Foundations priority from *Growing Oregon Together*.

- POP 101 addresses Oregon ELMS governance and service delivery to ensure capacity and operating expenses related to the launch and upkeep of the new system are sufficient.
- POP 102 establishes the Office of Compliance and Program Integrity within DELC.
- POP 103 outlines the additional staffing needs necessary to support DELC programs and the foundational initiatives related to program and fiscal integrity.

Through community input, DELC also identified the following investment concepts to support progress in *Growing Oregon Together*, as well as outline areas that would benefit from additional resources and support:

- The Child Care Licensing Division (CCLD) helps child care providers start and run their businesses and ensures families have safe, high-quality care, and it needs staffing capacity to meet growing customer service and investigation demands.

- The Child Care Infrastructure Fund created in 2023, offered $50 million to build and improve child care facilities. There was a large response across the state with 1,962 applications requesting about $813 million—mostly for modest improvements and renovations—demonstrating how important ongoing investment is needed.
- DELC also stresses the importance of supporting the Tribal Early Learning Fund to support Tribal Nations with language preservation, culturally grounded early literacy, and key early learning and care operational needs, which was proposed but not funded by the Legislature.
- Oregon has a shortage of infant and toddler care; 34 of 36 counties are considered child care deserts with having three or more children for every one slot (2024 Child Care Desert Report). DELC emphasizes the importance of expanding Baby Promise beyond the current seven counties.
- Investment is needed to address workforce shortages by improving compensation, expanding training opportunities, and funding the inflationary adjustment that was removed from the final 2025–27 budget and has been included in DELC's 2027–29 request.
- Early literacy funding is needed to carry out DELC's Birth Through Five Literacy Plan and support communities, Tribal Nations, and families.
- DELC has combined its Direct Pay Unit and Child Care Licensing customer service unit, and further investments in this area would strengthen customer support, oversight, and quality assurance, while building on improvements expected through Oregon ELMS.