Since the passage of *Growing Oregon Together*, DELC has made strong progress across all goal areas. Currently, more than 80% of the strategies developed to advance these strategic plan goals are underway and in good standing. An additional 14% of DELC's remaining strategies are scheduled to launch in the next biennium, while 5% require additional investment to succeed. DELC continuously works to connect our ongoing and planned initiatives to the realization of our Growing Oregon Together goals.

2027 – 29 Legislative and Budget Priorities

DELC has historically operated on a lean budget, with most funds dedicated to grant-in-aid. To increase flexibility for contracting system support partners, including research and evaluation, DELC has shifted some grant-in-aid funding into its operations budget. This does not change how funds are used; rather, it better reflects longstanding practices. Currently, 86% of the agency's budget is dedicated to grant-in-aid investments. The agency's budget significantly impacts and supports programs that serve children and families across the state. Findings from Oregon's Child Care Desert Report underscore the importance of public funding in expanding child care supply; without publicly funded slots, 19 counties would become preschool child care deserts. These sector characteristics continue to shape DELC's budgeting and resource decisions.

Given the constrained revenue environment, DELC will prioritize its Workforce and Foundations goals for the 2027–29 biennium, even as Growing Oregon Together outlines six goals through 2029.

Workforce: The early learning and child care workforce is diverse, culturally responsive, highly qualified, and well compensated.

Oregon's early childhood workforce remains undercompensated, earning approximately 55% of the average Oregon salary according to the Oregon 2022 Early Learning Workforce report. This under compensation has created challenges in recruitment and retention, which in turn affects program quality, given the critical role of adult-child relationships in early development. To address this, DELC's ARB includes a 9.3% non-standard inflationary adjustment for 75% of the grant-in-aid budget. This reflects the portion of funds that are used for personnel costs and is intended to help stabilize the early childhood workforce through improved compensation.

Foundations: Ensure DELC develops and improves operational foundations to serve Oregonians efficiently.

As DELC prepares for its third biennium, both planned and emerging core functions have been identified for 2027–29. Oregon Early Learning Management System (Oregon ELMS) is replacing two decades-old systems – the background check and licensing system and the provider payments system. This unified system will allow staff, providers, and families to complete background checks, apply for child care licenses, file complaints, and receive Employment Related Day Care payments through a single portal. With Oregon ELMS coming online in 2026, the agency has outlined operational costs to support system stabilization, long-term governance, and ongoing implementation.

Beyond these planned needs, DELC has identified gaps in quality assurance and accountability capacity, prompting a recommendation to establish an Office of Compliance and Integrity. This new office will strengthen DELC's ability to ensure efficient resource use and equitable access to services. With this priority, DELC is expanding its capacity to identify and distribute public resources effectively, strengthen our support for providers, and investigate potential fraud, waste, or misuse of funds, enabling legally enforceable recovery of taxpayer dollars.

2027 – 29 Agency Initiatives

The Department of Early Learning and Care has identified the following initiatives and policy option packages (POPs) for the 2027-29 biennium. These initiatives reflect the following priorities of the agency:

- The early childhood workforce is stable and well-compensated through additional inflationary adjustments.
- The agency has the operational capacity to support and maintain the Oregon Early Learning Management System (Oregon ELMS).
- The agency has the operational capacity to be accountable for public funds through a permanent Office of Compliance and Integrity.

POP 101 Oregon ELMS Governance and Service Delivery – Budget Neutral, 7 positions (6.16 FTE)

The purpose of this package is to address capacity needs and operating expenses related to Oregon ELMS. This new fully integrated information technology data system and platform consolidates child care licensing, provider payments, and service coordination in one place. As the agency's first large-scale technology launch, DELC has identified additional resources needed to support the long-term operation of Oregon ELMS, which will undergo planned enhancements associated with similar statewide systems.

POP 102 DELC Program Integrity – Budget Neutral, 5 positions (4.40 FTE)

The purpose of this package is to establish the Office of Compliance and Program Integrity (OCPI) at DELC. After completing a full biennium of operation, the agency identified critical capacity gaps in fiscal oversight that comparable agencies address through dedicated compliance functions. OCPI will be responsible for monitoring, investigating, and enforcing compliance across all DELC grant-in-aid strategies, including classroom, family support, program enhancements, and family subsidies. Establishing this office strengthens DELC's ability to ensure accountable use of public funds. The dedicated capacity and expertise provided through OCPI will support more efficient and effective use of available funds, enabling DELC to reach more children and families with existing resources.

POP 103 DELC Operations and Foundations – $2,053,826 Other Funds, 7 positions (6.16 FTE)

The purpose of this package is to address additional needs in communications, information technology, human resources, project management, and data analytics to support our programs that serve children and families as well as major foundational initiatives related to Program and Fiscal Integrity that support the way DELC works with child care providers.

Criteria for 2027-29 Budget Development

When building the 2027-2029 Agency Request Budget, DELC centered two goals within our *Growing Oregon Together* strategic plan: stabilizing the workforce and building solid foundations.

- Stabilizing the workforce with improved compensation through additional inflation;
- Ensuring fiscal and program integrity by putting systems in place to properly manage, monitor and track all agency budgeting and spending, ensuring its use for intended purposes in support of communities and families;

- Delivering high-quality customer service and ensuring child safety through implementing Oregon ELMS, a new information technology system for provider payments and licensing, as well as revamping the customer service functions of the agency.

DELC’s 2027-2029 budget proposal reflects the continuation of the above major priorities and initiatives launched in 2026 with concrete direction and a durable foundation. In addition to prioritizing the Workforce and Foundations goals, DELC has prioritized protecting core services, sustaining the momentum of multi-year improvement initiatives, and addressing the operational and infrastructure needs of the early learning and care sector. The following criteria were considered when developing the budget:

- Will the requested budget support the agency in being good stewards of public funds and advance the six *Growing Oregon Together* strategic priorities?
- Will the program support strong customer service to Oregonians who use DELC services?
- Will the program give the agency the capacity to promote access to high-quality early learning and care across the state, and center Tribal sovereignty?
- Will this funding ensure DELC can deliver services to providers and programs to families with integrity and durability?

2027-29 Investment Concepts

In addition, DELC has identified the following investment concepts that would support the goals and progress of *Growing Oregon Together*. The proposed investment concepts were informed through community input and would benefit from additional resources.

Goal 1: Access

Prioritizing Customer Service through Health and Safety; Supporting Oregon’s Small Businesses

The Child Care Licensing Division (CCLD) supports child care providers in establishing their small businesses and ensures families have safe, quality, affordable, and accessible child care for their children. Additional investments in this work are necessary to ensure that CCLD staff can meet the growing demands for customer service, investigative work, and quality assurance. Further investment in licensing staff will improve field and central operations to ensure timely, consistent monitoring for child health and safety, and support providers’ capacity to provide quality child care so families can go to work.

Child Care Infrastructure Fund

The Child Care Infrastructure Fund (CCIF), established by HB 3005 during the 2023 Legislative Session, was designed to strengthen child care infrastructure across Oregon. As a competitive statewide grant program, CCIF supported the creation, expansion, and improvement of child care facilities. Between 2024 and 2026, the program offered three funding rounds and awarded $50 million to eligible projects. This investment played a vital role in both creating and preserving child care, resulting in 4,316 new slots and safeguarding 4,988 existing slots. Continued funding for CCIF would help address Oregon’s ongoing child care desert crisis by supporting the development and preservation of additional child care options for families statewide. Demand for the program was significant: 1,962 applications were submitted, and they requested approximately $813 million across all three rounds. Ongoing investment in CCIF remains essential to tackling Oregon's child care challenges.

Goal 2: Tribal Sovereignty

Tribal Early Learning Fund

Through previous government-to-government consultation, DELC and the Oregon Tribal Early Learning Alliance, established through ORS 417.834 (formerly the Tribal Advisory Committee) developed key strategies to support Tribal children across Oregon. Tribes have emphasized the importance of expanding language preservation and revitalization efforts and culturally grounded early literacy professional development and programming. They have also highlighted the need for supplemental funding to support operational costs, including increasing staff compensation, hiring additional staff, and covering expenses for materials, supplies, professional development, and transportation. The 2025–2027 Governor's Recommended Budget proposed a $4.7 million General Fund investment to establish the new Tribal Early Learning Fund; however, this investment was not included in the 2025–2027 Legislatively Adopted Budget. Dedicated funding for Tribes remains essential to advancing Tribal early learning priorities and meeting community needs.

Goal 3: Infants and Toddlers

Expansion of Baby Promise Program

Oregon continues to face significant shortages in infant and toddler child care. In 2024, Oregon State University's Child Care Desert Report found that 34 of Oregon's 36 counties were child care deserts for children ages 0-2. This indicated that the supply of infant and toddler care falls short for families across the state. To help address this issue, DELC would encourage additional funding to support the expansion of the Baby Promise program to become available statewide. Baby Promise provides free high-quality early care and education for low-income families and is currently available to families in Multnomah, Crook, Jefferson, Deschutes, Coos, Curry, and coastal Douglas County (Reedsport). Expansion of this program to other Oregon counties will help address the need for infant and toddler care that families are facing across Oregon.

Goal 4: Workforce

Addressing Workforce Shortages

Oregon's 2024 and 2026 Talent Assessments identify child care providers as essential to the state's economy, yet the sector faces severe staffing shortages driven by low wages, limited benefits, and unclear career pathways. 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. Child care is the work that makes all other work possible, and strengthening this industry is critical to Oregon's economic success. Recognizing that 77% of DELC grants and contracts pay for the salaries and wages of early childhood professionals, DELC's Agency Request Budget applies the 9.3% inflationary adjustment for non-state employee personnel costs to 75% of the grant-in-aid budget. For the 2025-27 biennium, both DELC's ARB and the Governor's Recommended Budget (GRB) included this nonstandard inflationary adjustment, but the additional inflation was removed in the Legislatively Adopted Budget (LAB). DELC's Current Service Level (CSL) budget currently includes this nonstandard inflationary adjustment for 2027-29.

Goal 5: Relationships

Early Literacy

In 2024, DELC developed a Birth Through Five Literacy Plan (ORS 327.839) that outlined the framework aimed at improving early literacy outcomes for children from birth through age five. To shape this plan, DELC relied on research and community input to help identify strategies that will strengthen early literacy skills in young children. A central component of this work is the emphasis on relationship-building with cross-agency partners and early learning programs, recognizing that successful early literacy efforts rely on strong collaboration across systems and within communities. The GRB for 2025-27 included significant investments for implementing DELC's Birth Through Five Literacy Plan. However, the legislature did not fund these investments at GRB levels during the 2025 legislative session. Additional funding for early literacy would allow early educators to receive supports in implementing curriculum and early literacy teaching practices that have been successful for impacting outcomes in other states.

Goal 6: Foundations

Streamlining Customer Service

After unifying the Direct Pay Unit and Child Care Licensing customer service intake, additional investments could ensure effective oversight, coaching, and quality assurance across customer service staff. This would build on the enhanced functionality DELC expects to see through the new Oregon Early Learning Management System (Oregon ELMS) that is replacing provider payments and child care licensing management in Fall 2026.