

The bill's provisions to allow collective bargaining rights do not have a direct fiscal impact on other state expenditures. However, to the extent the collective bargaining process is used to ultimately improve the financial status of child care workers who receive payment from the State, there will be a fiscal impact. That impact is indeterminate, because costs will vary with the negotiated benefits and any administrative costs to implement those.

The Legislative Fiscal Office (LFO) notes that the Governor has issued executive orders which are reflected in a Memorandum of Agreement (MOA) with the American Federation of State, County and Municipal Employees (AFSCME) and with the Service Employees International Union (SEIU); related funding is included in his 2007-09 recommended budget for DHS. The budget anticipates a total of \$35.1 million General Fund and 13 positions (4.33 FTE) related to MOA issues to increase provider rates, reduce client co-payments, and increase client qualifying income limits for the Employment Related Day Care program. This assumes:

- \$17.1 million for increased rates for registered and certified providers
- 9.0 million for increased rates for license-exempt providers
- 6.5 million to reduce client co-payments
- 1.9 million to increase the qualifying income limit for clients
- 0.6 million in staffing and administrative costs
- \$35.1 million General Fund total

These are 21-month expenditures beginning October 1, 2007. LFO estimates the full 24-month cost in 2009-11 would be over \$40 million General Fund for these issues.

DHS has not identified any estimated costs to collect union dues, fair share payments in-lieu of dues, or other negotiated deductions out of the providers' payments, although the MOAs require such collections as soon as modifications can be made to the payment system. Other provisions require DHS to implement direct deposit for provider payments, and provide monthly provider lists to the unions.

DAS HRSD indicates that other issues of interest with this workforce are health insurance and for the SEIU members, training. DAS HRSD reports that in the collective bargaining process for home care workers authorized by Ballot Measure 99 (2000), health insurance coverage was a bargaining issue, but no health insurer would cover the workers unless they were also covered by workers' compensation. State Accident Insurance Fund coverage was obtained, and then only about a third of the eligibles for health insurance exercised that option.

CCD anticipates that no additional expenditures will be incurred.