## 2009 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3487 STATUS: Original

**SUBJECT:** Adds preschool facilities to the definition of "child care facility".

**GOVERNMENT UNIT AFFECTED:** Employment Department

**PREPARED BY:** Robin LaMonte **REVIEWED BY:** Michelle Deister

**DATE:** May 13, 2009

	<u>2009-2011</u>	2011-2013
<b>EXPENDITURES:</b>		<u> </u>
Personal Services	\$ 443,831	\$ 591,328
Employee-Related Services and Supplies	88,200	117,600
Background Checks and Hearings	\$ 77,221	\$ 102,962
Total Other Funds	\$ 609,252	\$ 811,890
	<u>2009-2011</u>	<u>2011-2013</u>
<b>REVENUES:</b> - See Analysis		
Background Checks	\$ 6,039	\$ 8,052
Licensing Fees	\$ 10,500	\$ 14,000
	\$ 16,539	\$ 22,052
POSITIONS / FTE:		
I OSITIONS / FIE.	5/3.67	5/4.90

**EFFECTIVE DATE:** January 1, 2010

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** HB 3487 changes the definition of "child care facility" to include preschool facilities, which will require the Employment Department (OED) Child Care Division to regulate preschool facilities.

OED estimates that there are 400 preschool facilities, and that each facility employs an average of 6.7 workers. OED would conduct 2,684 annual background checks on the child care workers in these facilities, and would license each facility every two years. The program would need 5 positions, including 4 Compliance Specialist 2 (4.00 FTE) and 1 Administrative Specialist 2 (0.90 FTE), to handle this workload. Staffing and associated services and supplies would cost \$532,031 Other Funds in the 2009-11 biennium. There would be \$77,221 Other Funds expenditures for criminal history checks, child protective background checks, and hearings-related costs.

OED assumes that the cost of this function would be paid out of Other Funds. However, aside from the currently established fees for background checks and licensing, which would generate \$16,539 Other Funds in the 2009-11 biennium, there is no source of Other Funds revenue to support this program. OED notes that it does not have sufficient Other Funds revenue to support this expanded program, and it is not clear how the program would be funded. The General Fund provides 27% of the 2009-11 Essential

Budget Level support for OED's child care licensing and regulatory responsibilities, and Other Funds comprise approximately 6% of support. Federal Funds pay for the bulk of OED's r child care responsibilities. These Federal Funds are subject to restrictions and must be expended according to the state's federally filed child care plan, which involves coordination and resource sharing with numerous other partners.