

HB 4005 A BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Department of Education

2021-23

Department of Human Services

2021-23

PRELIMINARY

Budget Summary

	2021-23	2022	Committee Change from	
	Legislatively Approved Budget	Committee Recommendation	2021-23 Leg. Approved	
			\$ Change	% Change
Oregon Department of Education				
General Fund	\$ -	\$ 1,170,074	\$ 1,170,074	100.0%
Oregon Department of Human Services				
General Fund		\$ 26,601,216	\$ 26,601,216	100.0%
Total	\$ -	\$ 27,771,290	\$ 27,771,290	100.0%

Position Summary

Oregon Department of Education

Authorized Positions	0	10	10
Full-time Equivalent (FTE) positions	0.00	4.75	4.75

Summary of Revenue Changes

House Bill 4005 appropriates \$1,170,074 General Fund to the Oregon Department of Education (ODE) for the transition of the Central Background Registry (CBR) by expanding the background check purview of the Early Learning Division (ELD) to include all subsidized care facilities, including license-exempt employment related care providers, whose background check responsibilities are currently handled by the Oregon Department of Human Service (ODHS). The bill also appropriates \$26,601,216 General Fund to ODHS to increase reimbursement rates under the Employment Related Day Care (ERDC) subsidy program for child care provided in various settings.

Summary of Education Subcommittee Action

HB 4005 modifies a number of statutory provisions and regulatory aspects of ELD established in prior legislation including HB 3073 (2021) and Senate Bill 236 (2021). Many of the changes in HB 4005 are administrative changes to establish rule proceedings, extend deadlines, clarify information sharing responsibilities, correct statutory references or strengthen the statutory provisions that guide service delivery within the early learning system. The majority of these provisions do not have a direct budgetary impact to either ODE or ODHS, but are needed to improve oversight, enhance program administration, facilitate the successful establishment of the new Department of Early Learning and Care (DELIC) and transfer of the ERDC program from ODHS. HB 4005 has two main policy changes that have a General Fund budget impact: the adoption of higher reimbursement rates under the ERDC subsidy program and the transition of the license-exempt background check function from ODHS to ELD.

Specifically, the bill requires the adoption of ERDC reimbursement rates equal to or greater than the 90th percentile of the 2020 Oregon Child Care Market Price Study rate for certified or registered providers, 85% of that amount for exempt child care centers that are enhanced, 75% of that amount for exempt child care centers that are not enhanced, and an 18% increase over the maximum rates on January 1, 2022, for exempt family child care homes. The rate increases are required to start no later than June 1, 2022. The estimated cost for increased provider rates is based on how many children are estimated to be in care at different age groups and rate areas throughout the state. There are 6,359 children in Licensed Registered and Certified Family settings that will receive an increase to the 90th percentile of the 2020 Market Rate Study. This cost starting in June 2022 is projected to be \$12,676,164. There are 2,939 Children in Standard Family and Qualified Family care, that will receive an 18% increase. This cost starting in June 2022 is projected to be \$3,710,179. There are 5,092 Children in Licensed Family Centers that will be increased to the 90th percentile of the 2020 Market Rate Study. This cost starting in June 2022 is estimated to be \$9,999,915. There are 176 children in license exempt centers (QEC and NEC) that will receive 75% and 85% of the Licensed Family Center Rates. This cost starting in June 2022 for all the Centers is project to be \$214,958. The total number of children that will receive care under greater reimbursement rates is 14,566, with a total General Fund cost of \$26.6 million over 13 months.

The bill also facilitates the transition of the CBR by bringing in the license-exempt background check records from ODHS over time and expanding this function within ELD. HB 4005 also expands the number of providers that will be in the CBR by applying the requirement to all subsidized care including family, friends and neighbor providers. Currently, the Background Check Unit within ODHS works with licensed-exempt ERDC providers and ELD's Office of Child Care manages the CBR for licensed providers. The bill clarifies the definition of subsidized providers and expands the number of individuals that will now be within the CBR by transitioning the work of the Background Check Unit in ODHS for ERDC providers to ELD. There are currently 68,473 subject individuals enrolled in the CBR and ELD estimates the transfer will result in an additional 8,000 background checks for license-exempt employment related care providers in the next few years. Because the 8,000 individuals will be new to this process, this means staff will need to have more and closer engagement with the new individuals. In order to complete the expanded background check work, the bill provides funding to ELD for the following 10 positions (4.75 FTE). Three of the 10 positions are limited duration and are anticipated to continue into 2024. The total cost of the positions in 2021-23 is \$709,873 General Fund. The following roles will apply to the positions:

- Intake Specialists (Office Specialist 2) receive and begin process for CBR applications;
- Background Specialists (Administrative Specialist 1) process and make decisions on applications for enrollment in the CBR;
- Compliance Specialists 1, 2 and 3 have various levels of decision-making on CBR applicants who have some negative history on their background check.

The positions for the expanded background check work include the following:

Administrative Specialist 1 2 positions (0.50 FTE per position) Permanent Full-time

Administrative Specialist 1	2 positions (0.50 FTE per position)	Limited Duration
Office Specialist 2	2 position (0.50 FTE per position)	Permanent Full-time
Office Specialist 2	1 position (0.50 FTE)	Limited Duration
Compliance Specialist 3	1 position (0.25 FTE)	Part-time through 2023-25
Compliance Specialist 2	1 position (0.50 FTE)	Permanent Full-time
Compliance Specialist 1	1 position (0.50 FTE)	Permanent Part-time

ELD covers the cost of background checks for licensed facilities and the bill provides \$240,000 General Fund for additional Services and Supplies costs to provide this same level of service without cost to non-licensed providers. Total Services and Supplies for this bill is \$460,201 General Fund and this includes covering the cost of license-exempt applicants and position-related Services and Supplies costs.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Department of Education and Oregon Department of Human Services
 Mike Streepey -- 971-283-1198

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SUBCOMMITTEE ADJUSTMENTS									
Oregon Department of Education									
SCR 100 - Department Operations									
Personal Services	\$ 709,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 709,873	10	4.75
Services and Supplies	\$ 460,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 460,201		
Oregon Department of Human Services									
SCR 060 - Self Sufficiency Programs									
Special Payments	\$ 26,601,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,601,216		
TOTAL ADJUSTMENTS	\$ 27,771,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,771,290	10	4.75
SUBCOMMITTEE RECOMMENDATION	\$ 27,771,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,771,290	10	4.75
% Change from 2021-23 Leg. Approved Budget	100.00%	0%	0%	0%	0%	0%	100%	100%	100%

*Excludes Capital Construction Expenditures

PRELIMINARY