

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2954 - 1

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Directs Department of Early Learning and Care to establish and adopt by rule child care assistance pilot program to provide assistance and support to long term care employees with child care needs.

Government Unit(s) Affected:

Department of Early Learning and Care, Department of Human Services

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

House Bill 2954, as amended by the -1 amendments, directs the Department of Early Learning and Care (DELIC), in consultation with the Department of Human Services (DHS), and subject to available funding, to establish a child care assistance pilot program to assist long term care employees in accessing affordable child care by providing financial assistance payments to help pay for the costs of child care. DELIC would establish this program through rulemaking, which must include a first-come, first-served application process, establish eligibility criteria for approving or rejecting an application, and provide a process by which DELIC would disburse the financial assistance in the form of monthly payments, not to exceed 12 months, to cover the costs of child care. The measure requires DELIC to prepare and submit a report on the implementation of the child care assistance pilot program to a legislative committee related to early learning and care by September 15, 2025. The measure takes effect on January 1, 2024 and sunsets on January 2, 2026.

Department of Early Learning and Care

The fiscal impact to DELIC is indeterminate because the level of investment in this new financial assistance program will ultimately inform the level of services that DELIC would be required to provide. Furthermore, while the measure requires DELIC to provide financial assistance payments, it does not provide a certain level of funding.

DELIC would require new resources to establish and administer a new grant program. Prior to beginning the new grant program, DELIC would need to adopt new administrative rules for how to run the program, including the application process, award process, payment process, and any audit or review process; create forms and templates for applications, awards, and reimbursements; and provide ongoing monitoring and administration of the program.

This fiscal impact statement assumes that DELIC would operate this pilot program for 12 months during the 2023-25 biennium, and DELIC would make financial assistance payments from July 2024 to June 2025. This fiscal impact statement further assumes that DELIC's caseload would include 125 recipients that would each receive 12 financial assistance payments, with an average cost of \$1,700 per recipient. Based on this hypothetical funding level, DELIC would make \$2.5 million in financial assistance payments.

To standup and administer the new program, DELIC would need to hire three limited duration, full-time positions (2.25 FTE in 2023-25; 0.38 FTE in 2025-27), including one Program Analyst 4 to provide overall program guidance

and administration; one Program Analyst 2 to assist with the rules, development and implementation of the application process, and approve payments, and assist applicants; and one Research Analyst 3 to provide guidance on data sources, data gathering, and reporting on the outcomes of the pilot program. The estimated cost of these positions, including services and supplies, is \$549,667 General Fund in the 2023-25 biennium and \$92,832 General Fund in the 2025-27 biennium.

The total estimated fiscal impact to DELC is \$3,099,667 General Fund in the 2023-25 biennium and \$92,832 General Fund in the 2025-27 biennium, assuming the positions continue to be funded in the 2025-27 biennium prior to the pilot program's sunset date in January 2026.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to the State's General Fund and DELC's biennial budget.

Department of Human Services

The measure is anticipated to have a minimal fiscal impact on DHS.