

HB 3005 -2 STAFF MEASURE SUMMARY

House Committee On Early Childhood and Human Services

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 1/23, 4/3

WHAT THE MEASURE DOES:

Enables Oregon Housing and Community Services Department (OHCS) to provide financial assistance to eligible applicants to cover costs of early child care infrastructure expansion activities. Appropriates \$100 million General Fund to OHCS to administer program. Establishes Early Childhood Infrastructure Fund in State Treasury for the purpose of providing financial assistance to eligible applicants. Specifies guidelines and limitations for financial assistance amounts to be prescribed by rule. Designates eligible applicants as family child care providers, operators of child care facilities, relief nurseries, culturally specific programs, and providers that participate in publicly funded early learning and care programs. Allows OHCS to disburse funds to eligible applicants in the form of grants, loans, or credit. Defines allowable costs as costs related to property acquisition, repairs and renovations, facility development projects, consultant fees, construction, workforce investments, and other necessary expenses. Allows OHCS to provide technical assistance to eligible applicants for implementing child care infrastructure expansion activities. Declares legislative findings and provides definitions. Declares emergency, effective on passage.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

ISSUES DISCUSSED:

- Designation of communities as "child care deserts"
- Shortage of child care workforce and facilities
- Funding and revenue sources for child care providers
- Co-location of child care services and affordable housing

EFFECT OF AMENDMENT:

-2 Replaces the measure. Directs Oregon Business Development Department (Business Oregon) to administer grant and loan program to provide financial assistance to eligible applicants to cover costs of early child care infrastructure activities. Establishes Early Childhood Infrastructure Fund in State Treasury for the purpose of providing financial assistance to eligible applicants. Requires Business Oregon to coordinate with Department of Early Learning and Care (DELIC), consult with Oregon Department of Education (ODE) and Oregon Housing and Community Services Department (OHCS), and engage with relevant stakeholders to design and implement program. Directs Business Oregon, in consultation with DELIC, to adopt rules governing implementation of program. Specifies guidelines and limitations for financial assistance amounts to be prescribed by rule. Specifies eligible applicants for recipients of financial assistance and allowable costs for early child care infrastructure activities. Allows Business Oregon, in consultation with DELIC, to determine additional eligible applicants and allowable costs, and to prioritize distribution to applicants that serve families with greatest child care needs. Authorizes Business Oregon to award grants to nonprofit entities for providing technical assistance to eligible applicants and specifies guidelines for allowable uses of grant moneys. Authorizes DELIC to provide technical assistance to eligible applicants. Directs Business Oregon and DELIC to enter into interagency agreement to facilitate providing technical assistance. Declares legislative findings and provides definitions. Declares emergency, effective on passage.

This summary has not been adopted or officially endorsed by action of the committee.

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REVENUE: No revenue impact

FISCAL: Fiscal impact issued

BACKGROUND:

Child care providers face costs when opening, operating, and expanding their services and facilities, particularly costs related to workforce and capital improvements. These costs significantly impact the overall supply of child care availability across the state. A 2020 report prepared by Oregon State University for the Early Learning Division found that all of Oregon's 36 counties meet the definition of a "child care desert" for infants and toddlers, meaning that there are three or more children for each available child care slot offered by a provider. For preschool age children, 25 of Oregon's counties meet this standard, suggesting that there is a substantial statewide shortage of child care slots for young children. The supply of child care slots was also disrupted by the COVID-19 public health emergency, when providers were ordered to temporarily close.

House Bill 3005 directs Oregon Housing and Community Services (OHCS) to administer a financial assistance program for child care providers to partially cover the costs of expansion and improvements of child care facilities and services, establishes the Early Childhood Infrastructure Fund, and appropriates \$100 million to OHCS to operate the program.