

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2683 - 2

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:

Requires the Early Learning Council to adopt rules establishing eligibility requirements for the Employment Related Day Care Subsidy Program.

Government Unit(s) Affected:

Department of Early Learning and Care, Department of Human Services, Oregon Health Authority

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Human Services		
General Fund	\$0	\$433,860
Other Funds*	\$2,143,647	\$0
Federal Funds	\$313,406	\$389,823
<i>Total Funds</i>	\$2,457,053	\$823,683
<i>Positions</i>	0	2
<i>FTE</i>	0.00	1.00
Oregon Health Authority		
General Fund	\$7,843	\$8,581
Other Funds*	\$626,811	\$603,494
Federal Funds	\$7,843	\$8,579
<i>Total Funds</i>	\$642,497	\$620,654
<i>Positions</i>	2	2
<i>FTE</i>	1.50	2.00
Department of Early Learning and Care		
General Fund	\$2,024,443	\$2,629,211
<i>Positions</i>	0	3
<i>FTE</i>	0.00	1.25
Total Fiscal Impact	\$5,123,993	\$4,073,548
<i>Total Positions</i>	2	7
<i>Total FTE</i>	1.50	4.25

*Represents General Fund expended as Other Funds

Analysis:

HB 2683-2 replaces the introduced measure. The measure requires the Early Learning Council to adopt rules establishing eligibility requirements for the Employment Related Day Care Subsidy Program. Minimum eligibility criteria include:

- Household income

- Child’s family employment status
- Use or risk of using child welfare services, child abuse prevention services, and/or family reunification services
- Use or risk of using homelessness services, teen parent services, domestic violence services

By July 1, 2025, the Early Learning Council must establish eligibility criteria based on household income and employment status. By July 1, 2027, the council must establish eligibility criteria based on the child’s or child’s family’s use or risk of use of support or intervention services.

System updates, rulemaking, and internal policy development are the focus for the 2023-25 biennium. Rulemaking and policy development will have a minimal impact to the Department of Early Learning and Care (DELIC) as well as the Department of Human Services (DHS). Due to rulemaking timelines, children using or at risk of using intervention or preventative services will receive subsidies after July 1, 2027.

Department of Early Learning and Care

There are estimated to be 30,933 children who will be eligible for the subsidy in the 2025-27 biennium. Of this total 4,946 will qualify as of July 1, 2025. Based on the average 2021-23 utilization rate of 27%, and a cost per case of \$1,717, the cost for providing subsidies to 1,343 children is estimated to be \$2.3 million for the 2025-27 biennium.

To support the program, DELIC will require two full-time, permanent Administrative Specialist 2 positions (0.50 FTE) for program administration and support for a full-time permanent Operations and Policy analyst 3 (0.75 FTE) who will coordinate implementation of the measure and serve as the primary contact for stakeholders. The total position and services and supplies costs for these three positions (1.25 FTE) is \$292,220 General Fund.

For the 2023-25 and 2025-27, DELIC will provide the General Fund required for DHS system updates. DHS has corresponding Other Funds expenditure limitation to receive these funds and apply towards system updates. For the 2023-25 biennium, DELIC will require \$2,024,443 General Fund and for the 2025-27 DELIC will require \$31,060 General Fund.

Department of Human Services

The fiscal impact to the DHS is \$2,457,053 total funds for the 2023-25 biennium and \$826,683 total funds and two positions (1.00 FTE) for the 2025-27 biennium. The driver of DHS’ fiscal impact are updates to the ONE eligibility system, OR-Kids system, and the mainframe.

To add new eligibility requirements to the ONE system, contracted work is required. Additionally, existing staff will be needed to support and maintain the contractor’s work. The total cost for ONE system updates is estimated to be a \$2,457,053 total funds for the 2023-25 biennium.

In the 2025-27 biennium, the Office of Information Services, a shared service with the Oregon Health Authority, will maintain system updates; to do so the office will require one full-time permanent Information Systems Specialist 8 and one full-time permanent Information Systems Specialist 7. To fund these positions, DHS requires \$310,328 General Fund and \$310,238 Federal Fund. DHS’ funding request for these positions will cover the Other Funds direct charge from OHA, which is responsible for the Office of Information Services’ budget.

Additionally, to establish and conduct training for the Oregon Eligibility Partnership, DHS will need one full-time permanent Training and Development Specialist 1 position and one full-time permanent Training and Development Specialist 2 position; the total cost for these positions and related services and supplies is \$220,187 for the 2025-27 biennium.

Oregon Health Authority

The fiscal impact on the Oregon Health Authority (OHA) is \$642,497 total funds for the 2023-25 biennium and \$620, 654 for the 2025-27 biennium. The Office of Information Security, whose budget falls within OHA, will use existing staff to update the OR-Kids system and mainframe. Updates to the OR-Kids system are estimated to take 809 hours, while updates to the mainframe are projected to take 252 hours.

OHA estimates a need for \$626,811 Other Funds expenditure limitation for the new Office of Information Services positions identified in DHS' fiscal impact for the 2023-25 biennium and \$603,494 Other Funds for the 2025-27 biennium. Additionally, OHA will be responsible for the positions' services and supplies costs which are projected to be \$7,843 General Fund and \$7,843 Federal Fund. For 2025-27, the services and supplies costs increase to \$17,160 total funds due to the positions increasing to 1.00 FTE each. The reduction in costs for the 2025-27 biennium is due to the shift from active system changes to maintenance.

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