

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: HB 3041

80th Oregon Legislative Assembly – 2019 Regular Session  
Legislative Fiscal Office*Only Impacts on Original or Engrossed  
Versions are Considered Official*Prepared by: Kim To  
Reviewed by: Laurie Byerly  
Date: March 20, 2019**Measure Description:**

Directs Department of Human Services to establish and administer program to provide moneys for third-party child care for child in foster home.

**Government Unit(s) Affected:**

Department of Human Services (DHS)

**Summary of Fiscal Impact:**

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

**Summary of Expenditure Impact:**

	2019-21 Biennium	2021-23 Biennium
General Fund		
Personal Services	1,182,518	1,249,584
Services and Supplies	373,169	384,694
Special Payments	33,918,556	48,489,124
<b>TOTAL GENERAL FUND</b>	<b>\$35,474,243</b>	<b>\$50,123,402</b>
Federal Funds		
Personal Services	295,652	312,417
Services and Supplies	92,482	95,298
Special Payments	15,154,160	21,664,010
<b>TOTAL FEDERAL FUNDS</b>	<b>\$15,542,294</b>	<b>\$22,071,725</b>
Other Funds		
Special Payments	495,684	708,618
<b>TOTAL OTHER FUNDS</b>	<b>\$495,684</b>	<b>\$708,618</b>
<b>TOTAL FUNDS</b>	<b>\$51,512,221</b>	<b>\$72,903,745</b>
Positions	18	18
FTE	9.50	10.00

**Analysis:**

HB 3041 requires the Department of Human Services (DHS) to establish and administer a program to directly reimburse child care providers who care for children in foster care. The bill defines child as a child under 13 years of age or a child under 18 years of age who has special needs or disabilities and requires a level of care above normal for the child's age.

DHS estimates the cost of complying to this bill to be \$51,512,221 Total Funds [\$35,474,243 General Fund, \$15,542,294 Federal Funds, \$495,684 Other Funds], 18 positions (9.50 FTE) for the 18 months of 2019-21 biennium; and \$72,903,745 Total Funds [\$50,123,402 General Fund, \$22,071,725 Federal Funds, \$708,618 Other Funds], 18 positions (10.00 FTE) for the 2021-23 biennium.

Special Payments amounts (\$49,568,400 Total Funds in 2019-21 and \$70,861,752 Total Funds in 2021-23) reflect the cost of reimbursing child care providers. Because the bill does not limit child care only for reasons of employment, DHS calculated reimbursement projections based on child care costs for all children age 0-12, assuming the age 0-5 caseload at 2,449 children and the age 6-12 caseload at 1,975 children.

DHS notes that if child care was limited to those foster parents who were employed, which would include only 46% of foster parents, reducing the caseload for age 0-5 to 1,127 children and the caseload for age 6-12 to 908 children, the day care reimbursement costs would be \$27,223,344 Total Funds for the 2019-21 biennium and \$43,146,048 Total Funds for the 2021-23 biennium.

In addition, DHS used the statewide average cost by age, as reported in the most recent Market Rate Study to calculate the cost of reimbursing child care providers. The average cost per month for age 0-5 is \$1,067 and the average cost per month for age 6-12 is \$675. Costs could be controlled further, if rates other than the statewide market rate is used. For example, if child care was limited to those foster parents who were employed and using a rate of \$375 for all children age 0-12, reimbursement costs would be \$11,556,000 Total Funds for the 2019-21 biennium and \$18,215,000 Total Funds for the 2021-23 biennium.

Personal Services amounts (\$1,478,170 Total Funds in 2019-21 and \$1,562,001 Total Funds in 2021-23) reflect salary and benefits for 18 permanent positions: One Operations and Policy Analyst 1 position and One Administrative Support 2 position for central office coordination, training, and consultation; and 16 half-time Office Specialist 2 positions, one for each district office to help process payments and work with local day care providers.

Furthermore, DHS notes that if the bill allowed for other methods to manage the program, such as reimbursing foster parents instead of child care providers directly, there would be no additional staff costs. Because foster parents are already in the OR-Kids system, payment can be processed through this system without creating a new infrastructure to pay providers directly.