

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4005 - 2

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Tim Walker
Reviewed by: Gregory Jolivet, Julie Neburka
Date: 02/07/2022**Measure Description:**

Extends date for transition of Early Learning Division to Department of Early Learning and Care.

Government Unit(s) Affected:

Department of Education (ODE), Department of Human Services (DHS)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:**Oregon Department of Education**

	2021-23 Biennium	2023-25 Biennium
General Fund	\$1,170,074	\$51,040,888
Total Funds	\$1,170,074	\$51,040,888
Positions	10	10
FTE	4.75	8.00

Department of Human Services

	2021-23 Biennium	2023-25 Biennium
General Fund	\$26,601,216	-
Total Funds	\$26,601,216	\$0

Analysis: The measure extends makes the following changes:

- Moves the date of the establishment of the Department of Early Learning and Care (DEL) from January 1, 2023, to July 1, 2023.
- Amends the date of the True Cost of Care Reimbursement Rates Rulemaking from July 1, 2022 to July 1, 2023.
- Allows the Early Learning Division (ELD) to administer and maintain the resource and referral entities through funding and contracts.
- Delays the reporting date for Suspension and Expulsion Prevention Program to November 15, 2023.
- Gives the Office of Child Care authority to share information with other units in the division.
- Changes the definition of subsidized care and subsidized care provider. All providers will be recognized as subject individuals with this change. DHS and OCC will need to satisfy the Employment Related Day Care (ERDC) requirement certification by June 30, 2025.
- Requires the adoption of ERDC reimbursement rates that are equal or greater than the 90th percentile of the 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% percent 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 ERDC duties and responsibilities will transfer to ODE effective July 1, 2023.

- Delays the rule for sprinklers systems in childcare facilities to January 1, 2024 and requires the ELD to work with the Department of Consumer Business Services on rulemaking.

The ELD estimates they will need the following positions to support the transition and continuation of the transfer of programs from the Department of Human Services (DHS):

- Four Administrative Specialist 1 positions (2.25 FTE), to process and make decisions on applications for enrollment in the Criminal Background Record.
- Three Office Specialist 2 positions (2.50 FTE), to receive and begin Criminal Background applications.
- One Compliance Specialist 3 position (0.75 FTE), for decision-making concerning applicants that have some negative history in their background check. The level of complexity of the negative history will dictate which Compliance Specialist will take the application.
- One Compliance Specialist 2 (1.25 FTE)
- One Compliance Specialist 1 (1.25 FTE)

For a total of 10 positions (4.75 FTE) in 2021-23 and 10 positions (8.00 FTE) in 2023-25. In addition, ELD will need \$240,000 General Fund in 2021-23 to cover the costs of approximately 3,000 background checks for care providers and \$400,000 General Fund for 5,000 background checks in 2023-25.

DHS has estimated the increased reimbursement rates will cost \$26.6 million General Fund in 2021-23. The measure sunsets these rates on June 30, 2023, but assuming the same rates when the program transfers to the Department of Early Learning and Care on July 1, 2023, the cost would be \$49.1 million General Fund in 2023-25, above the current reimbursement rates. The 2021-23 Legislatively Approved Budget for this program is \$277.2 million General Fund.