

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2872 - 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:

Establishes the Imagination Library of Oregon Program. Directs the Department of Early Learning and Care to implement the program by entering a contract with an Oregon-based nonprofit entity to manage the program.

Government Unit(s) Affected:

Department of Early Learning and Care

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

Department of Early Learning and Care		
General Fund		
Special Payments	\$1,719,000	\$3,065,000
Total General Fund	\$1,719,000	\$3,065,000
Total Fiscal Impact	\$1,719,000	\$3,065,000

Analysis:

House Bill 2872, as amended by the -1 amendments, establishes the Imagination Library of Oregon program and the Oregon Imagination Library Account, within the Department of Early Learning and Care Fund. Separate records must be maintained for moneys in the account. Interest earnings in the account are to be credited to the account, and moneys in the account are continuously appropriated to the Department of Early Learning and Care (DELIC) to administer the program. The measure takes effect on July 1, 2023.

The purpose of the program is to provide a free book each month to eligible children from birth to five years of age who reside in the state, encourage children to develop a love of reading and learning, and improve third grade reading proficiency and high school graduation rates. DELIC must implement the program by contracting with an Oregon-based nonprofit entity to manage the program. The nonprofit entity must, among other things, provide at least 50 percent of the funds required to carry out the program’s objectives, including developing a statewide marketing and communications plan related to the program. The nonprofit entity also must solicit donations, gifts, and other funding to support the program and local book-gifting programs and enter a contract with a national nonprofit foundation to provide books each month to eligible children at no cost to families. The Early Learning Council, in consultation with DELIC, may conduct rulemaking to implement the program.

The measure is anticipated to have a fiscal impact on DELIC. The cost to contract with a nonprofit organization would require a competitive procurement process, including RFP development, which would take several months to complete. DELIC would utilize existing staffing to develop the RFP, award and monitor the contract with the non-profit entity as required. The estimated cost of the contract to administer the program is \$300,000 General Fund in the 2023-25 biennium and \$425,000 General Fund in the 2025-27 biennium. DELIC estimates that it would enter the contract in February or March 2024.

To estimate the cost of providing books to children each month from birth to five years, DELC utilized the costing from Dolly Parton's Imagination Library, which charges \$2.20 per month for each enrolled child. This fiscal impact statement assumes that the cost to DELC would be an estimated \$1.10 per child per month, as the measure would require the nonprofit entity to provide at least 50% of the funds to carry out the program. Based on information from child literacy advocates, DELC estimates that the program could enroll up to 86,000 children per month. This fiscal impact statement further assumes that 86,000 children would be enrolled in the program each month. Using these figures, the program could enroll up to 86,000 eligible children per month at a cost of \$1.4 million General Fund for 15 months of the 2023-25 biennium and \$3.6 million General Fund in the 2025-27 biennium.

The total estimated fiscal impact to DELC is \$1,719,000 General Fund in 2023-25 and \$3,065,000 General Fund in 2025-27.

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.