

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2683 - A <REVISED>**

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
<b>Department of Human Services</b>		
General Fund	\$313,407	\$433,860
Other Funds*	\$1,830,240	\$0
Federal Funds	\$313,406	\$389,823
<i>Total Funds</i>	\$2,457,053	\$823,683
<i>Positions</i>	2	2
<i>FTE</i>	1.50	1.00
<b>Oregon Health Authority</b>		
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
<b>Department of Early Learning and Care</b>		
General Fund	\$1,830,240	\$2,598,151
<i>Positions</i>	0	3
<i>FTE</i>	0.00	1.25
<b>Total Fiscal Impact</b>	<b>\$4,929,790</b>	<b>\$4,042,488</b>
<i>Total Positions</i>	4	7
<i>Total FTE</i>	3.00	4.25

*\*Represents General Fund expended as Other Funds***Analysis:**

HB 2683-A 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 (DELG) 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.

**<Revised to include additional information>**

Department of Early Learning and Care

For the 2023-25 biennium, DELG will cover the costs required to contract with a vendor to update the ONE eligibility system used for child care and other forms of assistance. This is estimated to total \$1,830,240 General Fund in the 2023-25 biennium. DHS has corresponding Other Funds expenditure limitation to receive these funds and apply towards system updates.

There are an estimated 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 General Fund for the 2025-27 biennium.

To support the program in the 2025-27 biennium, DELG 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.

Department of Human Services

The fiscal impact of the measure on DHS is \$2,457,053 total funds and two positions (1.50 FTE) for the 2023-25 biennium and \$826,683 total funds and two positions (2.00 FTE) for the 2025-27 biennium. The driver of DHS’ fiscal impact are updates to the ONE eligibility system, OR-Kids system, and mainframe.

To add new eligibility requirements to the ONE system, contracted work is required and projected to cost \$1,830,240 Other Funds. DELG will provide the General Fund required for ONE system updates, which DHS will spend as Other Funds. Additionally, new staff will be needed in the Office of Information Services, which is housed within the Oregon Health Authority (OHA) but supports both OHA and DHS through a shared service agreement. To support the contractors and maintain the ONE system following updates, one full-time permanent Information Systems Specialist 8 position and one full-time permanent Information Systems Specialist 7 are anticipated with projected 2023-25 personal services and associated services and supplies costs of \$216,305 General Fund and \$216,305 Federal Funds. In the 2025-27 biennium, these positions scale up to 1.00 FTE each, increasing costs to \$286,217 General Fund and \$286,219 Federal Funds.

In addition to new staff, the Office of Information Services will require existing staff to review and update the OR-Kids system and Mainframe updates. Costs for this shared service are projected to be \$97,102 General Fund and \$97,101 Federal Fund for the 2023-25 biennium, decreasing to \$15,530 General Fund and \$15,530 Federal Fund as the team transitions from updating the systems to maintaining the updates.

The Office of Information Services is budgeted within OHA. DHS will be direct charged for new and existing staff providing the General Fund and Federal Fund required for these positions. OHA will have corresponding Other Funds to expend the General Fund and Federal Fund requested by DHS.

Beginning in the 2025-27 biennium, to establish and conduct training for the Oregon Eligibility Partnership, one full-time permanent Training and Development Specialist 1 position (0.50 FTE) and one full-time permanent Training and Development Specialist 2 position (0.50 FTE) are anticipated; the total cost for these positions and related services and supplies is \$132,113 General Fund and \$88,074 Federal Funds.

#### 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 Services (OIS) will direct charge DHS for new and existing positions with the exception of state assessments and enterprise wide costs (SAEC) for the anticipated two permanent full-time positions; SAEC costs are projected to be \$15,686 total funds for the 2023-25 biennium and \$17,160 total funds for the 2025-27 biennium.

To expend the funds paid by DHS for OIS staff, OHA is projected to need \$592,083 Other Funds expenditure limitation for personal services costs for new and existing OIS staff and \$34,728 Other Funds for the new positions' services and supplies costs. Personal services costs reduce to \$561,566 Other Funds for the 2025-27 biennium as existing OIS staff focuses on maintaining implemented system changes, services, and supplies costs for the two new positions increases to \$41,928 as each position scales up to 1.00 FTE.