

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1040 - A

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:

Directs the Department of Early Learning and Care to establish and administer by rule a pilot program to develop a sustainable model for micro centers to provide affordable, high-quality early learning opportunities to communities in the state.

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:

| | 2023-25 Biennium | 2025-27 Biennium |
|--|------------------|------------------|
| Department of Early Learning and Care | | |
| General Fund | | |
| Personal Services | \$203,516 | \$116,295 |
| Services and Supplies | \$21,415 | \$16,780 |
| Total General Fund | \$224,931 | \$133,075 |
| Total Fiscal Impact | \$224,931 | \$133,075 |
| <i>Total Positions</i> | 1 | 1 |
| <i>Total FTE</i> | 0.88 | 0.50 |

Analysis:

Senate Bill 1040 A-engrossed directs the Department of Early Learning and Care (DELIC) to establish and administer by rule a pilot program to develop a sustainable model for micro centers to provide affordable, high quality early learning opportunities to communities in the state. DELIC must provide technical assistance to program participants to maximize the potential for micro centers to succeed and serve as a model for others to increase access to child care services in the state. Any child care facility in the state may apply to participate in the program, but DELIC shall select only three child care facilities to participate in the program, including one facility from the Oregon coast, one facility from eastern Oregon, and one facility from the Willamette Valley, and DELIC must give priority to applicants from communities in the state with the greatest need for child care. DELIC must establish application processes and timelines; provide for review of applicant eligibility on a first-come, first-served basis; and establish eligibility criteria for approving or rejecting each application, including factors that may include the socioeconomic status of the population to be served. DELIC must consult with relevant stakeholders and adopt guidelines for the program that streamline the development of micro centers, foster innovation within the child care industry, and inform future regulatory requirements. DELIC must prepare a report on the implementation of the micro center pilot program to a legislative committee related to early learning and care by September 15, 2025. The measure takes effect on July 1, 2023, and the pilot program sunsets on January 2, 2026.

The measure is anticipated to have a fiscal impact on DELC. To implement and administer the pilot program, DELC would need a limited duration Operations and Policy Analyst 3 (0.88 FTE in 2023-25; 0.50 FTE in 2025-27) to develop and establish necessary rules with the Early Learning Council and provide technical assistance to the three pilot program participants. The estimated cost of this position, including related services and supplies, is \$224,931 General Fund in the 2023-25 biennium and \$133,075 in the 2025-27 biennium. DELC would utilize existing procurement, accounting, and program staff for additional work around the application review, awarding and payment of executed agreements, translation costs, and rule review by the Oregon Department of Justice.

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.