

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: HB 3005 - B

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 Oregon Business Development Department to provide financial assistance to eligible applicants to pay for allowable costs related to early childcare infrastructure activities.

**Government Unit(s) Affected:**

Department of Education, Oregon Business Development Department, Housing and Community Services Department, 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
<b>Oregon Business Development Department</b>		
<b>Lottery Funds</b>		
Personal Services	\$848,356	\$1,262,827
Services and Supplies	\$210,900	\$223,600
<b>Total Lottery Funds</b>	\$1,059,256	\$1,486,427
<i>Total Funds</i>	\$1,059,256	\$1,486,427
<i>Positions</i>	9	8
<i>FTE</i>	3.90	5.75
<b>Department of Early Learning and Care</b>		
<b>General Funds</b>		
Personal Services	\$144,113	\$164,701
Services and Supplies	\$42,830	\$48,948
<b>Total General Funds</b>	\$186,943	\$213,649
<b>Federal Funds</b>		
Personal Services	\$216,168	\$247,052
<b>Total Federal Funds</b>	\$216,168	\$247,052
<i>Total Funds</i>	\$403,111	\$460,701
<i>Positions</i>	2	2
<i>FTE</i>	1.75	2.00
<b>Total Lottery Funds</b>	\$1,059,256	\$1,486,427
<b>Total General Funds</b>	\$186,943	\$213,649
<b>Total Federal Funds</b>	\$216,168	\$247,052
<b>Total Fiscal Impact</b>	<b>\$1,462,367</b>	<b>\$1,947,128</b>
<i>Total Positions</i>	11	10
<i>Total FTE</i>	5.65	7.75

**Analysis:** The measure establishes the Child Care Infrastructure Fund and continuously appropriates funds therein to the Oregon Business Development Department for grants and loans for costs that include planning and design of early learning and care facilities; property acquisition; repairs, improvements and renovations to early learning child care facilities; child care facility development costs; construction costs; child care workforce investments; capacity building for child care providers and facilities; and administrative costs incurred by the department.

OBDD may not distribute funds to eligible applicants/school districts in an amount that exceeds 25% of the amount appropriated to the agency for the Child Care Infrastructure Fund, unless the school district can provide matching funds in the amount equal to matching funds required under the OR School Capital Improvement Matching Program. Additionally, OBDD may not distribute funds to eligible applicants/culturally specific learning-parent support programming in an amount that is less than 25% of the total amount appropriated to the agency for the Child Care Infrastructure Fund.

The measure does not provide a funding source for the Child Care Infrastructure Fund. To estimate program administration costs, OBDD has assumed fund capitalization of \$100 million.

At this level of funding, the agency anticipates engaging in between 20 to 40 projects. OBDD anticipates needing the following resources to develop and provide ongoing staffing for the program:

- 1 Program Analyst 4 position to begin October 2023 (0.88 FTE)

This program analyst position will lead all aspects of program design and implementation including robust stakeholder outreach, establishing program rules and procedures for the various funding categories outlined above, developing the application process, application reviews, contract template review, ensuring internal processes are followed, tracking of program data, and reporting on completed projects.

- 1 Program Analyst 3 position to begin January 2024 (0.75 FTE)

This position will assist with above program design and implementation through January 2025 and will then transition to managing a portfolio of individual projects.

- 1 Administrative Support Specialist 1 position to begin January October 2023 (0.88 FTE)

This position will provide support to the program throughout design and implementation including maintaining contact lists, conducting mass mailings, scheduling meetings, taking minutes, organizing materials, issuing public notices, and so on.

In addition to the dedicated staffing above, OBDD indicates that the following positions would provide additional program support, but LFO notes that the degree of utilization is dependent on the funding provided, and the positions identified may be existing agency staff that are assigned additional duties and/or have expanded FTE.

- 1 Operations and Policy Analyst 3 (0.25 FTE)

Project manager position to manage a portfolio of projects through the application, contracting, fund distribution, project monitoring, project closeout, and reporting.

- Part-time Accountant 1 position (0.13 FTE)

This Accountant position will manage payments/repayments and financial reporting.

- Part-time Procurement and Contract Specialist 2 position (0.13 FTE)

This contract specialist will work on contract templates and then on individual contracts and amendments as needed.

- Part-time Information Systems Specialist 4 (0.25 FTE)

This IT position will primarily help with technology needs for the above employees and program website maintenance.

- Limited duration, part-time Information Systems Specialist 6 (0.38 FTE)

This IT specialist will lead the design of any needed application portals, fillable forms, or backend data processes.

- Part-time Human Resources Analyst 2 (0.25 FTE)

This human resource analyst position will support the above staff with hiring, onboarding, and other HR needs.

Position related services and supplies expenditures are estimated to be \$60,900 and the agency has also included \$125,000 for professional services contracts and \$25,000 for Attorney General expenses.

The Department of Early Learning and Care would need one Program Analyst 4 (0.75 FTE) to design, coordinate and implement the Child Care Infrastructure Fund (CCIF) technical assistance program, focused on ensuring that childcare providers – particularly those who historically have not had access to funding – can access and navigate the CCIF administered by OBDD. This will include resources for business acumen to ensure that childcare providers can best leverage capital investments; resources specifically to ensure that the nine federally recognized Tribes within Oregon’s borders can navigate the system with their sovereignty in mind; and resources to navigate local county/city zoning requirements related to childcare. This position will also partner with DCBS and DLCD and local municipalities to develop a coordinated approach to zoning requirements in support of childcare providers.

DELC would also need one Program Analyst 3 (0.75 FTE) to provide technical assistance and coaching to childcare providers interested in expanding or starting a childcare business with the CCIF program. This position would work closely with the Child Care Licensing Division (formerly the Office of Child Care) within the Department of Early Learning and Care to assist providers with navigating local county/city zoning requirements for childcare. The position would join the PA 4 in cross-agency coordination at the state and local levels to ensure resources are available to support providers navigating local systems. The position costs are based on a standard 40% General Fund and 60% Federal Funds fund split. The primary Federal Funds revenue source is from the Child Care Development Fund (CCDF). Services and Supplies costs are assumed to be 100% General Fund.

This measure does not have a fiscal impact on the Housing and Community Services Department.

The -A4 amendment makes various changes to the measure with reference to OBDD providing technical assistance, deletes the appropriation language, fund distribution for administrative costs incurred by DELC, directs DELC to establish programming to award grants to nonprofit entities that have experience in providing technical assistance to child care providers for redistribution by the nonprofit organization to eligible applicants, and strikes language directing OBDD to enter into an interagency agreement with DELC over the transfer of funding. Funding for this measure, if legislatively approved, would be included in the end-of-session Lottery bonding bill (HB 5030); this measure does not include any appropriations and only establishes the Childcare Infrastructure Program. The end-of-session bill (HB 5506) would include any necessary funding or establishment of position authority.