



State Fiscal Note for Bill Number: 2023-H-5094

Date of State Budget Office Approval: Friday, May 26, 2023

Date Requested: Friday, April 28, 2023

Date Due: Monday, May 8, 2023

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2023	N/A	FY 2023	N/A
FY 2024	\$6,775,561	FY 2024	N/A
FY 2025	\$5,631,415	FY 2025	N/A

**Explanation by State
Budget Office:**

Section one amends Title 16 of the General Laws entitled "Education" by establishing a new chapter, 16-112 "Rhode Island Early Educator Investment Act." This section requires the Children and Youth Cabinet of Rhode Island to develop and implement a strategic plan of cross-departmental compensation benchmarks for early educators to ensure publicly funded early childhood programs can attract and retain a qualified workforce in Rhode Island. Once the compensation benchmarks are established, the Children's Cabinet is required to estimate the cost to close the gap between current early educator wages and the target wage scale and develop a plan to achieve pay parity with K-12 educators who have similar levels of education and professional credentials. In developing the plan, the children's cabinet would be required to consider matters such as scholarships in early childhood education, wage supplements or stipends, apprenticeships. The Children's Cabinet would report findings to the Governor and the General Assembly by December 1, 2023. Section two amends 42-72.5-2 of the General Laws in Chapter 42-72.5 entitled "Children's Cabinet" by outline's the establishment of cross-departmental compensation benchmarks for early educators as a policy goal for the Children's Cabinet, aligning Section one to the core mission of the Cabinet.

Section three amends Title 40 of the General Laws entitled "Human Services" by establishing a new chapter, 40-6.7-1 "Child care and early educator registry" which will require the Department of Human Services (DHS) to implement a childcare and early educator registry by December 1, 2023. The registry should include information about all staff that work directly with children in all licensed child care centers and family child care homes in the state. The registry will be required to include the age category each educator teaches, educational qualifications, demographics, and annual turnover of childcare educators.

Beginning March 31, 2023, DHS will be required to submit an annual report on the characteristics of the childcare workforce, including demographic information, qualifications, and turnover data. The report shall be shared with the General Assembly, the Children's Cabinet, all licensed childcare centers and family childcare homes, individuals participating in the registry, and posted on the Departmental providers website for the general public.

By December 1, 2023, DHS is directed to design and implement a \$5.0 million pilot program to provide monthly wage supplements to close the gap between the actual wages of childcare educators and the compensation benchmarks for early educators established by the Children's Cabinet. The pilot shall include childcare educators

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*Comments on
Sources of Funds:*

who work in both licensed childcare centers and family childcare homes and shall be available statewide, with priority given to childcare educators who work with infants and toddlers and children enrolled in the childcare assistance program.

This fiscal note assumes that all costs associated with this bill will be financed by general revenue.

*Summary of Facts
and Assumptions:*

1. It is anticipated the bill will take effect upon passage, therefore no fiscal impact reported in FY 2023.
2. It is assumed the Children's Cabinet will not require additional resources to develop a strategic plan of cross-departmental compensation benchmarks for early educators.
3. To estimate the administrative cost of implementing and maintaining the childcare and early educator registry, the Budget Office consulted DHS, who indicated the Department would incur programming costs to develop the database and personnel costs to maintain the database.

The exact programming costs are dependent on the required functionality of the childcare and early educator registry database. DHS indicated it could cost up to \$1.6 million for development and \$0.4 million annually for ongoing maintenance. DHS derived these estimates from prior database projects with a similar scope. This analysis assumes the one time programming costs of \$1.6 million will be incurred in FY 2024 and ongoing maintenance will begin in FY 2025.

Additionally, to maintain the registry DHS indicated it would require one additional Database Administrator and will require a 1.0 FTE position increase in the Department's staffing authorization. The annual cost for the salary and benefits of one Database Administrator in FY 2025 is estimated at \$231,415 (Salary: \$145,953, Benefits: \$85,462). The assumed date of hire is October 1, 2023, and the prorated fiscal impact in FY 2024 is \$175,561.

4. It is assumed the intention of the bill is to appropriate the full \$5.0 million for the monthly wage supplement pilot program in FY 2024, and as such the reported FY 2024 fiscal impact is \$5.0 million.

The bill does not authorize future appropriations for the monthly wage supplement. However, it is assumed the legislative intent is provide permanent funding to close the gap between the actual wages of childcare educators and the target wage scale established by the Children's Cabinet. Therefore, it is assumed an additional \$5.0 million will be appropriated in FY 2025.

If the intent is to maintain a permanent state funded monthly wage supplement subsidies, DHS noted that the Department would require financing for additional personnel to administer the subsidies. The exact needs are dependent on the structure of a future subsidy program, and the potential fiscal impact is not contemplated in this note.

*Summary of Fiscal
Impact:*

As discussed above, this bill presents the following fiscal impact:

FY 2023: N/A



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FY 2024:

Database Programming Costs: \$1,600,000

Personnel Costs: \$175,561

Monthly Wage Supplement Subsidies: \$5,000,000

Total: \$6,775,561

FY 2025:

Database Programming Costs: \$400,000

Personnel Costs: \$231,415

Monthly Wage Supplement Subsidies: \$5,000,000

Total: \$5,631,415

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