



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

<b>Bill information:</b>	
HB0467 - Provide for child care assistance (Gillette, Jane )	
<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$770,078	\$0	\$0	\$100,036
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	\$0	\$0	\$0	\$0

**Description of fiscal impact:** HB 467 requires the Department of Public Health and Human Services (DPHHS/department) to conduct an objective assessment to determine eligibility criteria specific to each child care region and the top nine counties receiving child care funds, and set those requirements according to the results of the assessment. The bill also permits the department to utilize existing funding sources available to address any waitlists created as a result of area and county-specific eligibility. The bill will result in increased costs for the assessment and systems change requirements as a result of multiple eligibility standards.

### FISCAL ANALYSIS

**Assumptions:**

1. Section 1 (2) requires the department to perform an objective, comprehensive income eligibility assessment every three years for the child care assistance program. The department currently conducts a market rate analysis to determine subsidy amounts and assumes the additional income eligibility assessment would be added to the scope of work for the market analysis contract. The most recent market analysis costs \$98,558, and the department assumes the addition of another complex assessment would come at a similar additional cost in FY 2024 and FY 2027.
2. Section 1 (3) requires the department to set income eligibility specific to each region and county based on the results of the assessment noted in assumption 1. The child care assistance program eligibility system is currently configured for a single, statewide income eligibility standard. One-time costs for system

- modifications necessary to accommodate 16 eligibility service areas (seven child care regions and nine counties) is estimated to be \$365,880 (2,172 programming hours X a blended rate of \$168.50 = \$365,982).
- The department assumes that region and county-specific income eligibility requirements will result in a waitlist for participation in the child care assistance program. One-time system modification costs necessary to manage waitlists is estimated to be \$305,659 (1,814 system development hours X a blended rate of \$168.50 = \$305,640).
  - Inflation adjustment rate of 1.5% was added to FY 2027 to account for increased costs for the additional objective assessment.
  - The estimated increased costs are eligible for 100% federal funds, but would come at the opportunity cost of other planned activities necessary for the administration of the Child Care Development Fund (CCDF) block grant.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$770,199	\$0	\$0	\$100,036
<b>TOTAL Expenditures</b>	<u>\$770,199</u>	<u>\$0</u>	<u>\$0</u>	<u>\$100,036</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$770,199	\$0	\$0	\$100,036
<b>TOTAL Funding of Exp.</b>	<u>\$770,199</u>	<u>\$0</u>	<u>\$0</u>	<u>\$100,036</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$770,199)	\$0	\$0	(\$100,036)

**Technical Notes:**

- This fiscal analysis does not calculate any increased expenditures to address a waitlist. In the event there is a waitlist, the department would utilize existing authority and funding included in Section 1(4) of HB 467, to the extent possible.
- Section 1 (5) requires the department to prioritize those in the lowest income brackets. The federal regulations for the Child Care Development Fund (CCDF) block grant require the department to prioritize low-income families, children with special health care needs, and children experiencing homelessness. The department would need to prioritize all three to maintain compliance with federal regulations.
- Modified and varied eligibility standards may result in increased program demand.
- Waitlists may still be established despite utilization of the non-CCDF funding sources enumerated in Section 1 (4) to meet demand, as these sources are often partially obligated for other purposes, and some have limitations surrounding transfer to/use for child care subsidy.

**NOT SIGNED BY SPONSOR** \_\_\_\_\_ *[Signature]* \_\_\_\_\_ *2-16-23*  
 Sponsor's Signature Budget Director's Initials Date