



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0648 - Provide for the best beginnings scholarship program (Buckley, Alice)

Status: As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input 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 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$9,040,370	\$9,040,370	\$9,175,976	\$9,313,615
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	(\$9,040,370)	(\$9,040,370)	(\$9,175,976)	(\$9,313,615)

Description of fiscal impact: HB 648 directs the Department of Public Health and Human Services (department) to increase the Best Beginning Scholarship (BBS) entry eligibility to 200% Federal Poverty Level (FPL). The bill also establishes a revised sliding fee scale between 10% to 200% FPL with a maximum of 7% co-pay and provides a \$10 million general fund appropriation. The increase of BBS entry eligibility to 200% from the current eligibility of 150% FPL is projected to increase BBS participation by nearly 35%. The department will incur an increased BBS subsidy expense beyond the federal Child Care Development Block Grant award.

FISCAL ANALYSIS

Assumptions:

1. Current BBS entry eligibility is up to 150% of the Federal Poverty Level (FPL) with a sliding fee scale of up to 14% at 150% FPL. This eligibility level serves 2,894 children.
2. The department estimates that increasing the eligibility level to 200% FPL will allow an additional 993 children to be served per year through the subsidy program.
3. Based on the average monthly cost of care of \$786.50 per child, the department has calculated increased subsidy costs to serve an additional 993 children to be \$780,995 per month. This amount is offset by the co-pay amounts of \$27,631 paid directly to providers by families, resulting in a net monthly cost of \$753,364 (\$780,995 - \$27,631) to serve these additional children.
4. The annual estimated cost to increase the income eligibility for participation in BBS is \$9,040,370 (\$753,364 x 12) per year.
5. Ongoing costs are inflated 1.5% annually in FY 2026 and FY 2027.

6. These additional benefits would be 100% general funded.

	<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>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Benefits	\$9,040,370	\$9,040,370	\$9,175,976	\$9,313,615
TOTAL Expenditures	<u>\$9,040,370</u>	<u>\$9,040,370</u>	<u>\$9,175,976</u>	<u>\$9,313,615</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$9,040,370	\$9,040,370	\$9,175,976	\$9,313,615
TOTAL Funding of Exp.	<u>\$9,040,370</u>	<u>\$9,040,370</u>	<u>\$9,175,976</u>	<u>\$9,313,615</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$9,040,370)	(\$9,040,370)	(\$9,175,976)	(\$9,313,615)

AMB

Sponsor's Initials

2-27-23

Date

RO

Budget Director's Initials

2-27-23

Date