



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0456.01: Provide best beginnings scholarships to child care workers

Primary Sponsor: Jonathan Karlen Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$5,499,600	\$5,499,600	\$5,499,600	\$5,499,600
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$5,499,600)</u>	<u>(\$5,499,600)</u>	<u>(\$5,499,600)</u>	<u>(\$5,499,600)</u>
General Fund Balance				

Description of fiscal impact

This bill proposes to expand eligibility for the Best Beginnings Scholarship (BBS) for child care workers at licensed centers or registered family or group providers. These workers would be eligible regardless of income. This bill has a \$5.5 million general fund appropriation in each year of the biennium for the program.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services

1. The department will utilize up to the appropriated \$5.5 million for child care worker subsidy payments and the administration of the program. If the \$5.5 million is expended, the department will move to a state managed waitlist for the program. Families that qualify for the existing Best Beginnings program will be served under that subsidy. This program will serve eligible child care workers who are over income for Best Beginnings.
2. The department estimates they can serve 404 children in the child care worker program before going to a waitlist. 404 children x \$13,320 per child = \$5,381,280 subsidy, PLUS the contract costs of \$114,400, equals the total of \$5,495,680 annual costs.
3. Based on assumption 4 cost per worker, the department estimates an increased contract cost of \$114,400 (2 workers X \$57,200 = \$114,400).
4. The department estimates approximately 2 additional contracted caseworkers will be needed. (202 families / 140 caseload = 1.4 workers).
5. The department assumes approximately an additional 202 applications based on the increase in family applications (404 children / 2 children per family = about 202 families).
6. BBS applications are by family. The department assumes an average of 2 children per family.
7. Child Care Worker Subsidy Costs:

Fiscal Note Request - As Introduced*(continued)*

- a. Costs were calculated based on full time preschool rates in Centers at \$55 per child per day x 22 days per month x 12 months = \$14,520. Center rates were used based on the majority of workers in the Child Care Worker pilot program being in centers.
- b. The department's current child care worker pilot requires a family copayment of \$100 per month \$100 x 12 months = \$1,200.
- c. Therefore, the department's share of the child care is calculated at \$14,520 - \$1,200 = \$13,320 per child.
8. The department assumes additional costs will be incurred by the BBS eligibility contractors due to increased applications and caseload.
9. BBS contracts include contracted caseworkers to complete eligibility determinations with a caseload of approximately 140 families each. Contracted caseworkers are paid at an average of \$22/hour and 25% fringe benefits. Estimated costs are \$57,200 per worker per year (\$22/hour X 40 hours X 52 weeks = \$45,760 (wages) X 25% (Fringe benefits) = \$57,200)

Fiscal Analysis Table

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Personal Services	\$171,600	\$171,600	\$171,600	\$171,600
Equipment	\$5,328,000	\$5,328,000	\$5,328,000	\$5,328,000
TOTAL Expenditures	\$5,499,600	\$5,499,600	\$5,499,600	\$5,499,600
<u>Funding of Expenditures</u>				
General Fund (01)	\$5,499,600	\$5,499,600	\$5,499,600	\$5,499,600
TOTAL Funding of Expenditures	\$5,499,600	\$5,499,600	\$5,499,600	\$5,499,600
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$5,499,600)	(\$5,499,600)	(\$5,499,600)	(\$5,499,600)

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date



Budget Director's Initials

3/23/2025

Date