



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 Amended in House Committee	

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| <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

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
Expenditures:				
General Fund	\$7,144,408	\$7,144,408	\$7,251,574	\$7,360,348
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	(\$7,144,408)	(\$7,144,408)	(\$7,251,574)	(\$7,360,348)

Description of fiscal impact: HB 648 as amended, appropriates \$7 million in general fund and directs the Department of Public Health and Human Services (DPHHS) (department) to increase the Best Beginning Scholarship (BBS) entry eligibility to 185% Federal Poverty Level (FPL). The amended bill also establishes a revised sliding fee scale between 105% to 185% FPL with a maximum of 9% co-pay and provides a \$7 million general fund appropriation to fund the increased expenditure. The increase of BBS entry eligibility to -185% from the current eligibility of 150% FPL is projected to increase BBS participation by nearly 25%. 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. DPHHS estimates that increasing the eligibility level to 185% FPL will allow an additional 723 children to be served per yer 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 children 723 children to be \$568,639 per month.
4. The 9% Federal Poverty Level (FPL) cap will decrease the co-pay amounts for families and increase the subsidy amount paid by the State directly to the providers. The State projects to see an increase of \$26,728 from decreased family co-pay.
5. The annual estimated cost to increase the income eligibility for participation in BBS is \$7,144,404 (\$595,367 x 12) per year = \$7,144,404).

6. As amended in Section 5, DPHHS will maximize all existing funds prior to accessing this appropriation.
7. Costs for FY 2026 and FY 2027 are increased by 1.5% inflation factor.
8. These additional benefits would be 100% general funded.

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
Expenditures:				
Benefits	<u>\$7,144,408</u>	<u>\$7,144,408</u>	<u>\$7,251,574</u>	<u>\$7,360,348</u>
TOTAL Expenditures	<u><u>\$7,144,408</u></u>	<u><u>\$7,144,408</u></u>	<u><u>\$7,251,574</u></u>	<u><u>\$7,360,348</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>\$7,144,408</u>	<u>\$7,144,408</u>	<u>\$7,251,574</u>	<u>\$7,360,348</u>
TOTAL Funding of Exp.	<u><u>\$7,144,408</u></u>	<u><u>\$7,144,408</u></u>	<u><u>\$7,251,574</u></u>	<u><u>\$7,360,348</u></u>
<u>Revenues:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$7,144,408)	(\$7,144,408)	(\$7,251,574)	(\$7,360,348)

<i>Sponsor's Initials</i>	<i>Date</i>	 <i>Budget Director's Initials</i>	<i>4-4-23</i> <i>Date</i>
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