

FISCAL NOTE
SENATE BILL NO. 2306
LC# 25.1068.02000
01/27/2025

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$23,935,162		\$24,519,515	
Appropriations			\$23,935,162		\$23,935,162	

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

SB 2306 establishes a child care workforce recruitment and retention program to address child care workforce shortages and provide an incentive payment to each licensed early childhood services provider based on the provider's licensed capacity and number and ages of children enrolled.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

Section 1 Subsection 1 of SB 2306 establishes a monthly payment to each licensed child care provider based on licensed capacity. The estimate assumes a licensed capacity of 38,807.

The proposed payment varies by age of child. SB 2306 references three age categories: "infant", "toddler", and

"school age". For the purpose of this fiscal note, HHS is making the assumption that legislative intent is to be inclusive of all children who may be present in an early childhood services setting: "infant" includes children ages 0-3, "toddler" includes children ages 3-5, and "school age" includes ages 6-12.

Note: Definitions that are typical to HHS policy/practice would be as follows: "infant" includes children ages 0-17 mo, "toddler" includes children ages 18-36 mo, and "school age" includes ages 6-12. Using these definitions would exclude children ages 3-5 years, which are typically referred to as "preschool".

As the Department does not issue child care licenses by age of child, the estimated fiscal impact is based on enrollment by age as reported by providers in the state's resource and referral database. Using this data as context, HHS estimates that 35% of licensed capacity could be attributed to infants (\$50 as per subdivision a), 44% to toddlers (\$30 as per subdivision b), and 21% "school age" (\$15 as per subdivision c).

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

N/A

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

Section 1 Subsection 1. Assuming a licensed capacity across the system of 38,807 children, and assuming child cares are operating with enrollment at about 75% of licensed capacity, and assuming that licensed spaces are filled in alignment with the assumed age distribution described above - the total estimated fiscal impact is \$23,965,162.

13,582 ages 0-3 x 75% x \$50/child x 24 months = \$12,224,205

17,075 ages 3-5 x 75% x \$30/child x 24 months = \$9,220,543

8,149 age 6-12 x 75% X \$15/child x 24 months = \$2,200,357

Because the basis of payment is to be adjuted based on self-reported enrollment data, the fiscal note includes \$125,000 for technology system modifications and \$165,057 for one FTE to focus on grant management/program integrity.

Total. The total estimated fiscal impact of SB 2306 is \$23,965,162. The estimate for the 27-29 biennium assumes a 3% growth in licensed capacity.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

The items outlined in SB 2306 are not included in the HHS executive budget. The costs associated with SB 2306 would require an additional general fund appropriation of \$23,965,162.

Salaries and Wages \$165,057 of which is all General

Operating Expenses \$125,000 of which is all General

Grants - Payments to Providers Expenses \$23,645,105 of which is all General

For the 2027-2029 biennium,

Salaries and Wages \$165,057 of which is all General

Grants - Payments to Providers Expenses \$24,354,458.25 of which is all General

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