FISCAL NOTE
HOUSE BILL NO. 1119
LC# 25.8078.01000
01/09/2025

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				$2,500		$4,000
Expenditures			$225,826		$361,322	
Appropriations			$225,826		$361,322	

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).

HB 1119 steamlines the state's child care licensing framework by reducing the number of license types and by transitioning to annual licensing which will simplify CCDF compliance activities required of providers and the state.

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 of HB 1119 modifies definitions that apply to child care licensing to combine several types of licenses in an effort to simplify the process of compliance for child care providers.

Section 3 of HB 1119 adjusts the fee associated with what would become an annual child care license, essentially removing the option for a two-year license which currently offers a $5 discounted rate per license. For providers who

participate in the Child Care Assistance Program, this change in licensing structure would, over time, create an opportunity for some to receive a higher rate of reimbursement based on their new status as a "center" rather than a "group" license.

This fiscal note estimate detailed in section 6. For the 25-27 biennium an increase of expenditures of $225,826 all of which is general fund. For the 27-29 biennium an increase of expenditures of $361,322.

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.

HHS licenses approximately 600 child care programs each year. HHS anticipates that, approximately 400 license holders would transition from a two-year to a one-year license in both 2025 and 2026. The license fee for a one-year license is $5 higher than for a two-year. This would result in additional licensing fee revenue to the Department of approximately $2,000 per year, or $4,000 per biennium. The expected impact from the change license fee in 25-27 is expected to increase by $2,500 and in 27-29 increase by $4,000.

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.

House Bill No. 1119 proposes changes to child care licensing framework, that would include a reclassification of current license type H (Group-in-a-Facility) to the newly expanded Center classification. The Child Care Assistance Program (CCAP) payment schedule uses cost and market survey data to establish state max payment rates for the program at 75% of rates charged in the market. Historically rates established for Center-type licenses are approximately 20-25% higher than rates established for Group-type licenses.

The proposed re-alignment in the child care licensing framework would most likely transition approximately 150-175 Group-in-a-Facility licensed programs to a Center-type license. As of November 2024, 121 of these programs serve approximately 882 children whose families receive Child Care Assistance.

HHS antcipates that some providers would be eligible for a higher reimbursement rate from CCAP once they transition to a center-type license. If House Bill No. 1119 passes, HHS would reflect the changes in the framework in the upcoming provider survey, to assure CCAP rates re-align to match the new licensing model.

For the purpose of this estimate, assuming current rate patterns, the total projected costs in additional CCAP reimbursement to child care providers is $361,322 per biennium.

Estimate: 25% of 882 children attending a program that would see a potential CCAP reimbursement increase of 10% (from an avg payment of $682/mo to $750/mo increase of $68/mo), based on average across all ages served in this license type as of November 2024) = $15,055/mo.

The effective date of the bill is April 2026, therefore the number of months for the 25-27 biennium are 15. The 27-29 represents a 24 month impact of the bill.

For the 25-27 biennium an increase of expenditures of $225,826 all of which is general fund. For the 27-29 biennium an increase of expenditures of $361,322.

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.

For the 2025-2027 biennium, the Department of Health and Human Services would need appropriation increases to the base budget for HB 2012 in the following line items;

Grants - Child Care Assistance of $225,826 all of which is general fund.

For the 2027-2029 biennium, the Department of Health and Human Services would need appropriation increases to the base budget for HB 2012 in the following line items;
Grants - Child Care Assistance of $361,322 of which is general fund.

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