

FISCAL NOTE
SENATE BILL NO. 2301
LC# 23.0835.02000
02/03/2023

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.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$36,181,170		\$37,001,035	
Appropriations			\$36,181,170		\$37,001,035	

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

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 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 2031 establishes a child care stabilization program to address child care workforce shortages.

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 2301 establishes a monthly payment to each licensed child care provider based on licensed capacity. The estimate assumes a licensed capacity of 38,561.

The proposed payment varies by age of child. SB 2031 references three age categories: "infant", "toddler", and "over the age of 5 years". For the purpose of this fiscal note, the Department assumed that "infant" includes children ages 0-3, "toddler" includes children ages 3-5, and "over the age of 5 years" includes ages 6-12.

As the Department does not issue child care licenses by age of child, the estimated fiscal impact is based on HHS experience with the Childcare Emergency Operating Grant program operated during 2020 as well as the ARPA Stabilization grant program that began operating in 2021. Both of these programs captured actual enrollment data by age of child. 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 (\$35 as per subdivision b), and 21% children over age 5 (\$25 as per subdivision c).

Section 1 Subsection 2 establishes a 25% increase to the stabilization payment established in Section 1, if the child care provider has achieved the highest quality improvement rating. The estimate utilizes the same assumptions regarding age distribution as described for Subsection 1.

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.

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 38,561 children, and assuming that licensed slots are filled in alignment with the assumed age distribution described above.

13,496 ages 0-3 x \$50/child x 24 months = \$16,195,200
16,967 ages 3-5 x \$35/child x 24 months = 14,252,280
8,098 over age 5 x \$25/over age 5 x 24 months = \$4,858,800

Section 1 Subsection 2. The fiscal note assumes that 1,589 is the current capacity in licensed programs that have achieved or are likely to achieve Quality Rating and Improvement System (QRIS) step 4 in the next biennium (highest level in state quality rating system), utilizing the age distribution described above. The estimated fiscal impact is \$355,890 per biennium.

Section 1 Subsection 4. The Department's recent experience with similar grants management suggests a fiscal impact of \$475,000 in infrastructure costs needed to support effective program management as per the requirements outlined in the Bill, including \$225,000 per biennium for one new FTE and volume-based technology system fees of \$44,000 and a one-time cost of \$250,000 to build necessary interfaces between the licensing and grant management platforms.

The total estimated fiscal impact of SB 2301 is \$36,181,170 including preschool aged children. The estimate for the 25-27 biennium assumes a 3% growth in licensed capacity and quality rated programs.

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 2301 are not included in the HHS executive budget. The costs associated with SB 2301 would require an additional general fund appropriation of \$36,181,170. Appropriation to salary and wages for \$225,000, operating for \$294,000, and Grants for \$35,662,170.

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Date Prepared: 01/23/2023