LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 6587
BILL NUMBER: HB 1102

NOTE PREPARED: Mar 19, 2025
BILL AMENDED:

SUBJECT: Contracting for Preschool Programs.

FIRST AUTHOR: Rep. Commons
FIRST SPONSOR: Sen. Deery

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill removes language restricting school corporations from entering into a contract with a religiously affiliated nonprofit preschool program.

Effective Date: July 1, 2025.

Explanation of State Expenditures: The bill may increase child care and out-of-school capacity by allowing federally approved preschool programs with religious affiliations to operate programs in agreement with school corporations, potentially increasing state voucher payments from the On My Way PreK Program. However, within existing appropriation levels, the number of children participating will depend on legislative and administrative actions.

Additional Information - For the 2024-2025 school year, there are 5,249 eligible children and 818 limited eligibility children receiving grants as of September 2024. Dependent on the appropriation, the Family and Social Services Administration determines the number and value of vouchers available to eligible children, limited eligibility children, and children of childcare employees who will participate in the program. Additional vouchers may be funded through reduced award amounts or added funding support. [The Pre-K Education Pilot Program has a state General Fund appropriation of $27 M in FY 2025.]

Statute requires the voucher award to be between $2,500 and $6,800 and in FY 2024, the average direct care cost from both state and federal funds for children qualifying for OMWP was $11,471. The difference between the cost and the statutorily required support is the reimbursement for childcare that is provided to qualifying children during breaks or vacations and outside the hours of the OMWP program.

Explanation of State Revenues:

Explanation of Local Expenditures: Provisions in the bill allow school corporations to partner with certain religiously-affiliated nonprofit preschool programs. To the extent this occurs, the impact on school corporations would depend on the contracts between school corporations and the preschool programs.

Explanation of Local Revenues: Depending on the details of the contracts between school corporations and religiously-affiliated nonprofit preschool programs, school corporation revenue could be impacted. [See *Explanation of Local Expenditures.*]

State Agencies Affected:

Local Agencies Affected: School corporations.

Information Sources:

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