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FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/22

SPONSOR Gonzales LAST UPDATED _____ HB _____

SHORT TITLE Early Childhood Care Fund Uses SB 118

ANALYST Klundt

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY22	FY23	FY24		
	\$10,000.0		Recurring	Early Childhood Education and Care

(Parenthesis () Indicate Revenue Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Early Childhood Education and Care Department (ECECD)
Crime Victims Reparation Commission (CVRC)

SUMMARY

Synopsis of Bill

Senate Bill 118 (SB118) increases the distribution from the early childhood education and care fund from \$30 million in FY23 to \$40 million and adds authorization for expenditure to executive agencies for which an appropriation is made by the Legislature.

Appropriations from the fund following FY23 will be based on an amount equal to the greater of 5 percent of the average of the year-end market values of the fund for the immediately preceding three calendar years or \$40 million.

FISCAL IMPLICATIONS

SB118 increases the distribution from the early childhood education and care fund from \$30 million in FY23 to \$40 million.

LFC's recommendation includes \$30 million to the Early Childhood Education and Care Department (ECECD). Additionally, LFC's recommendation includes \$1.3 million for Crime Victims Reparations Commission for child victims and child advocacy centers, \$1 million for the Children, Youth and Families Department for sexual assault services, and \$1 million to the Department of Health for child suicide prevention contingent on passage of this or other similar legislation.

SIGNIFICANT ISSUES

In FY22, ECECD was appropriated \$20 million in revenue from the early care and education fund. In FY23, the department requested and LFC's recommendation included \$10 million additional revenue for a total of \$30 million. The recommendation for additional revenue included \$5.9 million for prekindergarten, \$2 million for home visiting, \$1.6 million for tribal early childhood programs, and \$50 thousand for website maintenance.

This bill increases the FY23 distribution from \$30 million to \$40 million. LFC projections indicate the fund is sufficient to increase the distribution to \$40 million in FY23. As the fund stands now, LFC projects distributions from the fund would increase to \$68.25 million in FY24, \$127.97 in FY25, and \$173 million in FY26. (See LFC Volume III Early Childhood Fund Forecast.)

This bill also allows for additional executive agencies to expend revenue from this fund if appropriated by the Legislature.

ECECD stated, "If enacted, SB118 would eliminate the assurance that at least \$30 million is annually appropriated to ECECD for the purposes of funding early childhood programs and services, and rather makes all funds in the trust available to any agency, and, by deleting the word "early," eliminates the assurance that any money would be appropriated to fund any early childhood programs or services. Historically, prenatal to five early childhood programs and services have been funded at levels that are insufficient to provide quality programs and services to all the families and young children that need them and who are eligible to receive them. The Early Childhood Trust Fund was established to address these funding and service gaps."

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