

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

LS 6537

BILL NUMBER: HB 1219

NOTE PREPARED: Dec 11, 2025

BILL AMENDED:

SUBJECT: Prekindergarten Program Enrollment.

FIRST AUTHOR: Rep. Miller K

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill amends the definition of "eligible child" for purposes of the prekindergarten program (On My Way Pre-K). It removes provisions regarding the program that require: (1) the Office of the Secretary of Family and Social Services (FSSA) to determine the number of eligible children who will participate in the program; and (2) a percentage of matching funds from other sources.

The bill establishes the Prekindergarten Expansion Grant Fund to provide grants to potential eligible providers and existing eligible providers. It makes a continuous appropriation to the Prekindergarten Program Fund from the state General Fund in an amount sufficient to carry out the purposes of the fund. It also makes an appropriation to the Prekindergarten Expansion Grant Fund from the state General Fund.

The bill repeals certain provisions regarding the definitions of "eligible child", "extended enrollment period", "limited eligibility child", "priority enrollment period", "child care employee", and "child of a child care employee". It repeals or removes provisions regarding prekindergarten vouchers for limited eligibility children and children of child care employees. It also makes conforming changes.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Vouchers:* The bill expands the eligibility criteria for On My Way Pre-K (OMWPK), removes the maximum state contribution to vouchers, and continuously appropriates to the Prekindergarten Program Fund, for FY 2027 and FY 2028, an amount required to fund the OMWPK voucher program. This is projected to increase state expenditures by \$17.23 M for the children who are currently enrolled in the program or are currently on the program's waitlist; however, the full increase in state expenditures will depend on the number of additional children that receive a voucher under the bill.

There are currently 2,399 children that are either enrolled or on the program's waitlist. The bill's expanded eligibility criteria is estimated to increase the number of children eligible for the program to 77,350 (exclusive of those currently enrolled or on the waitlist). Each additional child that enrolls in the program is estimated to increase state expenditures by \$13,202 per year. However, the actual increase in program enrollment will be limited due to provider capacity and demand for prekindergarten care.

Expansion Grants: This bill establishes the Prekindergarten Expansion Grant Fund, administered by FSSA, to provide grants to potential and existing eligible prekindergarten providers. The bill appropriates \$50 M in FY 2027 and \$75 M in FY 2028 to the fund. Money in the fund is continuously appropriated and consists of appropriations, grants, and gifts. Expenses for administering the fund shall be paid from the fund.

Workload: Workload for FSSA will increase to manage increased voucher and grant disbursements, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on administrative actions.

Additional Information:

Vouchers: Eliminating the maximum state contribution to vouchers is estimated to increase OMWPK vouchers from the current annual maximum of \$6,800 to \$13,202 for all participants, regardless of family income, conditioned on the work, education, or training status of a parent or guardian. The voucher estimate of \$13,202 is based on actual weekly voucher data provided by FSSA for FY 2025.

This estimate assumes that an individual will receive a voucher for all 46 weeks of the program. As of September 2025, a total of 2,124 children were enrolled in the program and 275 children were on the waitlist. Assuming similar demand in future years, increasing the current voucher amount for the number of children enrolled, and funding the existing waitlist at \$13,202 per child, will increase state expenditures by an estimated \$17.23 M per year.

Based on Census Microdata, it is estimated that the number of children eligible for the program will expand to 77,350 (in addition to those currently enrolled or on the waitlist). However, this figure could increase further as it only accounts for the number of four-year-olds who have at least one parent or guardian employed, but does not include the number who are living with a parent or guardian that is taking part in education or training activities (rather than being employed), as this population is unknown.

The estimate assumes CCDF dollars will not be used to co-fund OMWPK vouchers.

Expansion Grants: The Prekindergarten Expansion Grant Fund is expected to increase the capacity of eligible OMWPK providers. Assuming program enrollment will be limited by provider eligibility, overall expenditures for OMWPK vouchers are expected to increase as expansion grants are distributed and program capacity grows.

Explanation of State Revenues: Match Component: This bill removes the requirement that at least 5%, but not more than 50%, of the tuition for vouchers or grants for expansion plans be paid for using non-state funds. Currently, all childcare providers are required to secure or provide a match component of at least 5%. Eliminating this match requirement is estimated to decrease revenue to the Pre-K Education Pilot Fund by up to \$722,000 annually, based on current enrollment levels.

Explanation of Local Expenditures: On My Way Pre-K Enrollment: Locally owned child care facilities will no longer be required to secure or provide a 5% match for OMWPK enrollments. Also, workload may increase for these facilities if OMWPK enrollment increases as a result of the bill.

Expansion Grants: If a locally owned child care facility applies for and receives an expansion grant, their expenditures will increase to comply with the requirements of the grant.

Explanation of Local Revenues: *On My Way Pre-K Enrollment:* Revenue may increase for locally owned child care facilities whose OMWPK enrollment increases as a result of the bill.

Expansion Grants: If a locally owned child care facility applies for and receives an expansion grant, their revenue will increase.

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected: Locally owned child care facilities.

Information Sources: <https://www.in.gov/fssa/carefinder/files/AnnualQualityProgressReport.pdf>;
<https://www.in.gov/fssa/files/FSSA-1Q26-QFR10-25.pdf>;
https://content.govdelivery.com/bulletins/gd/INOECOSL-3e325d0?wgt_ref=INOECOSL_WIDGET_1;
U.S. Census Bureau. ACS 1-Year Estimates Public Use Microdata Sample, 2023;
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