

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

LS 6425

BILL NUMBER: SB 84

NOTE PREPARED: Dec 4, 2025

BILL AMENDED:

SUBJECT: Prekindergarten and Child Care.

FIRST AUTHOR: Sen. Qaddoura

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: *CCDF Vouchers:* This bill requires the Office of the Secretary of Family and Social Services (FSSA) to apply to the United States Department of Health and Human Services to amend the state plan for the federal Child Care and Development Fund (CCDF) voucher program to increase the maximum initial eligibility limit for purposes of initial eligibility to 150% of the federal poverty level (FPL). It requires FSSA to fully fund (1) each eligible applicant for a CCDF voucher payment; and (2) eligible CCDF provider reimbursement rates at a specified rate. It provides that FSSA may not place an eligible CCDF applicant on a waiting list.

On My Way Pre-K (OMWPK): The bill provides that an eligible child for the Prekindergarten Program (On My Way Pre-K) is an individual who, among other conditions, is a member of a household with an annual income that does not exceed 150% of the FPL (instead of 135% for individuals enrolled on or after May 1, 2025, under current law). It removes the limitation on state money that may be used for a prekindergarten voucher during a state fiscal year. It also requires FSSA to establish reimbursement rates for prekindergarten providers that are equal to or greater than the rates established that were in effect on January 1, 2025. It makes an appropriation to the Prekindergarten Program Fund.

Effective Date: Upon passage.

Summary of NET State Impact: The bill is estimated to increase net state expenditures by \$111.82 M to \$183.82 M in FY 2026 and \$486.96M to \$806.47 M each year for FY 2027 and FY 2028. [Net state impact totals may differ slightly from state expenditure and state revenue estimates due to rounding.]

Explanation of State Expenditures: The bill increases reimbursement rates for child care providers, expands eligibility criteria, and adjusts waitlist regulations for the CCDF and OMWPK voucher programs. This is estimated to increase state expenditures per year by the following amounts:

Fiscal Year	CCDF	OMWPK	Total Expenditures
FY 2026	\$110.1 M - \$177.0 M	\$1.8 M - \$7.2 M	\$111.9. M - 184.2 M
FY 2027	\$477.3 M - \$766.8 M	\$10.1 M - \$41.8 M	\$487.4 M - \$808.6 M
FY 2028	\$477.3 M - \$766.8 M	\$10.1 M - \$41.8 M	\$487.4 M - \$808.6 M

Source: OFMA analysis of On My Way Pre-K and CCDF weekly voucher data

Additional Information - All estimates are based on FSSA weekly voucher data.

CCDF Voucher Program: The bill continuously appropriates to FSSA for FY 2027 and FY 2028 an amount needed to carry out the CCDF program as prescribed in the bill. This is projected to increase annual expenditures by \$477.3 M for the 74,481 children who are currently receiving vouchers or are on the program's waitlist; however, the maximum estimated increase in state expenditures will depend on the number of additional children that receive a voucher under the bill. It is estimated that expanding eligibility to 150% of the FPL will increase the number of children eligible for CCDF vouchers by 25,844. Each additional child that enrolls in the program is estimated to increase state expenditures by up to \$11,200 per year. [Under current policy, annual expenditures are estimated at \$8,120 per voucher.]

On My Way Pre-K (OMWPK): The bill continuously appropriates to the Prekindergarten Program Fund, for FY 2027 and FY 2028 an amount needed to carry out the purposes of the fund. The bill is projected to increase annual expenditures for OMWPK by \$10.2 M for the 2,140 children who are currently receiving vouchers or are on the program's waitlist; however, the maximum estimated increase in state expenditures will depend on the number of additional children that receive a voucher as a result of the bill. If the program reaches its previous peak weekly voucher distribution of 6,977 (6,235 eligible and 735 limited eligibility children), expenditures may increase by an additional \$31.6 M annually.

Workload: This bill will increase workload for FSSA to process additional vouchers and update program requirements, but should be able to be implemented using existing staff and resources.

Explanation of State Revenues: *OMWPK Match Component:* All OMWPK childcare providers are required to secure or provide a match component of at least 5% for OMWPK enrollments. Based on LSA's estimated increase in enrollment, the bill will increase revenue to the Prekindergarten Program Fund by between \$87,000 and \$362,000 in FY 2026 and \$0.5 M and \$2.1 M annually in FY 2027 and FY 2028.

Explanation of Local Expenditures: *OMWPK Match Component:* The bill will result in an increase in enrollments and average voucher amounts which may result in increased expenditures for locally owned childcare providers who receive OMWPK vouchers to meet the 5% match requirement. [Matching funds may come from any non-state source, including private, non-profit, and other sources of local funding.

Workload: Workload may increase for locally owned child care facilities whose OMWPK or CCDF enrollments increase as a result of the bill.

Explanation of Local Revenues: Revenue may increase for locally owned child care facilities whose OMWPK or CCDF enrollments increase as a result of the bill.

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected: Locally owned child care facilities.

Information Sources: Susan McKinney, FSSA;
U.S. Census Bureau. ACS 1-Year Estimates Public Use Microdata Sample, 2023;
www.in.gov/fssa/files/FSSA-1Q26-QFR10-25.pdf.

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