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FISCAL IMPACT STATEMENT

LS 6869

BILL NUMBER: HB 1500

NOTE PREPARED: Jan 1, 2013

BILL AMENDED:

SUBJECT: Funding for the Reach out and Read Program.

FIRST AUTHOR: Rep. Wesco

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Division of Family Resources (DFR) to donate 0.5% of discretionary funds the state receives from the federal Child Care Development Fund Block Grant to support Reach Out and Read.

Effective Date: July 1, 2013.

Explanation of State Expenditures: This bill requires the DFR to donate \$250,000 from the federal Child Care Development Fund (CCDF) Block Grant to the Reach Out and Read program. Depending on the decision of DFR administrators, this bill (because of federal requirements on the acceptable uses of CCDF funds) could either decrease revenue the state receives from the CCDF drawdown or increase state expenditures to replace funds that are donated to the Reach Out and Read program.

Additional Information: For FFY 2011, Indiana received approximately \$50 M in discretionary funds from the federal CCDF Block Grant.

The DFR receives three separate funding streams from the federal CCDF program; matching, mandatory, and discretionary funds. The use of funds received from all three funding sources (including discretionary funds) are regulated by federal rules. The FSSA reports there is little discretion the state can use in how these funds are spent.

The DFR is required to spend no more than 5% of CCDF funds on administrative costs and no less than 4%

on quality improvements. According to federal guidelines, child reading programs may not constitute quality improvements under the CCDF program and therefore may not be eligible to receive CCDF funding. Allocating CCDF funds to programs that do not meet federal guidelines governing the use of funds could result in a loss of federal revenue the state receives from the CCDF drawdown.

However, if DFR allocates approximately \$250,000 in CCDF funds to the Reach Out and Read program, program administrators could decide to allocate \$250,000 of General Funds to make up for the donation so that federal drawdown funds are not affected. To this extent, the bill could increase state expenditures.

Explanation of State Revenues: See *Explanation of State Expenditures.*

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DFR.

Local Agencies Affected:

Information Sources: Christina Hage, FSSA.

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