



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1164

PRINTERS NO. 1852

PRIME SPONSOR: Murt

COST / (SAVINGS)

| FUND | FY 2014/15 | FY 2015/16 |
|--------------|------------|-------------------|
| General Fund | \$0 | See Fiscal Impact |

SUMMARY: House Bill 1164, Printer's Number 1852, amends the Public Welfare Code to modify the Copayments for Subsidized Child Care section, expand the maximum income limit to remain eligible for subsidized services and provide incentives for those receiving the subsidy to engage in more wage-earning work hours. This legislation is effective in 60 days.

ANALYSIS: This legislation will require the child care subsidy copayment to be calculated based on a percentage of the adjusted gross income (AGI) of a family, taking into account federal poverty levels (FPL). The maximum income limit for subsidized child care services is increased from 235% FPL to 300% FPL. The income limit for initial eligibility remains less than or equal to 200% FPL. Copayments for child care will start at a minimum of \$5 per week and shall not exceed:

- 8% of AGI for those 100% or less of FPL
- 11% of AGI for those between 100% and 250% of FPL
- 13% of AGI for those between 250% and 275% of FPL
- 15% of AGI for those between 275% and 300% of FPL

This legislation also creates child care copayment reduction incentives to encourage increasing the family's adjusted gross income by working additional wage-earning hours. A family can reduce their child care copayment as follows:

- .75% reduction for at least 25 wage-earning hours per parent
- 1.5% reduction for at least 30 wage-earning hours per parent
- 2.25% reduction for at least 35 wage-earning hours per parent
- 3% reduction for at least 40 or more wage-earning hours per parent

To qualify for the reduction in the child care copayment, the family must provide documentation to the Department of Human Services (DHS) every 12 months. A family that has qualified for the reduction in child care copayments will remain eligible so long as they:

- Are under 300% FPL
- Are in compliance with the documentation requirements
- Continue to exceed the minimum work requirements

- Have increased their family adjusted gross income by working additional wage-earning hours
- Are current with making their copayment to the child care provider

FISCAL IMPACT: In the first full year after implementation, it is estimated to cost an additional \$8,245,000 for almost 1,000 families who are near the current income limit to remain in the subsidized child care program beyond 235% FPL and an additional \$7,274,000 for approximately 11,600 families who are projected to earn a reduction in their copayment obligations by working additional wage earning hours. DHS estimates costs of \$1,500,000 for IT system changes necessary to implement this legislation. Based on availability, federal Child Care Development Funds and Temporary Assistance for Needy Families funding may be able to be utilized to cover the increased costs.

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House Appropriations Committee (R)

DATE: June 23, 2015

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.