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FISCAL IMPACT REPORT

ORIGINAL DATE 1/18/08

SPONSOR King LAST UPDATED _____ HB 162

SHORT TITLE CYFD Child Care Program Eligibility SB _____

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$3,800.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB188

Relates to Appropriation in the General Appropriation Act

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$64.4	\$64.4	\$128.8	recurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

SUMMARY

Synopsis of Bill

House Bill 162 appropriates \$3.8 million from the general fund to Children, Youth and Families to increase eligibility for the child care program and increase provider rates. The bill specifies \$2.8 million is to expand eligibility for child care programs to two hundred percent of the federal poverty level (FPL) and \$1.0 million is to increase the reimbursement rate for licensed child care providers.

FISCAL IMPLICATIONS

The appropriation of \$3.8 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of 2009 shall revert to the general fund.

This appropriation is not included in the Executive recommendation.

SIGNIFICANT ISSUES

Currently, CYFD assists working families earning up to 165 percent of the federal poverty level (FPL) by helping them pay for the high cost of quality child care through full or partial payments (offset by co-payments) to providers chosen by the family. Assistance is based primarily on the income of working families, the hours that parents are involved in work or an approved training or education experience, and the amount of child care needed.

The Children, Youth and Families Department (CYFD) projects \$2.8 million could serve 882 new clients by increase eligibility from 165 percent to 200 percent of FPL in FY09. Approximately \$6.2 million would be required in FY10 to remain at 200% FPL without running waiting lists. The increase in FY10 over the FY09 estimated cost is the direct result of the program “ramping up” to serve additional families who would be eligible for child care at 200 percent of the FPL, and then continuing to serve these families in FY10.

Funding for expanded eligibility and increasing the reimbursement rate for licensed child care providers was not included in the Executive recommendation.

PERFORMANCE IMPLICATIONS

CYFD maintains performance measures focusing on the number of children served through the child care assistance program as well as measures focusing on the quality of child care received by subsidized children.

ADMINISTRATIVE IMPLICATIONS

An increase in funding for childcare assistance to two hundred percent of the federal poverty level would require two additional eligibility interviewers at an estimated annual cost of \$128,800. Funding for these additional staff is not contained in this bill.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates SB188.

TECHNICAL ISSUES

None identified.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

None identified.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

POSSIBLE QUESTIONS

None at this time.

DL/nt