

**Date of State Budget Office Approval:**

**Date Requested:** Monday, May 19, 2014

**Date Due:** Thursday, May 29, 2014

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2014	N/A	FY 2014	\$0
FY 2015	Indeterminate	FY 2015	\$0
FY 2016	Indeterminate	FY 2016	\$0

**Explanation by State Budget Office:**

This bill increases the income eligibility ceiling for low-income subsidized child care (the "Child Care Assistance Program") from 180 percent of the Federal Poverty Level (FPL) to 225 percent of FPL, provided the family was initially eligible for the program due to income at or below 180 percent of FPL. Effectively, this bill prevents the disqualification of existing beneficiaries of the Child Care Assistance Program as their income increases beyond the initial eligibility standard (180 percent of FPL). Only after family income exceeds 225 percent of FPL would the family in question be rendered ineligible for the program. Please note that this bill, as currently drafted, would continue to disallow new entrants to the program where family income exceeded 180 percent of FPL. This bill, therefore, serves only to modify the income limit for continuing eligibility, not that of initial eligibility (which would remain at 180 percent of FPL).

This Act represents a permanent extension of the provisions of Article 18 of the FY 2014 Appropriations Act, which created the temporary "Child Care Subsidy Transition Program", commencing on October 1, 2013, and expiring on September 30, 2014.

**Comments on Sources of Funds:**

The Child Care Assistance Program (CCAP) is financed through appropriations of general revenues, as well as a series of federal grants derived from several sources: (1) Rhode Island's standard TANF block grant; (2) the Child Care and Development Block Grant; (3) Matching Funds provided under the Child Care Development Fund (CCDF) according to the prevailing FMAP; and (4) A partial allocation of the Social Services Block Grant (SSBG), commonly referred to as Title XX.

**Summary of Facts and Assumptions:**

1. It is assumed that the bill will take effect as of July 1, 2014. Therefore, no fiscal impact in FY 2014 is presumed.
2. Clearly, the provision set forth by this legislation would expose the Child Care Assistance Program to heightened expenditure requirements, which are determined biannually at the Caseload Estimating Conference (CEC). The incremental cost to the program presented by this bill is dependent on the following variables:
  - (a) The volume of CCAP beneficiaries whose incomes rise above the initial eligibility ceiling (180 percent of FPL), while remaining at or below 225 percent of FPL during the applicable fiscal year.
  - (b) The average annual cost per child care subsidy, for which the November 2013 CEC adopted estimate is \$7,100 for FY 2015.
  - (c) The fiscal year timing of the upward shift(s) of (beneficiary) family income into

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the 180 - 225 percent of FPL bracket. All else being equal, the later in the fiscal year these shifts occur (on average), the lower the incremental program cost for that year.

Of these three factors, fully objective data is currently only available for (b), which is determined at CEC. While there is some preliminary empirical data surrounding the caseload dynamics of (a) due to the start of the Transition Program on October 1, 2013, such incipient data cannot yet be reliably utilized for predictive purposes. Thus, available historical data does not permit a reliable out-year estimate of either (a) or (c) above. As such, the fiscal impact is reported as indeterminate for FY 2015 and FY 2016.

*Summary of Fiscal  
Impact:*

FY 2014: N/A  
FY 2015: Indeterminate  
FY 2016: Indeterminate

Budget Office Signature:

*Thomas A. McLane*

Fiscal Advisor Signature:

*Charles Plungis*  
*See attached  
commit*

**House Fiscal Advisor Comments H 7421:**



During the May Caseload Estimating Conference, the Department indicated that an average of 32 children per month have become eligible for the program since the pilot began in October 2013, allowing this provision. The Department's testimony indicates that the estimated cost will be \$301,396 for the first quarter of FY 2015 with an average of 14 additional children per month for a total of 272 children by September. When the experienced trends are continued and adjusted for the May Caseload adopted cost per case, expanding the pilot through the full fiscal year will cost \$1.1 million in FY 2015 and \$1.5 million in FY 2016.