



**State Fiscal Note for Bill
Number: 2012-H-7105**

Date of State Budget Office Approval: Thursday, April 12, 2012

Date Requested: Thursday, April 05, 2012

Date Due: Sunday, April 15, 2012

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>
FY 2012	N/A	FY 2012
FY 2013	Indeterminate	FY 2013
FY 2014	Indeterminate	FY 2014

**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).

**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, 2012. Therefore, no fiscal impact in FY 2012 is presumed.
2. The Department of Human Services (DHS) anticipates that implementation of this provision would entail significant InRhodes (i.e. eligibility determination system) reprogramming costs. These (non-recurring) expenditures are estimated at approximately \$100,000 in FY 2013.
3. 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 dependant 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 2011 CEC adopted estimate is \$7,200 for FY 2013.

(c) The fiscal year timing of the upward shift(s) of (beneficiary) family income into 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, objective data is only available for (b), which is determined at CEC. While DHS collects data on families exiting CCAP during the course of a fiscal year, this data is not in any way disaggregated by the various causes of exit. 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 2013 and FY 2014.

Summary of Fiscal Impact:

FY 2012: N/A
FY 2013: Indeterminate
FY 2014: Indeterminate

Fiscal Advisor's Approval:

Signature:

