

FIRST REGULAR SESSION

# HOUSE BILL NO. 965

## 100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE QUADE.

1857H.011

DANA RADEMAN MILLER, Chief Clerk

### AN ACT

To repeal section 208.053, RSMo, and to enact in lieu thereof one new section relating to the hand-up program.

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 208.053, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 208.053, to read as follows:

208.053. 1. The provisions of this section shall be known as the "Low-Wage Trap Elimination Act". In order to more effectively transition persons receiving state-funded child care subsidy benefits under this chapter, the children's division, in conjunction with the department of revenue, shall, subject to appropriations, by ~~[January]~~ **July 1, [2013] 2020**, implement a pilot program in ~~[at least one rural county and in at least one urban child care center that serves at least three hundred families]~~ **a county with a charter form of government and with more than six hundred thousand but fewer than seven hundred thousand inhabitants and a county of the first classification with more than two hundred sixty thousand but fewer than three hundred thousand inhabitants**, to be called the "Hand-Up Program", to allow ~~[willing recipients who wish to participate]~~ **applicants** in the program to ~~[continue to]~~ receive ~~[such]~~ **transitional** child care ~~[subsidy]~~ benefits ~~[while sharing in the cost of such benefits through the payment of a premium, as follows:]~~ **without the requirement that such applicants first be eligible for full child care benefits. An applicant shall not be approved to participate in the hand-up program unless the applicant is a client of an approved 501(c)(3) organization, as described in subdivision (2) of this subsection.**

(1) For purposes of this section, "full child care benefits" shall be the full benefits awarded to a recipient based on the income eligibility amount established by the division through

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 the annual appropriations process as of August 28, ~~[2012]~~ **2019**, to qualify for the benefits and  
19 shall not include the transitional child care benefits that are awarded to recipients whose income  
20 surpasses the eligibility level for full benefits to continue. The hand-up program shall be  
21 voluntary and shall be designed such that ~~[a participating recipient will not be faced with a~~  
22 ~~sudden loss of child care benefits should the recipient's income rise above the maximum~~  
23 ~~allowable monthly income for persons to receive full child care benefits as of August 28, 2012.~~  
24 ~~In such instance, the recipient shall be permitted to continue to receive such benefits if the~~  
25 ~~recipient pays a premium, to be paid via a payroll deduction if possible, to be applied only to that~~  
26 ~~portion of the recipient's income above such maximum allowable monthly income for the receipt~~  
27 ~~of full child care benefits as follows:~~

28 ~~—— (a) The premium shall be forty-four percent of the recipient's excess adjusted gross~~  
29 ~~income over the maximum allowable monthly income for the applicable family size for the~~  
30 ~~receipt of child care benefits;~~

31 ~~—— (b) The premium shall be paid on a monthly basis by the participating recipient, or may~~  
32 ~~be paid on a different periodic basis if through a payroll deduction consistent with the payroll~~  
33 ~~period of the person's employer;~~

34 ~~—— (c) The division shall develop a payroll deduction program in conjunction with the~~  
35 ~~department of revenue, and shall promulgate rules for the payment of premiums, through such~~  
36 ~~payroll deduction program or through an alternate method to be determined by the division, owed~~  
37 ~~under the hand-up program; and~~

38 ~~—— (d) Participating recipients who fail to pay the premium owed shall be removed~~  
39 ~~permanently from the program after sixty days of nonpayment;~~

40 ~~—— (2) Subject to the receipt of federal waivers if necessary, participating recipients shall~~  
41 ~~be eligible to receive child care service benefits at income levels all the way up to the level at~~  
42 ~~which a person's premium equals the value of the child care service benefits received by the~~  
43 ~~recipient;~~

44 ~~—— (3) Only those recipients who currently receive full child care benefits as of joining the~~  
45 ~~program and who had been receiving full child care service benefits for a period of at least four~~  
46 ~~months prior to implementation by the division of this program shall be eligible to participate~~  
47 ~~in the program. Only those recipients who agree to the terms of the hand-up program during a~~  
48 ~~ninety-day sign-up period shall be allowed to participate in the program, pursuant to rules to be~~  
49 ~~promulgated by the division; and~~

50 ~~—— (4) an applicant may begin receiving the transitional child care benefit without~~  
51 ~~having first qualified for the full child care benefit or any other tier of the transitional child~~  
52 ~~care benefit. Under no circumstances shall any applicant be eligible for the hand-up~~

53 **program if the applicant's income does not fall within the transitional child care benefit**  
54 **income limits established through the annual appropriations process.**

55 **(2) The division shall promulgate rules and procedures for approving 501(c)(3)**  
56 **organizations as described in this subsection. The division shall only approve 501(c)(3)**  
57 **organizations which are assisting vulnerable individuals, families, or foster children in**  
58 **gaining access to community resources or education.**

59 **(3) A participating recipient shall be allowed to opt out of the program at any time, but**  
60 **such person shall not be allowed to participate in the program a second time.**

61 2. The division shall track the number of participants in the hand-up program~~], premiums~~  
62 ~~and taxes paid by each participant in the program and the aggregate of such premiums and taxes,~~  
63 ~~as well as the aggregate of those taxes paid on income exceeding the maximum allowable~~  
64 ~~income for receiving full child care benefits outside the hand-up program,] and shall issue an~~  
65 ~~annual report to the general assembly by [January] September 1, [2014] 2021, and annually on~~  
66 ~~[January] September first thereafter, detailing the effectiveness of the pilot program in~~  
67 ~~encouraging recipients to [increase their income levels above the income maximum applicable~~  
68 ~~to each recipient] secure employment earning an income greater than the maximum wage~~  
69 **eligible for the full child care benefit.** The report shall also detail the costs of administration  
70 and the increased amount of state income tax paid ~~[and premiums paid]~~ as a result of the  
71 program, as well as an analysis of whether the pilot program could be expanded to include other  
72 types of benefits including but not limited to food stamps, temporary assistance for needy  
73 families, low-income heating assistance, women, infants and children supplemental nutrition  
74 program, the state children's health insurance program, and MO HealthNet benefits.

75 3. The division shall pursue all necessary waivers from the federal government to  
76 implement the hand-up program ~~[with the goal of allowing participating recipients to receive~~  
77 ~~child care service benefits at income levels all the way up to the level at which a person's~~  
78 ~~premium equals the value of the child care service benefits received by the recipient].~~ If the  
79 division is unable to obtain such waivers, the division shall implement the program to the degree  
80 possible without such waivers.

81 4. ~~[(1) There is hereby created in the state treasury the "Hand-Up Program Premium~~  
82 ~~Fund" which shall consist of premiums collected under this section. The state treasurer shall be~~  
83 ~~custodian of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may~~  
84 ~~approve disbursements. The state treasurer shall invest moneys in the fund in the same manner~~  
85 ~~as other funds are invested. Any interest and moneys earned on such investments shall be~~  
86 ~~credited to the fund. Notwithstanding the provisions of section 33.080 to the contrary, any~~  
87 ~~moneys remaining in the fund at the end of the biennium shall not revert to the credit of the~~  
88 ~~general revenue fund.~~

89 ~~—— (2) All premiums received under the program shall be deposited in the fund, out of which~~  
90 ~~the cost of administering the hand-up program shall be paid, as well as the necessary payments~~  
91 ~~to the federal government and to the state general revenue fund. Child care benefits provided~~  
92 ~~under the hand-up program shall continue to be paid for as under the existing state child care~~  
93 ~~assistance program.~~

94 ~~—— 5. After the first year of the program, or sooner if feasible, the cost of administering the~~  
95 ~~program shall be paid out of the premiums received. Any premiums collected exceeding the cost~~  
96 ~~of administering the program shall, if required by federal law, be shared with the federal~~  
97 ~~government and the state general revenue fund in the same proportion that the federal~~  
98 ~~government shares in the cost of funding the child care assistance program with the state.~~

99 ~~—— 6.] Any rule or portion of a rule, as that term is defined in section 536.010, that is created~~  
100 ~~under the authority delegated under this section shall become effective only if it complies with~~  
101 ~~and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This~~  
102 ~~section and chapter 536 are nonseverable and if any of the powers vested with the general~~  
103 ~~assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and~~  
104 ~~annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and~~  
105 ~~any rule proposed or adopted after August 28, [2012] 2019, shall be invalid and void.~~

106 [7.] 5. Pursuant to section 23.253 of the Missouri sunset act:

107 (1) The provisions of the new program authorized under this section shall sunset  
108 automatically three years after August 28, [2014] 2019, unless reauthorized by an act of the  
109 general assembly; and

110 (2) If such program is reauthorized, the program authorized under this section shall  
111 sunset automatically [six] three years after the effective date of the reauthorization of this  
112 section; and

113 (3) This section shall terminate on September first of the calendar year immediately  
114 following the calendar year in which the program authorized under this section is sunset.

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