



February 11, 2024

SUMMARY OF BILL: Requires the Department of Human Services (DHS) to eliminate co-payment requirements for individuals who are receiving child care payment assistance through DHS programs if the household income is at or below 150 percent of the federal poverty level (FPL). Limits co-payment requirements to no more than seven percent of household income for households with income above 150 percent FPL. Authorizes DHS to seek a federal waiver or other authorization necessary to implement the revised co-payment requirements. Requires DHS to offset the annual loss in revenue that results from the resulting from elimination and limitation of co-payments by utilizing unexpended Temporary Assistance for Needy Families (TANF) program funds from the same fiscal year.

FISCAL IMPACT:

Increase Federal Expenditures – \$24,155,300/FY24-25 and Subsequent Years/CCDF

Assumptions:

- DHS currently pays for the majority of costs of child care for parents whose income is below 85 percent of the state median income (SMI) under the Smart Steps program, which is federally funded by the Child Care Development Fund (CCDF).
- Currently, 100 percent FPL for a family of three is \$25,820 per year, while 100 percent SMI for a family of three is \$50,344 per year.
- Therefore, 150 percent FPL is equal to 77 percent $[(150\% \times \$25,820) / \$50,344]$ SMI.
- According to information provided by DHS, as of January 30, 2024, there were approximately 16,000 children receiving child care payment assistance.
- Approximately 57.3 percent of these children are at or below 51 percent SMI, 14.6 percent are between 51 and 60 percent SMI, and 28.2 percent are at 60 to 85 percent SMI.
- Assuming equal distribution in the 60 to 85 percent SMI range, 19.2 percent of children served are between 60 to 77 percent SMI.
- Therefore, it is estimated that 14,576 $[16,000 \text{ children} \times (57.3\% + 14.6\% + 19.2\%)]$ children are at or below 77 percent SMI.
- The average monthly co-payment for children below 77 percent SMI for a family of three is \$138.10.
- By eliminating the required copayment for these individuals, there will be an increase in federal expenditures under the CCDF of \$24,155,347 $(\$138.10 \times 14,576 \times 12 \text{ months})$ in FY24-25 and subsequent years.

- DHS's co-payment rates for individuals above 150 percent FPL are currently below seven percent of household income; therefore, the proposed legislation will not result in any change to the current co-payment amount for these individuals.
- DHS will not be required to submit a waiver for the proposed legislation as the proposed changes are allowable under current CCDF regulations; instead, DHS would need to simply submit an amended state plan.
- The proposed legislation requires any "loss in revenue" be offset by unexpended TANF funds for the same fiscal year; however, the proposed legislation will not result in a loss in revenue as the requirements of the legislation impact expenditures of federal funding by the department. Therefore, any impact on TANF funding is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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