

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB 663

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Surovell, Scott A.

3. Committee: Health, Welfare and Institutions

4. Title: Child care subsidies; time limits

5. Summary: The proposed legislation requires that fee child care subsidies be made available to eligible families without any time limitations so long as the family continues to meet financial and other criteria established in regulations by the Board of Social Services.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2012	-	-
2013	\$23,784,192*	General Fund
2014	\$71,354,880	General Fund
2015	\$71,354,880	General Fund
2016	\$71,354,880	General Fund
2017	\$71,354,880	General Fund
2018	\$71,354,880	General Fund

*Assumes six months of additional expenditures.

8. Fiscal Implications: The Fee Subsidy Child Care Program is currently a non-mandated service that provides assistance, to the extent that funding is available, to eligible families with the cost of child care. This program provides child care subsidies on a sliding fee scale basis to income eligible working families who are at risk of becoming recipients of public assistance. In FY 2011, a total of 26,286 children (15,229 families) participated in this program and received subsidized child care services. There are currently 10,323 children on the official statewide waiting list for subsidized fee child care services; however, the total population of eligible children is assumed to be significantly higher since many local departments limit the number of children on their waiting lists.

The bill's provision to eliminate potential time limits on the receipt of fee child care subsidies is not expected to have any direct fiscal impact. Since program spending is limited to available funding, this provision would allow current recipients to continue to receive subsidies and limit movement from waitlists. However, in addition to removing any time constraint on the receipt of a child care subsidy, the bill would also require that subsidies be

made available to all eligible children, thereby effectively mandating the fee based child care program and significantly increasing costs.

The bill's provision to eliminate any potential time limit on the receipt of fee child care subsidies is not expected to have any direct fiscal impact. Since program spending is limited to funding available this bill would only serve to allow current recipients to continue to receive subsidies and limit movement from waitlists. However, in addition to removing any time constraint on the receipt of a child care subsidy, the bill would also require that subsidies be made available to all eligible children, thereby effectively mandating the fee based child care program and significantly increasing costs. It is assumed that all children currently on local waitlists will become eligible and begin receiving subsidies in FY 2013 (any potential reductions to the existing waitlist would be more than offset by new non-waitlist children). Furthermore, these children would, on average, receive approximately six months of fee child care services in the first year and 12 months of child care services each year thereafter. In FY 2011, the average cost per child per month for child care was \$384. As a result, the additional cost to provide fee child care subsidies to eligible children would be \$23,784,192 ($10,323 \times \384×6) in FY 2013. Historically, when child care waiting lists decline, the number of children eligible for child care services increases by the second year. As such, it is assumed that the number of additional children provided fee child care services would increase by 50 percent in FY 2014 and remain constant in future years. It is estimated that 15,485 ($10,323 \times 1.5$) additional children would be provided fee child care services beginning in FY 2014. Based on this, the additional cost to provide fee child care services to eligible children would be \$71,354,880 ($15,485 \times \384×12) in FY 2014 and thereafter.

The proposal would also have an impact on the staffing needs in the local departments of social services (LDSS). However, based on recent policy and technology changes in the department additional information must be gathered before a cost estimate can be provided. Further analysis will be conducted and this statement revised when the fiscal impact on agency administration has been determined.

9. Specific Agency or Political Subdivisions Affected: Department of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/19/12

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