

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	3,572,316		3,643,762	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>3,572,316</b>		<b>3,643,762</b>	

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill increases the income eligibility requirements for families qualifying for the Child Care Subsidy Program from 120% of federal poverty guidelines to 185%.

Prior to July 2002, the income limit for the child care subsidy was 185% of federal poverty guidelines. At the time, approximately 37% of the children receiving the subsidy were in families with incomes between 120% and 185%. At that time, 4,183 children qualified for the low-income subsidy program with 1,563 above the 120% threshold. As of November 2006, there are 1,488 children covered by the subsidy. Using the same ratio from the time when the income eligibility was up to 185% of poverty, 873 children would be added. The average state cost (net of the fees paid by the parents) per child currently on transition assistance which covers families with incomes up to 185% of poverty is \$316 per month. Starting July 1, 2008, funds have been requested to comply with the statutory requirement that rates be adjusted every other year by an amount no less than the 60<sup>th</sup> percentile and no more than the 75<sup>th</sup> percentile of a market rate survey the department conducts. The increase is projected to be 6%. Utilization is projected to be 2%. In FY 2008 the average cost per child would be \$341 per month. The total cost in FY 2008 would be \$3,572,316. Assuming a 2% utilization increase in FY 09, the cost would be \$3,643,762. Federal child care funds are provided through a block grant, and therefore, the amount is capped. All additional costs would be paid by general funds.

The agency used different assumptions in calculating the potential impact. Those assumptions and the analysis of the costs are shown in the fiscal note for the Department of Health and Human Services Finance and Support.