

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version:	CSHB 89(HSS)
Fiscal Note Number:	1
(H) Publish Date:	5/1/2023

Identifier: HB089-DOH-CCB-2-27-23
 Title: DAY CARE ASSIST./CHILD CARE GRANT PROGRAM
 Sponsor: COULOMBE
 Requester: (H)HSS

Department: Department of Health
 Appropriation: Public Assistance
 Allocation: Child Care Benefits
 OMB Component Number: 1897

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2024 Appropriation Requested	Included in Governor's FY2024 Request	Out-Year Cost Estimates					
			FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OPERATING EXPENDITURES								
Personal Services	151.5		151.5	151.5	151.5	151.5	151.5	151.5
Travel								
Services	28.0		28.0	28.0	28.0	28.0	28.0	28.0
Commodities	8.0		2.0	2.0	2.0	2.0	2.0	2.0
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	187.5	0.0	181.5	181.5	181.5	181.5	181.5	181.5

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	8.3		8.0	8.0	8.0	8.0	8.0	8.0
1003 GF/Match (UGF)	7.1		6.9	6.9	6.9	6.9	6.9	6.9
1004 Gen Fund (UGF)	172.1		166.6	166.6	166.6	166.6	166.6	166.6
Total	187.5	0.0	181.5	181.5	181.5	181.5	181.5	181.5

Positions

Full-time	2.0							
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2023) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2024) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Initial version

Prepared By: Christina Hulquist	Phone: (907)419-7565
Division: Public Assistance	Date: 03/10/2023 09:20 PM
Approved By: Josie Stern, Assistant Commissioner	Date: 03/10/23
Agency: Department of Health	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2023 LEGISLATIVE SESSION

Analysis

The intent of the proposed legislation increases funding available under the Child Care Assistance Program (CCAP). CCAP currently pays child care providers on behalf of participating families who receive a subsidy based on the State Median Income level. Currently, the State Median Income level is used to assess income eligibility. This legislation directs the department to use the Federal HHS Poverty Guidelines to assess income eligibility. By implementing a maximum monthly household income threshold of 300 percent above the federal poverty line for Alaska, adjusted for family size, more families in the low to moderate income level will become eligible for subsidized child care.

In February 2023, the CCAP paid \$1,513,299 to child care providers to serve 2,184 children. There are 377 CCAP participating child care providers.

The cost to the state per child in subsidy in Alaska varies by rate region, provider type, age of child, and level of care. The average amount paid by the CCAP per child in February 2023 including these variables is calculated to be \$692.90. This average relies on the current participation pool of 2,143 children and does not factor in potential differences in region, provider type, age of child, and level of care that may exist among families with a monthly household income threshold of 300 percent above the federal poverty line for Alaska who are currently ineligible or not utilizing the CCAP.

About 130,000 Alaskans are age 12 and under. An actuarial study is necessary to calculate the number of Alaskans eligible to receive services at an income threshold 300 percent higher than the Federal HHS Poverty Guidelines. The Department is currently in the procurement process for this actuarial study.

The federal agency, Administration for Children and Families, provides a federal grant that pays for subsidized child care under the Child Care Development Fund (CCDF), which was \$22 million in SFY 2022 and covers all other programs administered by the Child Care Program Office. At least 70 percent of the funding must be spent on the CCAP, less set asides and administrative cost. Anything above 85 percent of State Median Income (or 249 percent of the Federal Poverty Level for a family of four) would need to be covered with a funding source separate from CCAP, such as state general fund dollars.

The delta between the Administration for Children and Families ceiling amount for federal funds awarded annually to Alaska and the proposed legislation would have to be covered by general funds. The department anticipates a waitlist due to the inability to serve every potential family who would be eligible. The increased income limit and additional subsidy will make the program more attractive to more families, and potentially increase availability, but it is unclear what the cost would be to fully avoid any waitlist.

Regulations would require updating prior to SFY25 to allow the program to collect cost data through its Market Survey process.

To administer the increased funding to the CCAP, the Child Care Program Office would require two Accounting Technician 1s to process requests for payment from participating providers. It would also require increasing funding to CCAP grantees who administer the program on behalf of the State.

Personal Services: Two full-time Accounting Technician 1 (including benefits): Range 12, Anchorage: \$151.5 annually beginning in FY2024.

Services: \$28.0 annually for two positions for office space, phone, reimbursable service agreements for position support.

Commodities: Office supplies \$2.0 annually for two positions.

One-Time Commodities Cost: \$6.0 for two positions in the first year for computers, software, and office equipment.

Note: This fiscal note is indeterminate in the grants line due to needing an actuarial study in order to calculate the number of Alaskans eligible and the associated financial impact.