

SECOND REGULAR SESSION

[P E R F E C T E D]

SENATE SUBSTITUTE FOR

# SENATE BILL NO. 727

96TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR SCHAAF.

Offered March 5, 2012.

Senate Substitute adopted, March 21, 2012.

Taken up for Perfection April 3, 2012. Bill declared Perfected and Ordered Printed, as amended.

TERRY L. SPIELER, Secretary.

5619S.05P

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## AN ACT

To repeal section 208.044, RSMo, and to enact in lieu thereof two new sections relating to child care subsidies.

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

Section A. Section 208.044, RSMo, is repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 208.044 and 208.053, to read as  
3 follows:

208.044. 1. The **children's** division [of family services] shall provide  
2 child day care services to any person who meets the qualifications set forth at  
3 sections 301 and 302 of the Family Support Act of 1988 (P.L. 100-485).

4 2. The division [of family services] shall purchase the child day care  
5 services required by this section by making payments directly to any providers  
6 of day care services licensed pursuant to chapter 210 or to providers of day care  
7 services who are not required by chapter 210 to be licensed because they are  
8 providing care to relative children or no more than four children.

9 3. When a person who has been eligible and receiving day care services  
10 under this section becomes ineligible due to the end of the twelve-month period  
11 of transitional day care, as defined in section 208.400, such person may receive  
12 day care services from the division [of family services] if otherwise eligible for  
13 such services. [Until October 1, 1992, participants eligible for income eligible day  
14 care services, as defined by the division of family services, will continue to receive  
15 such services in the same proportion as that provided in fiscal year 1989, subject

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

16 to appropriation.]

208.053. 1. The provisions of this section shall be known as the  
2 "Low-Wage Trap Elimination Act". In order to more effectively  
3 transition persons receiving state-funded child care subsidy benefits  
4 under this chapter, the children's division, in conjunction with the  
5 department of revenue, shall, subject to appropriations, by January 1,  
6 2013, implement a pilot program in at least one rural county and in at  
7 least one urban child care center that serves at least three hundred  
8 families, to be called the "Hand-up Program", to allow willing recipients  
9 who wish to participate in the program to continue to receive such  
10 child care subsidy benefits while sharing in the cost of such benefits  
11 through the payment of a premium, as follows:

12 (1) For purposes of this section, "full child care benefits" shall be  
13 the full benefits awarded to a recipient based on the income eligibility  
14 amount established by the division through the annual appropriations  
15 process as of August 28, 2012, to qualify for the benefits and shall not  
16 include the transitional child care benefits that are awarded to  
17 recipients whose income surpasses the eligibility level for full benefits  
18 to continue. The hand-up program shall be voluntary and shall be  
19 designed such that a participating recipient will not be faced with a  
20 sudden loss of child care benefits should the recipient's income rise  
21 above the maximum allowable monthly income for persons to receive  
22 full child care benefits as of August 28, 2012. In such instance, the  
23 recipient shall be permitted to continue to receive such benefits if the  
24 recipient pays a premium, to be paid via a payroll deduction if possible,  
25 to be applied only to that portion of the recipient's income above such  
26 maximum allowable monthly income for the receipt of full child care  
27 benefits as follows:

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

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

36 (c) The division shall develop a payroll deduction program in

37 conjunction with the department of revenue, and shall promulgate  
38 rules for the payment of premiums, through such payroll deduction  
39 program or through an alternate method to be determined by the  
40 division, owed under the hand-up program; and

41 (d) Participating recipients who fail to pay the premium owed  
42 shall be removed permanently from the program after sixty days of  
43 non-payment;

44 (2) Subject to the receipt of federal waivers if necessary,  
45 participating recipients shall be eligible to receive child care service  
46 benefits at income levels all the way up to the level at which a person's  
47 premium equals the value of the child care service benefits received by  
48 the recipient;

49 (3) Only those recipients who currently receive full child care  
50 benefits as of joining the program and who had been receiving full  
51 child care service benefits continuously since on or before August 28,  
52 2012, shall be eligible to participate in the program. Only those  
53 recipients who agree to the terms of the hand-up program during a  
54 ninety-day sign-up period shall be allowed to participate in the  
55 program, pursuant to rules to be promulgated by the division; and

56 (4) A participating recipient shall be allowed to opt out of the  
57 program at any time, but such person shall not be allowed to  
58 participate in the program a second time.

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

74 supplemental nutrition program, the state children's health insurance  
75 program, and MO HealthNet benefits.

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

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

94 (2) All premiums received under the program shall be deposited  
95 in the fund, out of which the cost of administering the hand-up  
96 program shall be paid, as well as the necessary payments to the federal  
97 government and to the state general revenue fund. Child care benefits  
98 provided under the hand-up program shall continue to be paid for as  
99 under the existing state child care assistance program.

100 5. After the first year of the program, or sooner if feasible, the  
101 cost of administering the program shall be paid out of the premiums  
102 received. Any premiums collected exceeding the cost of administering  
103 the program shall, if required by federal law, be shared with the  
104 federal government and the state general revenue fund in the same  
105 proportion that the federal government shares in the cost of funding  
106 the child care assistance program with the state.

107 6. Any rule or portion of a rule, as that term is defined in  
108 section 536.010 that is created under the authority delegated under this  
109 section shall become effective only if it complies with and is subject to  
110 all of the provisions of chapter 536, and, if applicable, section

111 **536.028. This section and chapter 536 are nonseverable and if any of**  
112 **the powers vested with the general assembly pursuant to chapter 536,**  
113 **to review, to delay the effective date, or to disapprove and annul a rule**  
114 **are subsequently held unconstitutional, then the grant of rulemaking**  
115 **authority and any rule proposed or adopted after August 28, 2012, shall**  
116 **be invalid and void.**

117 **7. Pursuant to section 23.253 of the Missouri sunset act:**

118 **(1) The provisions of the new program authorized under this**  
119 **section shall sunset automatically three years after the effective date**  
120 **of this section unless reauthorized by an act of the general assembly;**  
121 **and**

122 **(2) If such program is reauthorized, the program authorized**  
123 **under this section shall sunset automatically six years after the**  
124 **effective date of the reauthorization of this section; and**

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

Bill ✓

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