

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2480 STATE OF NEW JERSEY 220th LEGISLATURE

DATED: SEPTEMBER 8, 2022

SUMMARY

Synopsis: Extends child care subsidies to families earning up to 300 percent of federal poverty level; appropriates funds.

Type of Impact: Annual State expenditure increase; potential increase in annual State revenues.

Agencies Affected: Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate, maximum of \$63.4 million
Potential State Revenue Increase	Indeterminate, maximum of \$178.5 million

- The Office of Legislative Services (OLS) concludes that annual State costs would increase by as much as \$63.4 million to increase income eligibility for the State's subsidized child care assistance program from 200 percent of the federal poverty level (FPL) at initial eligibility determination to 300 percent of the FPL.
- State costs may potentially fall below this projection, given that information on the number of children enrolled in subsidized child care services on a part-time basis is not publicly available.
- Provided that the Administration for Children and Families (ACF) within the United States Department of Health and Human Services approves the State's request to extend program eligibility to families earning up to 300 percent of the FPL at initial eligibility determination, State revenues could increase by as much as \$178.5 million annually.

BILL DESCRIPTION

This bill raises the annual family income limit used to determine initial income eligibility under the State's subsidized child care assistance program, and subsequent redetermination income

eligibility, to 300 percent of the FPL, or \$83,250 for a family of four in 2022. Under the bill, the Commissioner of Human Services is required to establish and utilize at least four tiers to determine initial income eligibility and placement on the Division of Family Development's co-payment schedule for the State's subsidized child care assistance program. The bill, moreover, specifies that nothing in its provisions precludes the commissioner from establishing a child care assistance income limit that is higher than 300 percent of the FPL.

Under current law, families earning a maximum annual gross family income of 200 percent of the FPL are eligible for child care subsidies. After receiving 12 months of subsidized child care services, a family that earns up to 250 percent of the FPL will be eligible to participate in the program for an additional 12 months.

The bill appropriates such sums as may be necessary to implement the provisions therein, which appropriation will be in an amount determined by the Commissioner of Human Services, subject to approval by the Director of the Office of Management and Budget in the Department of the Treasury.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the State will incur up to \$63.4 million in additional costs annually, although this amount could vary, depending upon the number of children newly eligible for subsidized care on a part-time versus a full-time basis under the bill. This fiscal estimate does not include State expenditures for children who qualify for child care subsidies through other eligibility pathways, such as through the child welfare system, or through residency in an Abbott School District.

Provided that the ACF within the United States Department of Health and Human Services, which allocates federal funding for the State's subsidized child care assistance program, approves the State's request to extend program eligibility to families earning up to 300 percent of the FPL at initial eligibility determination, State revenues could increase by as much as \$178.5 million annually.

The OLS assumes that 23 percent of children who would newly qualify for child care subsidies under the bill would be enrolled in subsidized child care, based upon data from the ACF in the United States Department of Human Services. Potential State costs would increase if a higher percentage of newly eligible children were enrolled in subsidized child care services, pursuant to the bill. The OLS, moreover, assumes that the federal government approves the State's waiver request, maintains the level of federal funding available to the State through the federal Child Care and Development Fund in 2021, and provides sufficient appropriations to support this program expansion. According to data available on the ACF website, New Jersey received \$170.1 million in funding through the Child Care and Development Fund in 2021, which figure does not include any federal COVID-19 pandemic assistance funding.

Section: Human Services

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).