

SB 144-FN - AS INTRODUCED

2021 SESSION

21-0940

05/10

SENATE BILL ***144-FN***

AN ACT relative to child care scholarships.

SPONSORS: Sen. Whitley, Dist 15; Sen. Rosenwald, Dist 13; Sen. Perkins Kwoka, Dist 21; Sen. Watters, Dist 4; Sen. Hennessey, Dist 1; Sen. Prentiss, Dist 5; Sen. D'Allesandro, Dist 20; Sen. Soucy, Dist 18; Sen. Sherman, Dist 24; Rep. McWilliams, Merr. 27; Rep. Nordgren, Graf. 12; Rep. Wallner, Merr. 10

COMMITTEE: Health and Human Services

ANALYSIS

This bill provides that the department of health and human services shall provide enrollment-based reimbursement to child care providers who participate in the child care scholarship program.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to child care scholarships.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Statement of Findings. The general court hereby finds that:

2 I. The availability of quality, affordable, safe, and reliable child care is critical to allow
3 parents to remain in the workforce, build a strong and future-focused economy, and provide a
4 supportive environment for healthy child development that prepares children for success in school
5 and in life.

6 II. The child care scholarship or subsidy plays a significant role in ensuring all New
7 Hampshire families can access quality, safe, and reliable child care, regardless of income.

8 III. The COVID-19 crisis has exposed the inherent fragility of New Hampshire's child care
9 system and the need to solidify this sector.

10 IV. Shifting from attendance-based payment to enrollment-based reimbursement for
11 participating child care providers would level the playing field for families qualifying for child care
12 scholarships, incentivize child care programs to open their doors to these families, and provide
13 stability to New Hampshire families, especially in such uncertain times.

14 2 Department of Health and Human Services; Child Care Scholarships. The department of
15 health and human services shall provide enrollment-based reimbursement, rather than attendance-
16 based payment, to child care providers who accept child care scholarships through the Child Care
17 and Development Fund (CCDF) plan for New Hampshire for fiscal years 2022-2023.

18 3 Effective Date. This act shall take effect July 1, 2021.

**SB 144-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to child care scholarships.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$17.8 million	\$17.8 million	\$0
Funding Source:	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

METHODOLOGY:

This bill requires the Department of Health and Human Services to provide enrollment-based reimbursement, rather than attendance-based payment, to childcare providers who accept child care scholarships through the Child Care and Development Fund (CCDF) plan for FY 2022 and FY 2023.

Based on the number of children receiving child care services from July through December of 2019, the Department projects that 4,445 children will be enrolled in the Scholarship program each month. The Department determined how much it expended for child care services for each month during that period, averaged the monthly rate, and divided it by 20 (the number of working days per month) to arrive at an average daily rate of \$25.87 per day per child receiving scholarships. Given that there is a twelve-month eligibility period for child care scholarships, the Department assumes that it will need to pay for 261 days a year for each child receiving a child care scholarship, resulting in total annual costs as follows:

$$4,445 * 261 * \$25.87 = \$30,012,591$$

The Department notes that it anticipates a 10% increase in payments to providers. Should this increase occur, the total cost per year will be as follows:

$$\$30,012,591 * 1.10 = \$33,013,850$$

Per federal regulations, a minimum of 70% of child care and development fund (CCDF) grant funds (excluding the state's maintenance of effort, or MOE, requirement) must be used for direct payments to help meet the child care needs of families who are current recipients of Temporary Assistance to Needy Families (TANF), families transitioning off of TANF through work activities, or families at risk of becoming TANF recipients. The other 30% (again excluding the state's MOE requirement) must be used to support other aspects of the program, such as administrative costs and quality assurance.

The Department anticipates that the CCDF grant, including the State matching and MOE requirements, will be \$26,285,704 for each year of the FY 2022/23 biennium. In determining the amount of funds that must be used for direct payments to enrolled childcare providers, the Department has subtracted the state maintenance of effort requirement and multiplied the resulting number by .70. As discussed above, 30% of the CCDF funds must be used to support other aspects of the program. These calculations are as follows:

$$\$26,285,704 - \$4,581,870 \text{ (state maintenance of effort)} = \$21,703,834$$

and

$$\$21,703,834 * .70 = \$15,192,684$$

Therefore, the Department predicts that it will have \$15,192,684 per year available to pay enrolled childcare providers. Given that the Department previously anticipated the bill's annual cost to be \$33,013,850, this results in a net cost of \$17,821,166 per fiscal year, or a total of \$35,642,332 over the biennium.

In addition to the program costs noted above, the Department anticipates needing information systems changes in order to provide enrollment-based reimbursement, rather than the current attendance-based payment, to childcare providers who accept child care scholarships through the CCDF plan for New Hampshire for state fiscal years 2022 through 2023. The Department is unable to quantify the extent of these costs.

AGENCIES CONTACTED:

Department of Health and Human Services