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Regulatory Analysis Form

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| <p>(1) Agency Department of Public Welfare</p> | <p>This space for use by IRRC INDEPENDENT REGULATORY REVIEW COMMISSION</p> <p>IRRC Number: <u>2549</u></p> |
| <p>(2) I.D. Number (Governor's Office Use)</p> | |
| <p>(3) Short Title Child Care</p> | |
| <p>(4) PA Code Cite 55 Pa.Code Ch. 168</p> | <p>(5) Agency Contacts & Telephone Numbers Primary Contact: Robert Frein (717) 346-9323 Secondary Contact: Karen Mercadante, (717) 772-4848</p> |
| <p>(6) Type of Rule Making (Check One)</p> <p><input type="checkbox"/> Proposed Rule Making <input checked="" type="checkbox"/> Final Order Adopting Regulation <input type="checkbox"/> Final Order, Proposed Rule Making Omitted</p> | <p>(7) Is a 120-Day Emergency Certification Attached? (To be used only for emergency-certified regulations.)</p> <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes: By the Attorney General <input type="checkbox"/> Yes: By the Governor</p> |
| <p>(8) Briefly explain the regulation in clear and nontechnical language.</p> <p>The purpose of the final-form rulemaking is to establish consistent child care policies within the Office of Income Maintenance (OIM) and Office of Child Development (OCD) that best meet the needs of all families receiving subsidized child care and improve child care services to families receiving Temporary Assistance for Needy Families (TANF), General Assistance (GA) and Food Stamp benefits. The Department's goal is to establish for cash assistance and food stamps recipients a "user-friendly" child care system that is accessible to eligible families who need help finding and paying for quality child care that is responsive to their needs.</p> | |
| <p>(9) State the statutory authority for the regulation and any relevant state or federal court decisions.</p> <p>Articles II and IV of the Public Welfare Code (62 P. S. §§ 201-211 and 401-493).</p> | |

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(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

This final-form rulemaking is not mandated by a Federal or state law, court order or regulation.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The final-form rulemaking benefits children and families receiving TANF, GA and Food Stamp benefits by allowing easier access to affordable, quality child care. Improvements include: incorporating the eligibility requirements for GA and Food Stamp families receiving child care with the eligibility requirements for TANF families receiving child care; establishing consistent child care policies within OIM and OCD that best meet the needs of all families receiving subsidized child care.

(12) State the public health, safety, environmental or general welfare risks associated with non-regulation.

Failure to implement the final-form rulemaking will make it more difficult for some families receiving TANF, GA or Food Stamp benefits to achieve financial self-sufficiency. Child care is a critical part of the pathway to self-sufficiency. Providing child care to meet the parents' needs during their hours of work, education or training helps families to move toward financial self-sufficiency.

There are risks to children associated with non-regulation. The final-form rulemaking will help families receiving TANF, GA or Food Stamp benefits to obtain quality and affordable child care. Without the final-form rulemaking, it would be more difficult for families to secure critical child care services. Without the final-form rulemaking, families will also continue to face barriers because child care services and payment would not be streamlined through a single subsidy system that provides specialized and comprehensive parent information, counseling and resource and referral services.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

The final-form rulemaking benefits on a monthly basis approximately 47,000 children and approximately 27,650 families of low income by allowing easier access to affordable, quality child care.

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

No adverse affects are anticipated.

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(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

The final-form rulemaking affects on a monthly basis approximately 27,650 families who apply for or receive subsidized child care and 158 agencies authorized by the Department to administer subsidized child care.

Families are affected by the requirements in the final-form rulemaking that specify the eligibility conditions, verification and reporting requirements that they must meet to access subsidized child care. Providers are affected by the simplified requirements that apply to the families receiving child care services. Agencies authorized by the Department to administer subsidized child care are affected since the rulemaking changes the process and requirements related to the eligibility determination procedures and child care payment.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

The Department has worked closely with families who access the subsidized child care program, child development and community service advocates, providers, agencies authorized by the Department to administer subsidized child care and other interested stakeholders to listen and respond to the needs, concerns and suggestions of each of these groups. The final-form rulemaking is the result of an ongoing, inclusive process between the child care community and the Department.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures that may be required.

There are no new costs or savings to the regulated community associated with compliance with this final-form rulemaking.

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures that may be required.

There are no new costs or savings to local government associated with compliance with this final-form rulemaking.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures that may be required.

During a phase-in period in the first year, the estimated net cost is \$3.526 million for additional staff and related operating costs.

Linda L. Leffler 7-21-06

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(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

| | Current FY Year | FY +1 Year | FY +2 Year | FY +3 Year | FY +4 Year | FY +5 Year |
|---|--------------------|------------------------|----------------------|----------------------|----------------------|------------------------|
| SAVINGS: | | | | | | |
| Regulated Community | | | | | | |
| Local Government | | | | | | |
| State Government CAO - 10264 | \$0 | \$1.003 | \$5.813 | \$5.813 | \$5.813 | \$5.813 |
| Total Savings | \$0 | \$1.003 | \$5.813 | \$5.813 | \$5.813 | \$5.813 |
| COSTS: | | | | | | |
| Regulated Community | | | | | | |
| Local Government | | | | | | |
| State Government Cash Grants – 10265 Child Care - 10253 | \$0 | \$.619 M \$3.910 M | 3.172 M \$6.143 M | 3.965 M \$6.327 M | 4.758 M \$6.517 M | \$5.551 M \$6.712 M |
| Total Costs | | \$4.529 M | \$9.315 M | \$10.292 M | \$11.275 M | \$12.263 M |
| REVENUE LOSSES: | | | | | | |
| Regulated Community | | | | | | |
| Local Government | | | | | | |
| State Government | | | | | | |
| Total Revenue Losses | | | | | | |

(20a) Explain how the cost estimates listed above were derived.

The costs were derived by taking the total population of children receiving child care services in these programs and dividing by the average statewide staff-to-child ratio. Salaries, benefits and operating costs were calculated from the additional staff complement required to serve the additional children. A one-time cost was included in the first year to cover unique implementation expenses. State savings do not include any inflationary factor in future planning years. State savings could be more significant depending on the future State Labor Contract. In addition, state government costs include the costs of children in TANF families utilizing higher quality child care programs. This cost is outweighed by the benefits of investing in early childhood education, with every \$1 in pre-school funding leading to \$7 in benefits from reduced public spending on students

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that are held back, special education, teen pregnancy and criminal justice, as well as increased revenue from better-paying jobs later in life.

(20b) Provide the past three year expenditure history for programs affected by the regulation. (amounts in thousands)

| Program | FY -3 | FY -2 | FY -1 | Current FY |
|-----------------------------------|---------|---------|---------|------------|
| Child Care Services (State) | 59,683 | 60,877 | 80,209 | 107,671 |
| County Assistance Offices (State) | 252,318 | 244,871 | 254,304 | 250,417 |
| Cash Grants (State) | 330,772 | 384,182 | 434,931 | 488,838 |
| | | | | |

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

A single, unified child care system at the local level for all families, whether TANF, GA or FS recipients, former TANF, or low-income subsidy-eligible, with specialized services and trained staff has many benefits for families and children. The TANF family would have one place to go for child care from the moment they enter the path towards self-sufficiency through employment/training at a CAO until they become a former TANF family. TANF families will now have full access to parent counseling, resource and referral information, and specialized child care services.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

No non-regulatory alternatives were considered.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

No other regulatory schemes were considered because the changes in this final-form rulemaking were the only way to accomplish the alignment of child care policies for subsidized child care.

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

This final-form rulemaking is not more stringent than Federal standards.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The final-form rulemaking will not put Pennsylvania at a competitive disadvantage with other states. Other states have also recognized the advantages of a single, consolidated child care system. Some of the states that have a single system of eligibility are Illinois, Maryland, Connecticut, Ohio, Rhode Island, Vermont, Wisconsin, Utah, Michigan, New Jersey and South Dakota.

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(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

This final-form rulemaking does not affect existing or proposed regulations of the Department or another state agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

The Department will meet and discuss specific issues relating to the final-form regulation with affected individuals and organizations, based on the public comments received.

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports that will be required as a result of implementation, if available.

No new reports, forms, recordkeeping or paperwork are required by this final-form regulation.

(29) Please list any special provisions that have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

No special groups are affected by this final-form rulemaking.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

This rulemaking is effective upon final publication in the *Pennsylvania Bulletin*.

(31) Provide the schedule for continual review of the regulation.

This rulemaking will be reviewed on an ongoing basis as the Department continues to review the demand for child care and the expenditures of the subsidized child care program.