



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

State Fiscal Note for Bill Number:

2026-H 7462

Date of State Budget Office Approval: Monday, May 18, 2026

Date Requested: Thursday, March 26, 2026

Date Due: Sunday, April 5, 2026

<i>Impact on Expenditures</i>	<i>Impact on Revenues</i>
FY 2026 N/A	FY 2026 N/A
FY 2027 Indeterminate	FY 2027 N/A
FY 2028 Indeterminate	FY 2028 N/A

Explanation by State Budget Office:

This bill sets forth a new chapter of Title 40 of the RIGL entitled “Child Care Assistance Program Copayments” which codify child care copayments in law, expand zero copayments to families under 125 percent federal poverty level (FPL), lower costs for working families, and cap most copayments at 6 percent while preserving a 7 percent statutory maximum within the Child Care Assistance Program (CCAP).

This act would take effect upon passage.

Summary of Facts and Assumptions:

This act would take effect upon passage, which the Budget Office assumes to be July 1, 2026.

RIGL 40-5.2-20 (f)(1) currently requires families above 100% FPL and less than 200% FPL to pay for “some portion of the childcare they receive” in accordance with a “a sliding-fee scale” not to exceed seven percent of income. DHS regulations define the amount a family is expected to contribute to copayments. The tiers range from households between 0%-100% of the FPL contributing 0% of income, 100%-125% of FPL contribute 2% of income, 125%-150% of FPL contribute 5% of income, and greater than 150% of FPL contribute 7% of income. An eligible household receiving childcare continues to receive assistance until the household achieves 300% of the FPL. Family copayments under the CCAP shall be based on family income and family size, not be based on the cost of care or the amount of subsidy payment, be affordable and not constitute a barrier to participation, and not exceed seven percent (7%) of a family's annual income, regardless of the number of children in care.

Family co-payments are paid directly to the Childcare facility or provider and lowers the cost of the individual subsidy borne by the State. Per the DHS CCAP Provider handbook, childcare providers in contract with the State to provide CCAP services agree to accept DHS rates as full payment for childcare services. Likewise, for families required to share in the cost of paying for childcare services (families above 100% FPL), the combination of payments made by DHS and the family co-payment is agreed to constitute full and total payment.



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Based on FY 2025 actual data provided by DHS, using average family co-payments times the number of children served results in the below breakout of annualized family co-payments by percentage of household income:

0% to 100% FPL: \$0
100 % FPL & <= 125% FPL: \$0.8 million
125% FPL & <= 150% FPL: \$2.4 million
150% FPL & <= 200% FPL: \$7.3 million
200% FPL & <= 300% FPL: \$1.9 million
TOTAL: \$12.3 million

The bill requires the department of human services (DHS), as the lead agency for the child care assistance program (CCAP), to establish and administer family copayments pursuant to the following sliding fee scale expressed as a percentage of annual family: 0%-125% of the FPL contributing 0% of income, 125%-150% of FPL contribute 2% of income, 150%-200% of FPL contribute 4% of income, and 200%-300% of FPL contribute 6% of income.

Adjusting family co-payments based on the scale outlined in the bill, the projected annualized family co-payments by percentage of household income is as follows:

0% to 100% FPL: \$0
100 % FPL & <= 125% FPL: \$0
125% FPL & <= 150% FPL: \$1.0 million
150% FPL & <= 200% FPL: \$4.1 million
200% FPL & <= 300% FPL: \$1.6 million
TOTAL: \$6.7 million

Therefore, under H-7462, estimated copayments would decrease by \$5.6 million. For the purposes of this fiscal note, OMB assumes no year over year change in these co-payments.

The bill authorizes DHS to establish by regulation additional categories of copayments for families with incomes above three hundred percent (300%) of the federal poverty level; provided that, no copayment exceeds the seven percent statutory maximum. Current law states that families who are receiving childcare assistance and who become ineligible for childcare assistance as a result of their incomes exceeding 261% of the applicable federal poverty guidelines can continue to be eligible for childcare assistance until their incomes exceed three hundred percent (300%) of the applicable federal poverty guidelines with the transitional period up to 300% of the FPL. Therefore, this section of the bill would not have impact on the program as currently implemented.

The bill also allows DHS to waive family copayments, in whole or in part, for families who meet one or more of the criteria outlined on page 2, lines 29 through 34 of the bill. Below is the list of the criteria with analysis of each of its impact on family co-payments. It is worth noting that there is no way to determine if families who meet the criteria are already enrolled in CCAP, if the family already qualifies for a 0% family copayment if enrolled, or if a family is not eligible for CCAP. This is because



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the agency does not have the intricacies of the CCAP information in relation to the specific categories of vulnerable populations that are specifically asked for here. This is because this data is not being captured on the eligibility applications. The agency feels these data points are valuable and something they can work towards with EOHHS. Therefore, estimating the impact of this section of the bill is indeterminate, but the below information is provided for additional context of scope.

Families with children in foster care or kinship care, or otherwise receiving or in need of protective services. Children currently in foster care or kinship care do not have copayments deducted, therefore would not have impact on the program as currently implemented.

Families experiencing homelessness. The RI Kids Count Factbook estimates that 1,994 Rhode Island children are considered homeless, of which 19 percent are Infant/Toddlers enrolled in Early Childhood Education (ECE) programs. Therefore, if all 379 children are enrolled in CCAP would result in a projected decrease of \$703,316 in co-payments.

Families with children who have a disability, as defined by federal regulation. DHS uses Early Intervention (EI) enrollment to estimate how many children would qualify under this criterion as most EI transitional services are in licensed family child care homes or child care centers. The RI Kids Count Factbook estimates that 944 children in EI would continue to need services. If half of those children are enrolled in CCAP would result in a projected decrease of \$727,124 in co-payments.

Families enrolled in Head Start or Early Head Start programs. If a child is enrolled in a head start program, a family cannot also be eligible for full time Child Care and Development Funding (CCDF) unless (1) the head start program does not run full day and (2) they are in need of before and after school programming only as you cannot supplant funding sources. Therefore, no impact is estimated.

Any other category authorized under federal Child Care and Development Fund rules. Analysis of this criterion is indeterminate.

Additionally, there would be one-time system updates to the RI Bridges system to update copayment parameters of CCAP as a result of this bill. The cost is estimated to be \$207,000 and is based on contracted hourly rate and estimated number of system hours to make such updates to the system. System costs are typically financed 50 percent federal funds from CCDF and 50 percent general revenue, and this fiscal note assumes this level of match for RI Bridges upgrades in FY 2027. However, as mentioned in the source of funds section, discretionary grant and associated carryforward amounts are being depleted and it is possible that such system costs may need to be fully supported with general revenue.

DHS is required to periodically review the sliding fee scale to ensure compliance with federal requirements and the affordability of child care for Rhode Island families, and shall report any recommended statutory changes to the general assembly.



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Comments on Sources of Funds:

The Child Care Assistance Program (CCAP) has traditionally been financed with federal funding through both the Child Care and Development Fund (CCDF) discretionary funds and the Temporary Assistance for Needy Families (TANF) program. These block grants currently operate at full annual budget capacity to cover existing caseloads, due in part to the extension of the child care for child care workers pilot initiative, increases in income eligibility thresholds, adjustments to CCAP rates, and expanded cash assistance under TANF. While unspent fund balances from previous years remain available to support projected costs associated with this bill, it is important to note that these reserves are being gradually depleted. As such, ongoing expenses may require complete reliance on general revenue sources. Accordingly, this fiscal note outlines two potential funding scenarios in the "Summary of Fiscal Impact": (1) continued availability of federal balance forwards, and (2) full financing through general revenue.

Summary of Fiscal Impact:

The total cost of this bill is indeterminate. However, a summary of the known costs are as follows.

FY 2026: No fiscal impact reported due to timing.

FY 2027:

Scenario 1: Availability of federal balance forwards

General Revenue: \$103,500

Federal Funds: \$5,729,596

Scenario 2: Full financing through general revenue

General Revenue: \$5,833,096

FY 2028:

Scenario 1: Availability of federal balance forwards

General Revenue: \$0

Federal Funds: \$5,626,096

Scenario 2: Full financing through general revenue

General Revenue: \$5,626,096

Budget Office Signature: _____

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