

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5336-01
Bill No.: SB 720
Subject: Children and Minors; Social Services Department
Type: Original
Date: February 10, 2014

Bill Summary: This proposal adds new provisions for state-funded child care providers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$1,302,060)	(\$1,172,180)	(\$1,182,527)
Total Estimated Net Effect on General Revenue Fund	(\$1,302,060)	(\$1,172,180)	(\$1,182,527)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and revenues approximately \$1.1 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	16.72	14.72	14.72
Federal	20.28	20.28	20.28
Total Estimated Net Effect on FTE	37	35	35

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government*	\$0	\$0	\$0

* Income and expenditures exceeding \$200,000 net to \$0.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Children's Division (CD)** state the Child Care and Development Block Grant and Section 418 of the Social Security Act - 78 Federal Register at 29,448 - proposed rule changes, makes this proposal federally mandated.

CD provides that §210.027 (1) establishes a publicly available website for daycare/child care provider listings regarding health and safety licensing for those facilities, including dates of inspection, violations and actions taken. The cost for this is being developed by Office of Administration - Information Technology Services Division (ITSD) and will be included in their fiscal note.

Subsection (2) establishes a hotline for parents to submit complaints regarding child care providers. Currently the resource referral and training contractor provides this service; therefore, no additional cost is expected.

Subsection (8) requires the DSS to promulgate rules and regulations to define pre-service training requirements for child care providers. In the proposed rule changes, the federal law has defined 13 specific areas of training which providers must have in order to receive federal funding. The State of Missouri currently has 3 of these required trainings available, so 10 additional courses would need to be developed. Each one hour class requires 16 hours of development time; therefore, 160 hours is needed for development of the trainings (10 courses X 16 hours). Each hour of development will cost \$100; therefore, the total cost for developing the 10 training courses will be \$16,000.

Subsection (9) establishes procedures for the conduction of onsite monitoring of child care providers prior to receiving state or federal funds for providing child care. Onsite monitoring will require additional staff. The Department of Health and Senior Services (DHSS) currently inspects licensed facilities in the same fashion that CD will need to inspect all other facilities, i.e. registered providers. DHSS Child Care Facility Specialists (equivalent to DSS' Executive I) work 12-13 inspections per month. CD has assumed it would be able to conduct 18 inspections per month.

DSS-CD currently has between 4,600- 4,700 registered providers that are either new or renewal providers that would need to be inspected. 22 Executive I FTEs could handle around 4,700 inspections per year (18 inspections/month X 12 months X 22 exec Is = 4,752). In addition, 2 FTE Senior Office Support Assistant will be needed to assist tracking.

ASSUMPTION (continued)

Travel cost for inspectors is assumed to be \$3,000 per person per year, similar to CD's Caseworkers travel costs.

Some inspections in the urban areas may require more than one inspector for safety concerns. Executives II will be utilized for this purpose and supervision of Executives I.

Additional positions include 1 Manager as well as a Program Development Specialist to handle the support and a Management Analysis Specialist I for all of the data associated with this new section.

Fund split was calculated based on available child care appropriation, excluding Early Childhood Development Education and Care (ECDEC) funding (which is appropriated for specific purposes); 36.58% GR; 63.42% Federal Funds.

Subsection (10) requires providers that receive assistance under applicable federal laws and regulation to report to the DSS-CD any serious injuries or death of children occurring in child care. Any revisions to notifications to these providers would be done by existing staff; therefore, CD expects no additional costs associated with this provision.

Subsection (11) establishes a child care indicator system that will provide parents with a way to differentiate between child care providers as required by federal regulations. This will require a new website that will allow parents to see if providers meet Missouri's registration or licensing standards, are in compliance with health and safety requirements and if the providers have any violations related to registration or licensing requirements. The cost for this is being developed by ITSD and will be included in their fiscal note.

In total, DSS-CD assumes total FY 15 costs for 32 FTE plus related expenses of \$1,721,101 (GR \$629,579; Federal \$1,091,522); FY 16 costs of \$1,826,574 (GR \$668,161; Federal \$1,158,413); and FY 17 costs of \$1,847,441 (GR \$675,794; Federal \$1,171,647).

Officials from the **Office of Administration (OA) - Information Technology Services Division (ITSD)/DSS** state passage of SB 720 would require modifications to the Family Assistance Management Information System (FAMIS), the DHSS systems, and the creation of a new website.

ITSD consulted with DSS-CD, Child Care Unit, to develop the level of effort (LOE) necessary for this project. The LOE is estimated to be 3,800 hours. This estimate is based on the assumption DSS Child Care workers will input the information into FAMIS and no automated eligibility determination will be needed for the providers.

ASSUMPTION (continued)

NOTE: The childcare portion of FAMIS is scheduled to be implemented in the Missouri Eligibility Determination and Enrollment System (MEDES) application December 31, 2015.

- Interface Programs: ITSD will need to build interface programs (Web services/Cobol programs) to fetch the required provider information from other agencies who maintain the provider information like Health and Safety, history of violations, compliance etc. **Estimation:** Approximately 400 hours for Analysis, Development and Implementation.
- Changes to the existing FAMIS Green Screens: Change existing screens to capture all information needed for web page. **Estimation:** Approximately 400 hours for Analysis, Development and Implementation.
- Web Interface to Customers: Need to build 6 to 8 new web screens to satisfy the requirement. The number of screens needed may increase by 2 or 3 once the exact requirements are defined. **Estimation:** Approximately 3,000 hours for Analysis, Spec. Development, Coding, Unit Testing and Implementation.

Contract staff will be used for this effort. The FAMIS contractor rate is \$90/hr.

Contract staff \$90/hour X 3,800 hours = \$342,000

These expenditures are 100% General Revenue costs.

Officials from the **Department of Health and Senior Services (DHSS)** state the U.S. Department of Health and Human Services has proposed changes to the rules governing the Child Care Development Fund in 45 CFR 98. The changes proposed in this legislation would make Missouri's child care statutes more consistent with the proposed changes governing the Child Care Development Fund.

DHSS' Division of Regulation and Licensure (DRL) Section for Child Care Regulation (SCCR) is responsible for licensure and enforcement of regulated child care facilities in Missouri. SCCR estimates that there are approximately 1,788 unlicensed and unregulated in-home child care providers receiving state or federal funds. DHSS, Division of Community and Public Health (DCPH) submits sanitation inspections of child care facilities to DRL. DCPH estimates at least 1,788 facilities not currently regulated will be immediately required to be inspected annually for sanitation under this proposal.

HWC:LR:OD

ASSUMPTION (continued)

DCPH staff conduct initial sanitation inspections and Local Public Health Agency staff conduct most annual sanitation inspections. DCPH would require a minimum of five additional Environmental Public Health Specialists (EPHS) IV to provide these services for 1,788 facilities during FY 15. Additional activities such as identification of additional facilities, initial inspections due to high rates of facility turnover, and training/education to industry and local public health agencies in FY 16 and FY 17 would be conducted by an ongoing three EPHS IVs. Standard expense and equipment costs are included for additional staff.

DCPH contracts with LPHAs to conduct annual child care sanitation inspections. Additional payments to LPHAs starting in FY 16 are \$277,140.

1,788 facilities x \$120/inspection = \$214,560
1,788 facilities x \$70/reinspection x 50% reinspection rate = \$62,580
\$214,560 + \$62,580 = \$277,140

The DHSS estimates FY15 costs to the General Revenue (GR) Fund of \$344,440; FY16 costs of \$514,320; and FY17 costs of \$517,292.

Oversight assumes the DHSS would not need additional rental space for five (5) FTE spread between Jefferson City, St. Louis, Poplar Bluff, Springfield, and Independence.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Public Safety - Division of Fire Safety** assume the proposal would not fiscally impact their agency.

HWC:LR:OD

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Costs - DHSS (§210.027)</u>			
Personal service	(\$179,400)	(\$130,460)	(\$131,764)
Fringe benefits	(\$91,503)	(\$66,541)	(\$67,206)
Equipment and supplies	(\$59,579)	(\$29,878)	(\$30,623)
LPHA contracts	\$0	(\$277,140)	(\$277,140)
Total <u>Costs</u> - DHSS	<u>(\$330,482)</u>	<u>(\$504,019)</u>	<u>(\$506,733)</u>
FTE Change - DHSS	5.0 FTE	3.0 FTE	3.0 FTE
 <u>Costs - OA-ITSD/DSS (§210.027)</u>			
Computer programming and system modifications	(\$342,000)	\$0	\$0
Total <u>Costs</u> - OA-ITSD/DSS	<u>(\$342,000)</u>	<u>\$0</u>	<u>\$0</u>
 <u>Costs - DSS-CD (§210.027)</u>			
Personal service	(\$312,945)	(\$379,441)	(\$383,235)
Fringe benefits	(\$159,617)	(\$193,534)	(\$195,469)
Equipment and supplies	(\$157,016)	(\$95,186)	(\$97,090)
Total <u>Costs</u> - DSS-CD	<u>(\$629,578)</u>	<u>(\$668,161)</u>	<u>(\$675,794)</u>
FTE Change - DSS-CD	11.72 FTE	11.72 FTE	11.72 FTE
 ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>(\$1,302,060)</u>	<u>(\$1,172,180)</u>	<u>(\$1,182,527)</u>
 Estimated Net FTE Change on the General Revenue Fund			
	16.72 FTE	14.72 FTE	14.72 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
FEDERAL FUNDS			
<u>Income</u> - DSS-CD (§210.027)			
Increase in program reimbursements	\$1,091,522	\$1,158,413	\$1,171,647
<u>Costs</u> - DSS-CD (§210.027)			
Personal service	(\$542,563)	(\$657,849)	(\$664,428)
Fringe benefits	(\$276,734)	(\$335,536)	(\$338,891)
Equipment and expense	<u>(\$272,225)</u>	<u>(\$165,028)</u>	<u>(\$168,328)</u>
Total <u>Costs</u> - DSS-CD	<u>(\$1,091,522)</u>	<u>(\$1,158,413)</u>	<u>(\$1,171,647)</u>
FTE Change - DSS-CD	20.28 FTE	20.28 FTE	20.28 FTE
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	20.28 FTE	20.28 FTE	20.28 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENT - LOCAL PUBLIC HEALTH AGENCIES			
<u>Income</u> - LPHAs			
Daycare inspection contract fees	\$0	\$277,140	\$277,140
<u>Costs</u> - LPHAs			
Increase in inspection costs	<u>\$0</u>	<u>(\$277,140)</u>	<u>(\$277,140)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT - LOCAL PUBLIC HEALTH AGENCIES			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal will have a negative administrative and fiscal impact on small business child care facilities, whether licensed or registered, as they will be required to attend additional training sessions and meet new safety regulations.

FISCAL DESCRIPTION

This proposal modifies provisions relating to rules and requirements by the Department of Social Services for child care providers who receive state or federal funds for providing such services.


The new provisions establish increased child care provider training requirements as well as building and physical premises requirements. The Department is required to establish a publicly available website listing provider specific information about health and licensing requirements, inspections and history of violations and compliance actions taken. The Department is also required to provide information to parents regarding the quality of child care providers by differentiating between the child care providers. A hotline shall also be established for parents to submit provider complaints.

This legislation is federally mandated, would not duplicate any other program and may require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Social Services -
 Children's Division
Department of Public Safety -
 Division of Fire Safety
Joint Commission on Administrative Rules
Office of Administration -
 Information Technology Services Division/DSS
Office of Secretary of State

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