

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5710-08
Bill No.: Truly Agreed To and Finally Passed CCS for SCS for HCS for HB 1831
Subject: Children and Minors; Health Department
Type: Original
Date: June 4, 2014

Bill Summary: This proposal makes changes regarding child care facilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$342,000)	(\$1,212,405)	(\$1,315,811)
Total Estimated Net Effect on General Revenue Fund	(\$342,000)	(\$1,212,405)	(\$1,315,811)

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 expenses net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	0	18.72	16.72
Federal	0	20.28	20.28
Total Estimated Net Effect on FTE	0	39	37

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 expenses net to \$0

FISCAL ANALYSIS

ASSUMPTION

§210.027 - Requirements for child care providers receiving state aid

Officials from the **Department of Social Services (DSS) - Children's Division (CD)** state Subsection (9) establishes procedures for the conducting 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 (each equivalent to a 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 inspections). In addition, 2 Senior Office Support Assistants will be needed to assist tracking.

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

Due to the October 1, 2015 implementation date of this section of the proposal, DSS-CD assumes total FY16 costs of \$2,027,307 (GR \$741,589; Federal \$1,285,718); and FY17 costs of \$1,847,442 (GR \$675,794; Federal \$1,171,648).

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

ASSUMPTION (continued)

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.

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.

Oversight discussed with DSS staff the effective date of the provisions of this section of the proposal as it pertains to system modifications that will be performed by ITSD staff. Based on that discussion, Oversight will present ITSD costs in FY15 although the provisions of the proposal are not to be enforced until October 1, 2015. System modifications will require more than three months to complete (July 1 to October 1) and all changes will have to be completed by October 1, 2015.

Officials from the **Department of Public Safety (DPS) - Division of Fire Safety (DFS)** state this proposal expands the DFS' Fire Inspection program for the inspection of child care providers who receive state or federal funds. Section 210.027 establishes requirements for these child care

ASSUMPTION (continued)

facilities to include compliance with state and local fire codes. The Department of Health and Senior Services (DHSS) estimates this will impact approximately 2,400 facilities not currently under the purview of DFS inspection.

Based on this information, the DFS assumes that it would need to hire two (2) FTE Fire Safety Inspectors and conduct inspections of these additional child care facilities. Related expense and equipment funding is also being requested. Total costs for FY16, the first year of implementation of these requirements, would be \$155,247 to the General Revenue Fund; FY17 costs would be \$122,725.

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.

The 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. As specified in section 210.027.2, these inspections are expected to begin October 1, 2015.

DCPH staff conduct initial sanitation inspections and Local Public Health Agency (LPHA) 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 FY16. 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 17 would be conducted by an ongoing three EPHSs IV. 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 17 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 FY16 costs to the General Revenue (GR) Fund of \$315,569 and FY17 costs of \$517,292.

ASSUMPTION (continued)

Bill as a whole

Officials from the **Joint Committee on Administrative Rules, Legislative Research - Revisor of Statutes**, and the **Department of Public Safety - Missouri State Highway Patrol** assume the proposal will have no fiscal impact on their respective agencies.

Officials from the **Office of Secretary of State (SOS)** did not respond to **Oversight's** request for a statement of fiscal impact. However, in response to an earlier version of this proposal, the SOS stated 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.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016 (9 Mo.)	FY 2017
GENERAL REVENUE FUND			
<u>Costs - OA-ITSD/DSS (§210.027)</u>			
Computer programming and system modifications	(\$342,000)	\$0	\$0
<u>Costs - DSS-CD (§210.027)</u>			
Personal service	\$0	(\$379,441)	(\$383,235)
Fringe benefits	\$0	(\$193,534)	(\$195,469)
Equipment and supplies	<u>\$0</u>	<u>(\$168,614)</u>	<u>(\$97,090)</u>
Total <u>Costs - DSS-CD</u>	<u>\$0</u>	<u>(\$741,589)</u>	<u>(\$675,794)</u>
FTE Change - DSS-CD	0 FTE	11.72 FTE	11.72 FTE
<u>Costs - DPS-FS (§210.027)</u>			
Personal service	\$0	(\$52,074)	(\$70,126)
Fringe benefits	\$0	(\$26,560)	(\$35,768)
Equipment and supplies	<u>\$0</u>	<u>(\$76,613)</u>	<u>(\$16,831)</u>
Total <u>Costs - DPS-FS</u>	<u>\$0</u>	<u>(\$155,247)</u>	<u>(\$122,725)</u>
FTE Change - DPS	0 FTE	2 FTE	2 FTE
<u>Costs - DHSS (§210.027)</u>			
Personal service	\$0	(\$163,075)	(\$131,764)
Fringe benefits	\$0	(\$83,176)	(\$67,206)
Equipment and supplies	\$0	(\$69,318)	(\$41,182)
LPHA contracts	<u>\$0</u>	<u>\$0</u>	<u>(\$277,140)</u>
Total <u>Costs - DHSS</u>	<u>\$0</u>	<u>(\$315,569)</u>	<u>(\$517,292)</u>
FTE Change - DHSS	0 FTE	5 FTE	3 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>(\$342,000)</u>	<u>(\$1,212,405)</u>	<u>(\$1,315,811)</u>
Estimated Net FTE Change on the General Revenue Fund	0 FTE	18.72 FTE	16.72 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016 (9 Mo.)	FY 2017
FEDERAL FUNDS			
<u>Income</u> - DSS-CD (§210.027)			
Increase in program reimbursements	\$0	\$1,285,718	\$1,171,648
<u>Costs</u> - DSS-CD (§210.027)			
Personal service	\$0	(\$657,849)	(\$664,428)
Fringe benefits	\$0	(\$335,536)	(\$338,891)
Equipment and expense	<u>\$0</u>	<u>(\$292,333)</u>	<u>(\$168,329)</u>
Total <u>Costs</u> - DSS-CD	<u>\$0</u>	<u>(\$1,285,718)</u>	<u>(\$1,171,648)</u>
FTE Change - DSS-CD	0 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	0 FTE	20.28 FTE	20.28 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016 (9 Mo.)	FY 2017
LOCAL GOVERNMENT - LOCAL PUBLIC HEALTH AGENCIES			
<u>Income</u> - LPHAs			
Daycare inspection contract fees	\$0	\$0	\$277,140
<u>Costs</u> - LPHAs			
Increase in inspection costs	<u>\$0</u>	<u>\$0</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 may positively impact small business child care facilities incorporated as an LLC. This proposal would allow them to care for additional children since related children would not be included in the child count.

FISCAL DESCRIPTION

This proposal modifies provisions relating to rules and requirements by the Department of Social Services for child-care businesses that 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. With assistance from state-wide stakeholders, including child care providers and parents, and statewide advocates, the Department is also required to provide information to establish a transparent system of quality indicators to provide parents with a way to differentiate between child care businesses available in their community. A hotline shall also be established for parents to submit provider complaints. (Section 210.027)

The changes to Section 210.027 shall become effective upon the Department of Health and Senior Services providing notice to the Revisor of Statutes that the implementation of federal regulations mandating such provisions has occurred.

This legislation is not federally mandated (however, it would put the Missouri statutes more consistent with federal proposed rule changes governing the Child Care Development Fund in 45 CFR 98), would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Health and Senior Services

Department of Social Services -

Children's Division

Department of Public Safety -

Division of Fire Safety

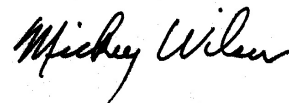
Missouri State Highway Patrol

Joint Commission on Administrative Rules

Office of Administration -

Information Technology Services Division

Office of Secretary of State



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