

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0276-01  
Bill No.: SB 115  
Subject: Children and Minors; Health and Senior Services Department  
Type: Original  
Date: December 29, 2016

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Bill Summary: This proposal modifies provisions relating to child care facility licensure.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$1,208,491)	(\$1,385,427)	(\$1,401,210)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$1,208,491)</b>	<b>(\$1,385,427)</b>	<b>(\$1,401,210)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
General Revenue	16	16	16
<b>Total Estimated Net Effect on FTE</b>	<b>16</b>	<b>16</b>	<b>16</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any Of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenses net to zero.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** provide the following:

#### **Section 210.211.1(1)**

As of December 2014, there were 1,874 registered, unlicensed child care providers caring for four or fewer unrelated children (*Source July 2016, DSS Child Care Monthly Management Report-Table 7*). There are also unregistered, unlicensed child care providers in the state. That number is not known. For fiscal note purposes, it is assumed that if unregistered, unlicensed child care providers are included, there are 2,000 providers caring for four or fewer unrelated children. DHSS assumes that 35 percent of these providers ( $2,000 \times 0.35 = 700$ ) provide care for related children as well, which could increase the number of children in care to more than four and would require them to be licensed under the proposed language.

The Division of Regulation and Licensure (DRL) is responsible for the inspection, licensure, and regulation of child care programs in Missouri. Child Care Facility Specialists II (CCFSs) conduct inspections of licensed child care programs semi-annually and complaint investigations as needed. Each CCFS would be expected to carry a caseload of 60 providers, which meets the maximum caseload limit identified by the National Association of Regulatory Administration. An additional twelve CCFSs II (\$36,924 each, annually) would be required to accommodate the requirements of this legislation ( $700 \text{ providers} \div 60 = 11.7$  rounded up to 12 FTE). DRL will also need one CCFS III for each five CCFSs II (two total) to serve in a supervisory capacity as well as assist with the additional inspections and complaint investigations.

**Oversight** assumes, for fiscal note purposes, that the DHSS will maintain its current average caseload per Child Care Facility Specialist (CCFS) II of 74 facilities. As a result, Oversight assumes the DHSS will need 10 CCFSs ( $700 \text{ new child care facilities} / 74 \text{ facilities per CCFS II} = 9.5$  FTE, rounded up) and 2 CCFSs III. All related expenses will be adjusted accordingly.

#### **Section 210.245.7**

DRL does not anticipate any significant additional costs related to the ability to immediately close illegally operating unlicensed child care.

The Division of Community and Public Health (DCPH) staff conducts initial sanitation inspections and Local Public Health Agency (LPHA) staff conducts most annual sanitation inspections. DCPH would require a minimum of three (3) additional Environmental Public Health Specialists (\$44,352 each, annually) to provide these initial inspections. Additional activities such as identification of additional facilities, initial inspections due to high rates of

ASSUMPTION (continued)

turnover, and training/education to industry and LPHAs would require these positions be ongoing. These positions would be located in Jefferson City, St. Louis, and Independence in estimation of the areas with greatest impact. DCPH contracts with LPHAs to conduct annual child care sanitation inspection. Additional payments to LPHAs starting in FY 2019 are estimated to be \$101,500:

700 facilities x \$120/inspection = \$84,000

700 facilities x \$50/reinspection x 50% reinspection rate = \$17,500

**Oversight** assumes the contract rates paid to Local Public Health Agencies will be equal to the additional expenses incurred by the LPHAs.

The DHSS estimates total costs to the General Revenue (GR) Fund for FY 2018 to be \$1,254,040; FY 2019 costs are estimated to be \$1,465,234; and FY 2020 costs are estimated to be \$1,482,057.

**Oversight** notes section 210.245.1 states that any person who violates any provision of sections 210.201 to 210.245, is guilty of an infraction for the first offense and shall be assessed a fine not to exceed \$500 (currently \$200). For subsequent offenses, they shall be guilty of a class A misdemeanor and shall be assessed a fine of up to \$500 per day (currently \$200), not to exceed a total of ten thousand dollars for subsequent offenses. The number of fines is expected to be minimal and for purposes of this fiscal note, the amount collected is assumed to be unknown.

**Oversight** will not present unknown fine revenue in the fiscal note as it is assumed to be minimal.

Officials from the **Department of Public Safety (DPS), Division of Fire Safety (DFS)** state DFS Inspectors each conduct an average of 900 inspections per year. It is, therefore, estimated the DFS would require two additional Fire Safety Inspectors in order to handle this increase in workload.

DFS estimates costs to the GR fund of \$185,487 for FY 18; \$138,662 for FY 19; and \$140,106 for FY 20.

**Oversight** notes that DHSS is estimating an increase of 700 new child care facilities that will have to be licensed as a result of this proposal. Since DFS inspectors conduct an average of 900 inspections per year, Oversight assumes DFS would only need one inspector to perform the additional inspections. However, if the actual number of new child care facilities that have to be inspected is substantially higher than anticipated, DFS may request additional personnel and funding through the appropriations process.

ASSUMPTION (continued)

Officials from the **Department of Corrections**, the **Missouri Office of Prosecution Services**, the **Office of State Courts Administrator**, the **Columbia/Boone County Department of Public Health and Human Services** and the **City of Independence Health Department** each assume the proposal would not fiscally impact their respective agencies.

Officials from the following **health departments**: Audrain County Health Unit, Cass County Health Department, Clay County Public Health Center, Cooper County Public Health Center, Harrison County Public Health Department and Hospice, Henry County Health Center, Hickory County Health Department, Howell County Health Department, Jefferson County Health Department, Knox County Health Department, Linn County Health Department, McDonald County Health Department, Madison County Health Department, Marion County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Polk County Health Center, Pulaski County Health Center and Home Health Agency, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department, the St. Francois County Health Center and the St. Joseph Health Department did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DHSS (§§210.211 &amp; 210.245)</u>			
Personal service	(\$484,760)	(\$587,529)	(\$593,404)
Fringe benefits	(\$273,212)	(\$329,586)	(\$331,336)
Equipment and expense	(\$350,609)	(\$288,666)	(\$295,882)
LPHA contracts	<u>\$0</u>	<u>(\$101,500)</u>	<u>(\$101,500)</u>
Total <u>Costs - DHSS</u>	<u>(\$1,108,581)</u>	<u>(\$1,307,281)</u>	<u>(\$1,322,122)</u>
FTE Change - DHSS	15 FTE	15 FTE	15 FTE
 <u>Costs - DPS (§§210.211 &amp; 210.245)</u>			
Personal service	(\$31,920)	(\$38,687)	(\$39,074)
Fringe benefits	(\$18,096)	(\$21,829)	(\$21,944)
Equipment and expense	(\$49,894)	(\$17,630)	(\$18,070)
Total <u>Costs - DPS</u>	<u>(\$99,910)</u>	<u>(\$78,146)</u>	<u>(\$79,088)</u>
FTE Change - DPS	1 FTE	1 FTE	1 FTE
 <b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>			
	<b><u>(\$1,208,491)</u></b>	<b><u>(\$1,385,427)</u></b>	<b><u>(\$1,401,210)</u></b>
 Estimated Net FTE Change on the General Revenue Fund			
	16 FTE	16 FTE	16 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>LOCAL GOVERNMENTS - LOCAL PUBLIC HEALTH AGENCIES</b>			
<u>Income - LPHAs (§§210.211 &amp; 210.245)</u>			
Contract revenue for child care sanitation inspections	\$0	\$101,500	\$101,500
 <u>Costs - LPHAs (§§210.211 &amp; 210.245)</u>			
Increase in costs associated with additional child care sanitation inspections	<u>\$0</u>	<u>(\$101,500)</u>	<u>(\$101,500)</u>
 <b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - LOCAL PUBLIC HEALTH AGENCIES</b>			
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### FISCAL IMPACT - Small Business

§§210.211 & 210.245 - This proposal will have a direct financial and administrative impact on unlicensed child care providers as they will be required to become licensed and will need to comply with applicable child care licensing rules and regulations.

### FISCAL DESCRIPTION

This proposal modifies the laws regarding licensing child care facilities in several ways. First, when determining whether a facility must be licensed, a child related by blood, marriage, or adoption shall be counted in the total number of children being cared for only if the person is also caring for at least two other children for pecuniary gain who are unrelated by blood, marriage, or adoption to the caregiver within the third degree, and only if the children are not being cared for due to extenuating circumstances not exceeding 30 days within one calendar year. Additionally, a child living in the caregiver's home who is eligible for enrollment in a public kindergarten or elementary school shall not be included in the total.

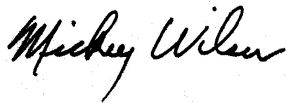
This proposal also requires all child care facilities to disclose the licensure status of the facility to the parents or guardians of children for which the facility provides care.

Finally, this proposal increases the existing fines for persons who make materially false statements in order to obtain or renew a license from a fine not to exceed two hundred dollars for the first offense to a fine not to exceed five hundred dollars and from a fine of up to two hundred dollars per day for subsequent offenses to a fine of up to five hundred dollars per day. Additionally, the Department of Health and Senior Services may immediately close any illegally operating unlicensed child care facility upon documentation of the illegal status of the facility or the finding of an emergency based on the harm or imminent harm to the children involved. A local prosecutor may file suit for a permanent order preventing the operation of the facility that shall remain in effect until the court determines that the child care facility is in compliance with all licensing requirements. Any operator of a facility closed under this provision that is later found to have been legal shall have the right to exercise any rights and remedies that may be available at law or in equity.

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

SOURCES OF INFORMATION

Department of Health and Senior Services  
Department of Corrections  
Department of Public Safety -  
    Division of Fire Safety  
Missouri Office of Prosecution Services  
Office of State Courts Administrator  
Columbia/Boone County Department of  
    Public Health and Human Services  
City of Independence Health Department



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