

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0276-02  
Bill No.: SCS for SB 115  
Subject: Children and Minors; Health and Senior Services Department  
Type: Original  
Date: March 3, 2017

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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	(\$435,211)	(\$507,019)	(\$512,721)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$435,211)</b>	<b>(\$507,019)</b>	<b>(\$512,721)</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	6	6	6
<b>Total Estimated Net Effect on FTE</b>	<b>6</b>	<b>6</b>	<b>6</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 31, 2016, there were 1,793 registered, unlicensed child care providers caring for four (4) or fewer unrelated children. There are also unregistered, unlicensed child care providers in the state. That number is not known. According to the Department of Social Services (DSS), there are 210 registered unlicensed providers caring for two (2) or more unrelated children for pecuniary gain as well as at least three (3) related children. This equates to approximately 12 percent of the providers ( $210 / 1,793 = 12\%$ ).

For fiscal note purposes, it is assumed that if unregistered, unlicensed child care providers are included, there are 2,000 providers caring for two (2) or more unrelated children for pecuniary gain as well as at least three related children. DHSS assumes that 12 percent of these providers ( $2,000 \times 0.12 = 240$ ) would fall under the provisions of this legislation and, at a minimum, request a preliminary inspection to gain licensure. The **Division of Regulation and Licensure (DRL)** does not charge a fee for any child care inspections.

The 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 four CCFSs II (\$36,924 each, annually) would be required to accommodate the requirements of this legislation ( $240 \text{ providers} \div 60 = 4$ ). DRL will also need one CCFS III to serve in a supervisory capacity as well as assist with the additional inspections and complaint investigations. CCFSs travel extensively and have higher than normal travel expenditures. Travel cost for this staff is estimated to be \$10,000 per FTE annually.

#### **Section 210.245.7**

DRL does not anticipate any significant additional costs related to the ability to close any illegally operating unlicensed child care facility subject to the provisions of Sections 210.245.2 and 210.245.4.

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 one (1) additional Environmental Public Health Specialist IV (\$44,352 annually) to provide these initial inspections. Additional activities such as identification of additional facilities, initial inspections due to high rates of turnover, and

ASSUMPTION (continued)

training/education to industry and LPHAs would require these positions be ongoing. DCPH contracts with LPHAs to conduct annual child care sanitation inspections. Additional payments to LPHAs starting in FY 2019 are estimated to be \$34,800:

240 facilities x \$120/inspection = \$28,800

240 facilities x \$50/reinspection x 50% reinspection rate = \$6,000

**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 \$443,261; FY 2019 costs are estimated to be \$516,921; and FY 2020 costs are estimated to be \$522,870.

**Oversight** notes the DHSS used a lease cost for the additional rental space needed for six (6) new FTE of \$21 per square foot. This is an average of the lease rates for the various regions in the state. Oversight reduced the average cost to \$17.50 per square foot (which includes utilities and janitorial services), the amount provided by OA, Facilities Management, Design and Construction.

**Oversight** notes that in response to proposals from the current session where agencies require additional rental space, officials from the **Office of Administration (OA), Division of Facilities Management, Design and Construction (FMDC)** have stated additional space in leased facilities for new staff for agencies in the Cole County area is estimated at 230 sq. ft. per FTE times \$17.50 per sq. ft., or \$4,025 annually per FTE. This cost includes building lease costs, fuel and utilities, and janitorial services. If a larger space were needed, the space was needed in other regions of the state, or newly constructed space if required, the estimated costs would be higher cost per sq. ft. (estimated at \$24.50 per sq. ft.).

**Oversight** also 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) and guilty of a class A misdemeanor. 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.

ASSUMPTION (continued)

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 one (1) additional Fire Safety Inspectors in order to handle this increase in workload.

DFS estimates costs to the GR fund of \$92,744 for FY 18; \$69,332 for FY 19; and \$70,053 for FY 20.

**Oversight** notes that DHSS is estimating an increase of 240 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 not need an inspector to perform the additional 240 inspections (approximately .25 FTE equivalent). 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.

Officials from the **Department of Corrections, the Department of Social Services, Children's Division and Division of Legal Services, the Missouri Office of Prosecution Services, the Office of State Courts Administrator and the Columbia/Boone County Department of Public Health and Human Services** 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	(\$193,130)	(\$234,074)	(\$236,414)
Fringe benefits	(\$109,054)	(\$131,555)	(\$132,252)
Equipment and expense	(\$133,027)	(\$106,590)	(\$109,255)
LPHA contracts	<u>\$0</u>	<u>(\$34,800)</u>	<u>(\$34,800)</u>
Total <u>Costs - DHSS</u>	<u>(\$435,211)</u>	<u>(\$507,019)</u>	<u>(\$512,721)</u>
FTE Change - DHSS	6 FTE	6 FTE	6 FTE
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>			
	<b><u>(\$435,211)</u></b>	<b><u>(\$507,019)</u></b>	<b><u>(\$512,721)</u></b>
Estimated Net FTE Change on the General Revenue Fund	6 FTE	6 FTE	6 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	\$34,800	\$34,800
<u>Costs - LPHAs (§§210.211 &amp; 210.245)</u>			
Increase in costs associated with additional child care sanitation inspections	<u>\$0</u>	<u>(\$34,800)</u>	<u>(\$34,800)</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

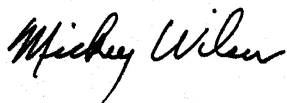
This act modifies the laws regarding licensing child care facilities in several ways. First, when determining whether a facility must be licensed, a child related by blood, marriage, or adoption shall be counted in the total number of children being cared for only if the person is also caring for at 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.

Finally, this act 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.

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



L.R. No. 0276-02  
Bill No. SCS for SB 115  
Page 8 of 8  
March 3, 2017

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