

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5852-01  
Bill No.: HB 1806  
Subject: Social Services Department; Children and Minors  
Type: Original  
Date: February 21, 2014

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Bill Summary: This proposal changes the laws regarding child care providers who receive state or federal funds for providing child care services in the home.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$1,467,078)	(\$1,294,495)	(\$1,306,312)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$1,467,078)</b>	<b>(\$1,294,495)</b>	<b>(\$1,306,312)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<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 11 pages.

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

\* 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	18.72	16.72	16.72
Federal	20.28	20.28	20.28
<b>Total Estimated Net Effect on FTE</b>	<b>39</b>	<b>37</b>	<b>37</b>

☐ 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
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* 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.

Subdivision (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.

Subdivision (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.

Subdivision (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.

Subdivision (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.

Subdivision (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 HB 1806 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.

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ASSUMPTION (continued)

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

Based on this information, the DFS would need to hire two (2) Fire Safety Inspectors to conduct the inspections of these additional child care facilities. Related expense and equipment funding would also be requested. Total costs to the General Revenue (GR) Fund for FY 15 are anticipated to be \$165,018; FY 16 costs are \$122,315; and FY 17 costs are \$123,785).

**Oversight** notes that in response to SB 720 from the current session, DFS indicated the proposal would have no fiscal impact on their organization. However, after discussions with DHSS staff, DFS learned that DHSS wanted them to be responsible for the fire safety inspections of the 2,400 facilities not currently being inspected by DPS. Their response to this proposal takes into consideration the additional duties not that were not included in the response to SB 720.

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ASSUMPTION (continued)

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.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DPS-DFS (§210.027)</u>			
Personal service	(\$57,860)	(\$70,126)	(\$70,828)
Fringe benefits	(\$29,511)	(\$35,768)	(\$36,126)
Equipment and expense	<u>(\$77,647)</u>	<u>(\$16,421)</u>	<u>(\$16,831)</u>
Total <u>Costs - DPS-DFS</u>	<u>(\$165,018)</u>	<u>(\$122,315)</u>	<u>(\$123,785)</u>
FTE Change - DFS	2.0 FTE	2.0 FTE	2.0 FTE
<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	<u>(\$277,140)</u>	<u>(\$277,140)</u>
Total <u>Costs - DHSS</u>	<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	<u>(\$342,000)</u>	\$0	\$0
Total <u>Costs - OA-ITSD/DSS</u>	<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	<u>(\$157,016)</u>	<u>(\$95,186)</u>	<u>(\$97,090)</u>
Total <u>Costs - DSS-CD</u>	<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
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$1,467,078)</u></b>	<b><u>(\$1,294,495)</u></b>	<b><u>(\$1,306,312)</u></b>
Estimated Net FTE Change on the General Revenue Fund	18.72 FTE	16.72 FTE	16.72 FTE



<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>FEDERAL FUNDS</b>			
<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	(\$272,225)	(\$165,028)	(\$168,328)
Total Costs - 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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>LOCAL GOVERNMENT - LOCAL PUBLIC HEALTH AGENCIES</b>			
<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>

<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT - LOCAL PUBLIC HEALTH AGENCIES</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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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.

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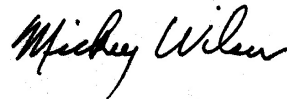
### FISCAL DESCRIPTION

This proposal specifies that for child care providers who receive state or federal funds for providing child care services in the home the department of social services must: (1) Establish a publicly available website listing provider-specific information about any health and safety licensing or regulatory requirements met by the provider including dates of inspection, history of violations, and compliance actions taken; (2) Establish or designate a hotline for parents to submit complaints about child care providers; (3) Establishes minimum requirements for building and physical premises; (4) Establish necessary and reasonable rules and regulations to define pre-service training requirements for child care providers pursuant to applicable federal laws and regulations; (5) Establish procedures for conducting on-site monitoring of a child care provider prior to their receiving state or federal funds for providing child care services in the home either by direct payment or through reimbursement to a child care beneficiary and annually thereafter; (6) Require providers that receive assistance under applicable federal regulations and statutes to report any serious injuries or deaths of children occurring in child care to the department; and (7) Establish a child care indicator system that must provide parents with a way to differentiate between child care providers as required by federal regulations. The system must indicate whether the provider meets the state's registration or licensing standards, is in compliance with applicable health and safety requirements, and if the provider has any violations related to registration or licensing requirements. The system must indicate if the provider utilizes a nationally recognized curricula and if the provider is in compliance with staff educational requirements.

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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