

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6104-03
Bill No.: Perfected HCS for HB 2249
Subject: Children and Minors; Health and Senior Services Department
Type: Original
Date: March 13, 2018

Bill Summary: This proposal modifies provisions relating to background checks for child care facilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$695,056)	(\$517,109)	(\$522,379)
Total Estimated Net Effect on General Revenue	(\$695,056)	(\$517,109)	(\$522,379)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Criminal Records System	\$524,572	\$629,486	\$629,486
Total Estimated Net Effect on Other State Funds	\$524,572	\$629,486	\$629,486

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	8	8	8
Total Estimated Net Effect on FTE	8	8	8

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§210.025 - Criminal background checks

Officials from the **Department of Health and Senior Services (DHSS)** state the Child Care Development Block Grant (CCDBG) Reauthorization Act of 2014 Section 658H set out requirements for comprehensive criminal background checks. States are required to have policies and procedures in place by September 30, 2017. Missouri has been approved for a one year waiver, which expires September 30, 2018. After the one year waiver ends noncompliant states are subject to losing 5% of their total Child Care Development Fund (CCDF) monies. Missouri may be at risk of losing \$5.4 million in federal funding for child care.

The proposed legislation requires child care staff members, which includes all regulated (licensed and license-exempt) child care providers, persons employed by the child care provider for compensation, including contract employees or self-employed individuals; individuals or volunteers whose activities involve the care or supervision of children for a child care provider or unsupervised access to children who are cared for or supervised by a child care provider; or individuals residing in a family child care home who are age seventeen (17) and older to undergo criminal background checks and every five (5) years thereafter and an annual check of the central registry for child abuse in order to qualify for receipt of state or federal funds for providing child-care services.

DHSS estimates an additional 28,613 child care staff member will need a background check based on the capacities of regulated facilities and the staff/child ratio needed to maintain supervision. DHSS will require additional staff to implement the legislation.

Health Program Representative II (6) (\$35,640 annually, each): DHSS estimates that one Health Program Representative II (HPR II) is needed to process 4,000 background screenings and complete other additional responsibilities related to the direct processing of background screenings for regulated providers. Given the expectation, $(28,613/4,000 = 7 \text{ FTE})$, DHSS assumes 6 HPRs II will be needed.

Health Program Representative III (1) (\$39,704 annually): The Health Program Representative III will directly supervise the HPRs II. This position will provide direct daily oversight to HPRs II, ensure timely completion of background screenings, develop and maintain policy and procedural manuals, review and process submitted appeals, approve security access, coordinate with child care supervisors, and conduct quality assurance reviews for accuracy and timely completion of background screenings.

ASSUMPTION (continued)

Senior Office Support Assistant (1) (\$26,340 annually): A Senior Office Support Assistant will need to be hired whose primary duties will be to support the staff within the unit.

DHSS officials provided the response for the **Office of Administration (OA), Information Technology Services Division (ITSD)/DHSS**. ITSD states, for fiscal note purposes, it is assumed a project team consisting of a project manager, business analyst, senior developer and developer for a project duration of six (6) months will be needed. Modifications will need to be made to an existing system that is currently being maintained by ITSD and hosted in the State Data Center (SDC). It has been assumed for this project that a system-to-system interface will not be established with Missouri State Highway Patrol (MSHP) for communication of fingerprint criminal background check data.

For section 210.233, modifications to an existing system that is currently being maintained by ITSD and hosted in the SDC is assumed necessary.

ITSD assumes that every new IT project/system will be bid out because all ITSD resources are at full capacity. The current contract rate for IT consultants is \$75 per hour. It is estimated that contract consultants will need 2,692.44 hours to complete the project. One-time costs to the General Revenue (GR) Fund are estimated to be \$201,933 (2,692.44 * \$75).

The **DHSS** estimates FY19 costs to the GR Fund, including ITSD costs, to be \$705,794; FY20 costs to be \$530,316; and FY21 costs to be \$535,917.

Oversight notes that in response to proposals from the current session in which agencies have indicated the need for additional space, officials from the **Office of Administration (OA), Division of Facilities Management, Design and Construction (FMDC)** state additional space in leased facilities for additional staff 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. These costs are building lease cost, fuel and utilities, and janitorial services. The assumption for the need for larger space and/or in other regions of the state, or possible new construction space, would be a higher cost per sq. ft. (estimated at \$24.50 per sq. ft.).

Oversight notes the DHSS used a lease cost for the additional rental space needed for eight (8) 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.

ASSUMPTION (continued)

Officials from the **Department of Public Safety (DPS), Missouri State Highway Patrol (MHP)** states fingerprint based criminal record checks are currently processed by the central repository pursuant to Section 210.025, RSMo. Based on Department of Health and Senior Services estimates, the MHP would be required to process 28,613 state and federal fingerprint-based criminal record checks for child care providers annually. The fees assessed for these background checks are as follows:

State fee:	\$20.00
FBI fee:	\$12.00
Applicant fingerprinting vendor fee:	<u>\$8.30</u>
Total fee per applicant:	\$40.30

Of these amounts, the state retains the \$20 state fee and \$2 of the federal charge of \$12 for a pass thru fee (\$22 total retained by the state). The \$8.30 charge is paid directly to the vendor at the time of application. All fees collected will be deposited in the Highway Patrol's Criminal Records System Fund.

Total fees added to the Highway Patrol's Criminal Records System Fund is estimated to be \$629,486 annually ($\$22 * 28,613$).

Bill as a whole

Officials from the **Department of Mental Health, the Department of Social Services, the Joint Committee on Administrative Rules** and the **Office of Administration, Administrative Hearing Commission** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the 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 SOS 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 that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 with the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Costs - DHSS (\$210.1080)</u>			
Personal service	(\$233,237)	(\$282,683)	(\$285,510)
Fringe benefits	(\$141,191)	(\$170,261)	(\$171,100)
Equipment and expense	(\$118,695)	(\$64,165)	(\$65,769)
Computer system updates	(\$201,933)	\$0	\$0
Total <u>Costs - DHSS</u>	<u>(\$695,056)</u>	<u>(\$517,109)</u>	<u>(\$522,379)</u>
FTE Change - DHSS	8 FTE	8 FTE	8 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>(\$695,056)</u>	<u>(\$517,109)</u>	<u>(\$522,379)</u>
Estimated Net FTE Change on the General Revenue Fund			
	8 FTE	8 FTE	8 FTE
 CRIMINAL RECORDS SYSTEM FUND (#0671)			
<u>Income - DPS (\$210.025)</u>			
Increase in background check fees	<u>\$524,572</u>	<u>\$629,486</u>	<u>\$629,486</u>
ESTIMATED NET EFFECT ON THE CRIMINAL RECORDS SYSTEM FUND			
	<u>\$524,572</u>	<u>\$629,486</u>	<u>\$629,486</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact on small business child care providers. Applicant child care staff members, individuals or volunteers whose activities involve the care or supervision of children and individuals in a family child care home age 17 or older will be required to undergo a criminal background check. Costs are to be paid for by the applicant but child care providers may pay the background check fee. In addition, prospective staff members may begin work for a provider, pending completion of the background check, but must be supervised at all times by another child care staff member who has received a qualifying background check. This may increase child care provider costs.

FISCAL DESCRIPTION

This bill states that in order to qualify for the receipt of state or federal funds for providing child-care services, the following persons must submit to a criminal background check before being granted a registration and every five years thereafter and to an annual check of the central registry for child abuse: (1) An applicant child care provider; (2) Persons employed by the applicant child care provider for compensation; (3) Individuals or volunteers whose activities involve the care or supervision of children for the applicant child care provider or unsupervised access to children who are cared for by the applicant child care provider; or (4) Individuals residing in the applicant's family child care home who are 17 years or older (Section 210.025, RSMo).

The proposal requires all licensed child care facilities to report annually to the Department of Health and Senior Services information regarding liability insurance coverage (§210.233)

Prior to the employment or presence of a child care staff member in a family child care home, group child care home, child care center, or license-exempt child care facility, the child care provider must request the results of a criminal background check for such child care staff members. The cost of the background check will be the responsibility of the staff member, but may be paid by the child care provider (Section 210.1080).

Prior to the employment or presence of a child care staff member in a family child care home, group child care home, child care center, or license-exempt child care facility, the child care provider must request the results of a criminal background check for such child care staff members. The cost of the background check will be the responsibility of the staff member, but may be paid by the child care provider (Section 210.1080).

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

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Mental Health
Department of Public Safety -
 Missouri State Highway Patrol
Department of Social Services
Joint Committee on Administrative Rules
Office of Administration -
 Administrative Hearing Commission
Office of Secretary of State

Ross Strobe



Acting Director
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