

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3129-01
Bill No.: HB 1257
Subject: Children and Minors; Licenses - Miscellaneous
Type: #Updated
Date: April 28, 2020
 #Updated for revised Department of Social Services response.

Bill Summary: This proposal adds provisions relating to in-home licensed child-care facilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
# Federal*	\$0 or (\$5,034,713)	\$0 or (\$6,041,656)	\$0 or (\$6,041,656)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (\$5,034,713)	\$0 or (\$6,041,656)	\$0 or (\$6,041,656)

* Loss due to non-compliance with CCDF program requirements.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§210.211 - In-home child care facility exemption for related children

#Officials from the **Department of Social Services (DSS)** state this language was previously in statute and is being added back in. If related children of LLC's (limited liability corporation) and Corporations are not counted in the total number of children cared for, this would result in the state not being in compliance with Child Care Development Block Grant (CCDBG) regulations. Federal regulations require that there must be defined staff/child ratios and a defined total group number. For example, if a family-based child care provider is licensed for 10 and provider cares for her own 2 children then the group size would have to be at least 12. The group number may be any number as long as it is defined.

#The fiscal impact of this proposal would be a loss of 4% of the Child Care Development Funds (CCDF) block grant due to being out of compliance and to continue funding at the current level would require additional General Revenue funding. Current federal CCDF funding is \$151,041,388. A 4% reduction in funding would equal \$6,041,656.

#**Oversight** notes the **Department of Health and Senior Services (DHSS)** has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

#**Oversight** contacted DHSS for additional information. In response to similar legislation (SB 1026), DHSS stated "the Child Care Development Fund requires states to outline a ratio of the number of children to caregivers to comply with federal requirements. The language in §210.221.4 allows for an unlimited number of children related to the provider in addition to the number of unrelated children. Because there is not a limit on the number of related children, Missouri would not have a defined staff/child ratio." It is assumed not having a staff/child ratio would cause noncompliance with the federal program.

#Oversight is unsure if Missouri will be determined to be noncompliant (and funding withheld), therefore, for fiscal note purposes, **Oversight** will present DSS' potential anticipated loss of CCDF funding as \$0 or a loss of \$6,041,656 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
# FEDERAL FUNDS			
#Loss - DSS (§210.211) - Non-compliance with CCDF program requirements	<u>\$0 or</u> <u>(\$5,034,713)</u>	<u>\$0 or</u> <u>(\$6,041,656)</u>	<u>\$0 or</u> <u>(\$6,041,656)</u>
#ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0 or</u> <u>(\$5,034,713)</u>	<u>\$0 or</u> <u>(\$6,041,656)</u>	<u>\$0 or</u> <u>(\$6,041,656)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may impact small business child-care facilities organized as business entities. (§210.221)

FISCAL DESCRIPTION

#This bill allows in-home licensed child-care facilities to qualify for the exemption for related children when calculating the number of children in care in the home. This language was repealed in HB 397 from 2019.

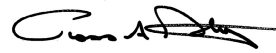
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Social Services



Julie Morff
Director
April 28, 2020



Ross Strobe
Assistant Director
April 28, 2020