

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0962-01
Bill No.: HB 383
Subject: Children and Minors; Department of Social Services
Type: Original
Date: February 24, 2009

Bill Summary: This legislation modifies the requirements for licensure of child care facilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Unknown savings and losses would net to \$0.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	Unknown	Unknown	Unknown
Total Estimated Net Effect on FTE	Unknown	Unknown	Unknown

☐ 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 2010	FY 2011	FY 2012
Local Government	Unknown	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health, Office of Prosecution Services** and the **Office of the State Courts Administrator** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Corrections (DOC)** state the DOC, cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY08 average of \$2.47 per offender, per day or an annual cost of \$902 per offender).

In summary, supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Department of Social Services** assume the proposal will impact the number of children that will have access to registered child care providers, the Children's Division does not anticipate a fiscal impact.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, DESE cannot know how much additional money might be collected by local governments or the Department of Revenue to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore, the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

ASSUMPTION (continued)

Oversight notes that local school districts would see an increase in fine revenue as a result of this proposal. As stated by DESE, this fine revenue would be a deduction the next year for some of the school districts. Oversight assumes an unknown amount of revenue would be realized each year by school districts and a corresponding decrease in school funding from the state the following year. Oversight assumes the fine revenue will fluctuate from year to year, therefore, the net fiscal impact to local school districts from FY 2009 on could be Unknown to (Unknown).

Officials from the **Department of Health and Senior Services** state the following:

Section 210.211.1(1):

According to the Department of Social Services, from June 2007 through May 2008, there was an average of 2,787 registered unlicensed child care providers. DHSS is unable to estimate the number of unlicensed child care providers that are not registered and therefore assumes that an unknown number of child care providers will be required to be licensed as a result of the proposed legislation.

The Division of Regulation and Licensure (DRL) within the Department of Health and Senior Services is responsible for the inspection, licensure, and regulation of child care programs in Missouri. Inspectors conduct inspections of licensed child care programs semi-annually and complaint investigations as needed.

In addition to the inspections conducted by DRL, the Division of Community and Public Health conducts safety and sanitation inspections for licensed child care providers at the time of licensure and annually thereafter.

The proposed legislation could result in the need for additional inspectors. Due to the uncertain number of child care providers that will be required to be licensed, DHSS estimates an impact of (Unknown > \$100,000). The Department further estimates that as a result of an increased number of licensure fees, the proposed legislation will cause an unknown increase in General Revenue.

Section 210.245.1

The proposed legislation in this section imposes a fine of two hundred dollars per day, not to exceed a total of ten thousand dollars for any person that violates the child care licensure provisions set forth in sections 210.201 to 210.245. The Department assumes an unknown increase in General Revenue as a result of this imposed fine.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Savings</u> - Department of Elementary and Secondary Education*			
Reduced appropriations to the State School Moneys Fund (from deduction of fine revenue from previous year)	\$0	Unknown	Unknown
<u>Income</u> - Department of Health and Senior Services*			
Licensure Fees and Penalties	Unknown	Unknown	Unknown
<u>Costs</u> - Department of Health and Senior Services*			
Program Costs	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)
FTE Change - DHSS	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown but Greater than \$100,000)</u>	<u>(Unknown but Greater than \$100,000)</u>	<u>(Unknown but Greater than \$100,000)</u>
Estimated Net FTE Change for General Revenue Fund	Unknown	Unknown	Unknown

*Oversight assumes costs will exceed savings.

STATE SCHOOL MONEYS FUND

Savings - Department of Elementary and Secondary Education

Reduced distributions to local school districts

\$0	Unknown	Unknown
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Losses - Department of Elementary and Secondary Education

Reduced appropriations from General Revenue Fund

<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2010
(10 Mo.)

FY 2011

FY 2012

POLITICAL SUBDIVISIONS

Revenues - School Districts

Income from fines

Unknown	Unknown	Unknown
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Losses - School Districts

Reduced distributions from State School Moneys Fund

<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS

<u>Unknown</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
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FISCAL IMPACT - Small Business

In order to maintain or operate a child care facility, child care providers who currently care for related children will be required to have a license granted by the Department of Health and Senior Services if they care for more than four children.

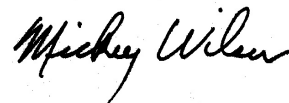
FISCAL DESCRIPTION

Currently, a person who cares for fewer than five children, not including any children related to the caregiver by blood, marriage, or adoption within the third degree, is not required to obtain a child care facility license. This legislation changes the provision to include these related children in the total child care count. Any unlicensed child care facility with fewer than five children will be required to disclose its exempt status to the parents or guardians of the children in the facility. Any person violating child care licensure requirements or illegally obtaining a child care license, two or more times, will be guilty of a class A misdemeanor and assessed a fine of \$200 per day, not to exceed \$10,000. Unlicensed child care facilities operating illegally can be immediately closed by the Department of Health and Senior Services and the county prosecuting attorney may file suit to obtain a permanent order preventing the facility from further operations.

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

Office of the State Courts Administrator
Department of Elementary and Secondary Education
Department of Mental Health
Department of Corrections
Department of Social Services
Department of Health and Senior Services
Office of Prosecution Services



Mickey Wilson, CPA
Director
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