

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1084H.02C
Bill No.: HCS for HB 835
Subject: Children and Minors; Licenses - Miscellaneous
Type: Original
Date: March 17, 2025

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 210.211 – In-home daycare exemption for related children

Officials from the **Department of Elementary and Secondary Education, Office of the State Courts Administrator, Missouri Office of Prosecution Services** and the **Office of the State Public Defender** assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

In response to similar legislation, HB 1257 (2020), officials from the **Department of Social Services (DSS)** stated 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 upon further inquiry, DESE assumed DSS is correct about group size requirements, but Missouri prescribes what group sizes are in the state plan. The federal requirements around group sizes are for childcare providers of services for which assistance is provided under CCDF. So, the Office of Childhood doesn't believe it means a loss of money, it means that providers will not qualify to be a CCDF provider if they operate outside of the prescribed group sizes specified in the state plan.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Oversight assumes some child care providers will not qualify to be a CCDF provider if they operate outside of the prescribed group sizes specified in the state plan.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

Attorney General's Office
Office of the State Public Defender
Department of Social Services
Missouri Office of Prosecution Services
Department of Elementary and Secondary Education
Office of the State Courts Administrator



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March 17, 2025



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