

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0832-03  
Bill No.: HB 571  
Subject: Children and Minors; Health Department  
Type: Original  
Date: March 19, 2013

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Bill Summary: This proposal establishes Nathan’s Law which changes the laws regarding licensing requirements for child-care facilities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown, greater than \$265,336)	(Unknown, greater than \$223,648)	(Unknown, greater than \$225,156)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown, greater than \$265,336)</b>	<b>(Unknown, greater than \$223,648)</b>	<b>(Unknown, greater than \$225,156)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<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 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
General Revenue	Unknown, greater than 2 FTE	Unknown, greater than 2 FTE	Unknown, greater than 2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Unknown, greater than 2 FTE</b>	<b>Unknown, greater than 2 FTE</b>	<b>Unknown, greater than 2 FTE</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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** provide the following assumptions:

#### Section 210.211.1(1) - Number of children being cared for:

According to the Department of Social Services, there were 4,043 registered unlicensed child care providers caring for four or fewer children at the end of calendar year 2012. An unknown number of these providers are likely caring for related children as well, which could increase the number of children in care to more than four and would require them to be licensed under the proposed language. In addition, DHSS is unable to estimate the number of unlicensed child care providers that are not registered that would fall under the new licensure requirements.

The Division of Regulation and Licensure (DRL) 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 (DCPH) conducts safety and sanitation inspections for licensed child care providers at the time of licensure and annually thereafter.

#### Section 210.245.7 - DHSS may close illegally operating unlicensed child-care facilities:

The DRL does not anticipate any significant additional costs related to the ability to immediately close illegally operating unlicensed child care.

#### Summary:

The proposed legislation would result in the need for additional inspectors. Due to the unknown number of child care providers that will be required to be licensed and the unknown number of investigations that will be required, DHSS assumes an unknown, greater than \$100,000 cost impact to the General Revenue Fund annually.

Officials from the **Department of Public Safety (DPS) - Division of Fire Safety (FS)** state this legislation has the potential to greatly expand the Division of Fire Safety's Fire Inspection program for the inspection of childcare facilities. Section 210.211 changes an exemption of

ASSUMPTION (continued)

homes/facilities who care for four or fewer children by requiring a license (therefore, requiring inspection) if care is provided for at least one child who is not a family member. There is no record of the number of homes/facilities this would impact; however the FS assumes it would be at least 1,000 homes/facilities.

Due to this large increase in child-care facilities to be inspected by the FS, the Division would request at least 2 additional FTE Fire Safety Inspectors to conduct the inspections of these additional child-care facilities, process the applications, review the documentation, conduct quality control, and investigate all complaints. Related expense and equipment funding would also be requested. Total costs for FY 14 is projected to be \$165,336 in General Revenue funds; FY 15 costs are projected to be \$123,648; and FY 16 costs are projected to be \$125,156.

Officials from the **Columbia/Boone County Department of Public Health and Human Services (DPHHS)** state the DPHHS currently conducts childcare safety and sanitation inspections and receives reimbursement for those inspections under a contract with the DHSS. That reimbursement covers most, but not all of the DPHHS' costs for conducting the inspections. This proposal will increase the number of childcare facilities requiring inspection in Boone County, but the DPHHS has no way of estimating how many facilities will be impacted because there is no listing of unlicensed facilities. Therefore, due to an unknown increase in the number of inspections, the DPHHS anticipates an unknown fiscal impact as a result of this proposal.

Officials from the **Department of Elementary and Secondary Education (DESE)** state there is no anticipated state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to school districts 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.

**Oversight** assumes any increase or decrease in fine or penalty revenues generated cannot be determined. Therefore, the fiscal note does not reflect any fine or penalty revenues for the local school districts.

Officials from the **Office of Prosecution Services (OPS)** assume the proposal will have no measurable fiscal impact on the OPS. The creation of a new crime creates additional responsibilities for county prosecutors which may, in turn, result in additional costs, which are difficult to determine.

ASSUMPTION (continued)

**Oversight** assumes the potential responsibilities imposed on county prosecutors as a result of this proposal, will be absorbable within current funding and staffing levels.

Officials from the **Department of Corrections (DOC)** state the penalty provisions for violations, the component of the bill to have a potential fiscal impact for DOC, is for a class A misdemeanor. Currently, 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 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 Prolongation (FY 12 average of \$4.96 per offender, per day, or an annual cost of \$1,810 per offender).

The DOC assumes 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 **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Social Services - Children's Division (CD)** state while this proposal will impact the number of children that will have access to registered daycare providers, the CD does not anticipate a fiscal impact.

Officials from the **Office of Administration - Division of Budget and Planning**, the **Office of State Courts Administrator**, the **Department of Mental Health**, the **Department of Public Safety (DPS) - Missouri State Highway Patrol**, the **Office of State Public Defender** and the **Harrison County Health Department** each assume the proposal would not fiscally impact their respective agencies.

No other local public health agencies responded to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DHHS-DRL &amp; DCPH</u>			
Increase in daycare licensing and inspection expenditures (§§ 210.211 & 210.245)	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)
Increase in contract payments to local public health departments (§§ 210.211 & 210.245)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Total Costs - DHHS-DRL &amp; DCPH</u>	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>
FTE Change - DHHS	Unknown FTE	Unknown FTE	Unknown FTE
<u>Costs - DPS-FS (§210.211)</u>			
Personal service	(\$57,860)	(\$70,126)	(\$70,828)
Fringe benefits	(\$29,361)	(\$35,585)	(\$35,942)
Equipment and expense	(\$78,115)	(\$17,937)	(\$18,386)
<u>Total Costs - DPS-FS</u>	<u>(\$165,336)</u>	<u>(\$123,648)</u>	<u>(\$125,156)</u>
FTE Change - DPS	2.0 FTE	2.0 FTE	2.0 FTE
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>			
	<u>(Unknown, greater than \$265,336)</u>	<u>(Unknown, greater than \$223,648)</u>	<u>(Unknown, greater than \$225,156)</u>
Estimated Net FTE Change on the General Revenue Fund	Unknown, greater than 2.0 FTE	Unknown, greater than 2.0 FTE	Unknown, greater than 2.0 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>COUNTY HEALTH DEPARTMENTS</b>			
<u>Income</u> - County Health Departments			
Increase in contract payments for daycare inspections	Unknown	Unknown	Unknown
<u>Costs</u> - County Health Departments			
Increase in daycare inspection expenditures	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON COUNTY HEALTH DEPARTMENTS</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>

FISCAL IMPACT - Small Business

This proposal would have an unknown impact on the administrative costs of small business day care facilities.

FISCAL DESCRIPTION

This proposal establishes Nathan's Law that changes the laws regarding the licensing of child care facilities. The proposal specifies that a child related by blood, marriage, or adoption will be counted in the total number of children being cared for as it applies to determining if a facility is required to be licensed only if the person is also caring for at least one child who is unrelated by blood, marriage, or adoption to the person within the third degree, except that a child living in the home who is eligible for enrollment in a public kindergarten or elementary school will not be included in the total. Currently, these children are not considered in the total number. The Department of Health and Senior Services is authorized to immediately close any illegally operating unlicensed child care facility. A local prosecutor may file suit for a permanent order preventing the operation of the facility that will remain in effect until the court determines that the child care facility is in compliance with all licensing requirements.

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 Attorney General  
Office of Administration -  
    Division of Budget and Planning  
Office of State Courts Administrator  
Department of Elementary and Secondary Education  
Department of Mental Health  
Department of Corrections  
Department of Health and Senior Services  
Department of Social Services  
Department of Public Safety -  
    Division of Fire Safety  
    Missouri State Highway Patrol  
Office of Prosecution Services  
Office of State Public Defender  
Columbia/Boone County Department of Public Health and Human Services  
Harrison County Health Department



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