

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number SB421-ER

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron Hanger

3. Committee Passed Both Houses

4. Title Child care facilities; criminal background checks; civil penalty.

5. Summary/Purpose: Requires all businesses and organizations that provide care to children, the elderly, or disabled to request a national criminal background check of all employees and volunteers. Proposal becomes effective July 1, 2007, and is contingent upon an appropriation of funds during the 2007 Session of the General Assembly and signed into law by the Governor.

6. Fiscal Impact Estimates are: FINAL; See item 8.

7. Budget amendment necessary: Yes. Per the second enactment clause in the proposal, an amendment will be required in the 2007 session for this legislation to become effective.

8. Fiscal implications: It should be noted that neither the House nor Senate submitted budget amendments providing additional funding for this proposal.

According to the Department of State Police, the proposed legislation would require approximately 230,000 additional national criminal background checks in the first year. Currently, businesses and organizations that provide care to children, the elderly, or disabled are required to have the State Police perform a criminal history records check on particular people (e.g., new employees). The additional requirement of a national background check will require all current employees, not just new hires, to undergo a national background check in the first year. This onslaught of checks will dramatically increase the department's workload during the first year. In addition, the increased volume of fingerprints will impact system resources. It should be noted that the number of additional national background checks in the second year is not known.

However, the impact on the first year can be illustrated as follows. Under the current criminal history check process, the department receives a request, generates a report and mails the results to the requesting organization. It is the responsibility of the requesting organization to review the information and make a determination of employability. This process is significantly changed with the national background check due to federal requirements.

For this check, the department must still conduct the typical background check but must now request the Federal Bureau of Investigation to conduct a national analysis. Using this state and national information, the department performs a review of each applicant's history for particular crimes (e.g., barrier types). It should be added that additional work is required when dispositions are unresolved in order to ensure accuracy of the check. Once completed, the department must notify each organization as to whether or not an individual applicant passes or fails the check. This process is staff intensive and takes time if there are complications resolving outstanding dispositions.

The fiscal impact has been estimated by the department at \$3,924,912 and 49 positions in FY08 (the first year the proposal would be effective) and \$2,290,760 and 49 positions in FY09 to maintain this level of staffing. First year costs include one-time equipment and system/archive upgrade figures. It is not clear if the department will require as much staffing in the second year. It will depend on whether additional organizations are added to this proposal in the future.

Another fiscal impact is on the general fund revenue. Currently, the department deposits \$15 per criminal background check into the general fund. Under the national background check, the department will be depositing \$8 per background check to the general fund. Therefore, for each national background check that was previously a standard state background check, the department deposits \$7 less to the general fund.

It should be noted that in the first year, the general fund should receive additional revenue since existing employees would be required to undergo national background checks. For instance, assuming that 70 percent of the 230,000 requests in the first year are for existing employees, these 161,000 requests will generate \$1.29 million for the general fund (\$8 per request). However, the remaining 30 percent of the requests will generate \$483,000 less than before under the proposal (instead of \$15 the amount returned is \$8). Therefore, using these assumptions, the net impact on revenue to the general fund is an additional \$805,000 in the first year. As for the second year, all requests would generate \$7 less under the proposal since all existing staff were completed in first year. If the 30 percent remains constant, the loss to the general fund would be \$483,000 in the second year. Less general fund revenue would also be generated in future years.

9. Specific agency or political subdivisions affected: Department of State Police and all businesses and organizations that provide care to children, the elderly, or disabled.

10. Technical amendment necessary: No.

11. Other comments: None.

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cc: Secretary of Public Safety
Secretary of Finance