

## Department of Planning and Budget 2015 Fiscal Impact Statement

**1. Bill Number:** HB 1570

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Orrock, Robert D. Sr.

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Unlicensed, unregistered family day homes; notice to Department of Social Services

**5. Summary:** The proposed legislation requires every unlicensed, unregistered family day home to submit a statement of intent to operate an unlicensed, unregistered family day home and the name, address, and telephone number of the person maintaining the family day home to the Department of Social Services prior to beginning such operation and annually thereafter. The bill also requires every unlicensed, unregistered family day home to provide written notice to the parents of every child receiving care stating that the family day home is not regulated by the Department of Social Services and referring parents to a website maintained by the Department for additional information regarding licensed, registered, and unregulated family day homes.

**6. Budget Amendment Necessary:** See Below. The introduced budget includes \$2.7 million general fund to support costs associated requiring licensure as a condition of participating in the child care subsidy program. A portion of this funding may be used to offset the cost of this bill. However, as this is not a dollar for dollar offset, this funding could not be assumed if legislation related to other aspects of child care regulation, along with this bill, is passed.

**7. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	-	-	-
2016	\$771,000	-	Indeterminate*
2017	\$21,000	-	Indeterminate*
2018	\$21,000	-	Indeterminate*
2019	\$21,000	-	Indeterminate*
2020	\$21,000	-	Indeterminate*
2021	\$21,000	-	Indeterminate*

\*The agency has accrued a significant one-time federal Child Care Development Fund (CCDF) balance that is estimated to be \$55.4 million at the end of FY 2016. The introduced budget appropriates a portion of this anticipated balance to support the on-going cost (through FY 2022) of recent a child care subsidy rate (effective October 1, 2014) increase.

As this balance is available in the current year, CCDF dollars could be used to offset this bill's fiscal impact.

- 8. Fiscal Implications:** A family day home is a child day program offered in the residence of the provider or the home of any of the children in care for one through twelve children under the age of thirteen when at least one child receives care for compensation. Under current law, family day homes serving six or more children exclusive of the provider's own children and any child who resides in the home must be licensed.

This legislation requires every unlicensed and unregistered family day home to provide the Department of Social Services (DSS) with a written statement of intent to operate an unlicensed and unregistered family day home serving fewer than six children annually. The statement shall include the name, address, and telephone number of the person maintaining the family day home as well as an acknowledgement that the provider has provided written notice to the parents of the children in care that they are not regulated by the department and referring the parents to the DSS website. The department currently does not require this information from unlicensed and unregulated family day homes. The following fiscal implications assume that DSS would serve as a data repository and no follow-up or monitoring activities would be required.

The Department estimates that as of June 30, 2014, there were approximately 63,049 unlicensed and unregistered family day home providers operating in Virginia. Based on average of 1,500 annual productive work hours, it is estimated that the department would need an additional part time position to make sure all the necessary data is entered into the database. Assuming an average hourly rate of \$14 per hour, this should cost the agency approximately \$21,000 annually. In addition, the agency would need to update its Division of Licensing Program Health and Information Network (DOLPHIN) system to include fields that capture the required data on unlicensed and unregulated family day home providers. It is assumed that this would be a minimal one-time as the necessary system changes could be included as part of annual revisions.

Although the bill does not include a specific requirement for the dissemination of information, it is assumed that one would be necessary to effectively implement the bill's provisions. Many of the providers impacted by this legislation do not have any interactions with DSS or other state agencies with regard to child care and would have no way to understand the new expectations. Based on previous experience, DSS estimates the cost of a statewide bilingual media campaign to be \$750,000. This estimate is based on approximately \$40,000 per week in radio and print ads that run between \$750 and \$5,000 depending on the publication, and print materials such as flyers, pamphlets and posters that cost between \$0.35 and \$2.50 per piece.

- 9. Specific Agency or Political Subdivisions Affected:**  
Department of Social Services

- 10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/29/15