

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB 1069

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

2. Patron: Wexton, Jennifer T.

3. Committee: Rehabilitation and Social Services

4. Title: Family day homes, unlicensed, unregistered; notice to Commissioner of Department of Social Services

5. Summary: The proposed legislation requires every family day home that provides care for five or fewer children, exclusive of the provider's own children, that is not licensed or voluntarily registered with the Department of Social Services (DSS) to, prior to beginning such operation and at such intervals thereafter as may be required by the department, submit to the Commissioner a written declaration of intent to operate such family day home, which shall include a statement of the number of children for which the family day home will provide care and such other information as the Commissioner may require. The bill provides for random monitoring of such family day homes by DSS.

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. All or 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	7,289,468	65.0	Indeterminate*
2017	6,203,873	65.0	Indeterminate*
2018	6,203,873	65.0	Indeterminate*
2019	6,203,873	65.0	Indeterminate*
2020	6,203,873	65.0	Indeterminate*
2021	6,203,873	65.0	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 a recent 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 some or all of this bill's fiscal impact. However, once the CCDF balance is expended, additional general fund would be required to support the bill's cost as well as the cost of continuing the subsidy rate increase. For example, if CCDF funds are fully utilized to support this bill, it is estimated that the reserve would be fully expended by FY 2019 and approximately \$15.2 million general fund would be required to maintain child care subsidy and licensure operations if no other federal funds are provided for this purpose.

- 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 bill requires unlicensed and unregistered family day homes to submit a declaration of intent to operate an unlicensed, unregistered day home prior to operation and at intervals required by DSS. In addition, family day homes that are required to submit a written declaration are subject to random monitoring by DSS. The department currently does not track or monitor unlicensed and unregistered family day homes.

The primary costs associated with this legislation are 1) additional licensing staff for monitoring; 2) information system upgrades; and 3) a public relations media campaign to inform the public about this new requirement for family day home providers.

Licensing Staff

There is no way of knowing exactly how many unlicensed and unregistered family day home providers there are in Virginia. The department estimates that as of June 30, 2014, there were approximately 63,049 unregulated family day home providers in Virginia. Of the 63,049, it is estimated that 50 percent or 31,525 will meet the requirements of this bill and actually submit a declaration of intent to operate an unlicensed and unregistered family day home. It is further assumed that licensing inspectors will randomly monitor 33 percent or 10,508 of the family day home providers who submit the declaration annually.

It is presumed that the monitoring visits required as a result of this legislation would not be as detailed and thus require as much time as a full inspection. The department estimates that a licensing inspector could monitor 200 facilities annually; the annual inspection rate is 61.5 facilities per inspector. Based on an annual monitoring rate of 200 facilities per inspector, it is estimated that 53 (10,508/200) additional inspectors with an average annual salary of \$59,453 will be needed as a result of this bill. Five licensing administrators with an average salary of \$68,371 and five administrative support staff with an annual salary of \$40,000, based on a 10:1 inspector to staff ratio, would be needed as well. Two program consultants with an average salary of \$68,371 will also be needed in the home office to provide guidance, training and technical assistance to the field. In addition, non-personnel services are estimated at \$14,368 (\$16,299 for inspectors) in the first year and \$9,205 (\$11,136 for inspectors) each year thereafter for each staff person. The non-personnel services of inspectors are greater due to their increased travel costs. Therefore, total annual cost for

additional licensing staff is estimated to be \$6,439,468 in the first year and \$6,103,873 each year thereafter.

Information System

Division of Licensing Program Health and Information Network (DOLPHIN) is the system utilized to maintain information about licensing such as inspections, applications, complaints, and demographics. DOLPHIN would require upgrades to include a category for data pertaining to the unlicensed and unregistered family day homes, whether the facility is subject to licensure, the monitoring visit, complaints and referrals. The one-time estimated cost for these upgrades is \$100,000 in the first year.

Media Campaign and Information Referral

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 the department or other state agencies with regard to child care and would have no way knowing about the requirement to submit a declaration of intent to operate a family day home. Based on previous experience, DSS estimates the cost to conduct a one-time, statewide bilingual media campaign, along with information referral services, to be approximately \$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.

Summary Table		FY 2016
Licensing Staff		\$6,439,468
Information System Upgrade		\$100,000
Media Campaign and Information Referral		\$750,000
Total		\$7,289,468

9. Specific Agency or Political Subdivisions Affected:

Department of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/20/15