

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: HB2259

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

2. Patron: Filler-Corn

3. Committee: Courts of Justice

4. Title: Child day programs; exemptions from licensure.

5. Summary: Removes certain programs from the list of child day programs exempt from licensure and clarifies that such programs are not considered child day programs and therefore are not subject to licensure. The bill also modifies the terms of child day programs that remain listed as exempt from licensure and requires that such programs (i) file with the Commissioner of Social Services (the Commissioner), prior to beginning operation of a child day program and annually thereafter, a statement indicating the intent to operate a child day program, identifying the Code provision relied upon for exemption from licensure, and certifying that the child day program has disclosed, in writing, to the parents or guardians of the children in the program the fact that it is exempt from licensure; (ii) report to the Commissioner all incidents involving serious injury or death to children attending the child day program; (iii) have a person trained and certified in first aid and cardiopulmonary resuscitation (CPR) present at the child day program; (iv) comply with background check requirements established by regulations of the Board of Social Services (the Board); (v) maintain daily attendance records; (vi) have an emergency preparedness plan in place; (vii) comply with all applicable laws and regulations governing transportation of children; and (viii) post in a visible location notice that the program is not licensed or inspected by the Department of Social Services and only certifies basic health and safety requirements. The bill modifies staffing ratios for religious-exempt child day centers and requires that such centers have a person trained and certified in first aid and CPR present whenever children are in attendance and comply with safe sleep practices for infants established by regulations of the Board. The bill directs (a) the Board to promulgate regulations to implement the provisions of the bill and (b) the Commissioner to establish a process to inspect child day programs exempt from licensure and a process to gather and track aggregate data regarding child injuries and deaths that occur at such child day programs.

6. Budget Amendment Necessary: Yes.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

7a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|--------------------------|------------------|--------------------|
| 2017 | - | - | - |
| 2018 | \$4,986,163 \$160,745 | 47 1 | General Special |
| 2019 | \$4,523,104 \$64,184 | 47 1 | General Special |
| 2020 | \$4,523,104 \$64,184 | 47 1 | General Special |
| 2021 | \$4,523,104 \$64,184 | 47 1 | General Special |
| 2022 | \$4,523,104 \$64,184 | 47 1 | General Special |
| 2023 | \$4,523,104 \$64,184 | 47 1 | General Special |

7b. Revenue Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|-------------|
| 2017 | - | - |
| 2018 | \$160,745 | Special |
| 2019 | \$64,184 | Special |
| 2020 | \$64,184 | Special |
| 2021 | \$64,184 | Special |
| 2022 | \$64,184 | Special |
| 2023 | \$64,184 | Special |

8. Fiscal Implications:

Additional Licensing Staff:

There is no way of knowing exactly how many child day programs exempt from licensure are currently in Virginia, nor how many operate outside of the threshold of licensure. It is also unknown how many will register with the Department of Social Services (DSS) or require health and safety inspections and staff background checks, as a result of this bill. Based on an estimate of the number of churches, camps, gyms and athletic clubs, local government recreational programs, and private schools in Virginia, it is assumed that approximately 3,000 additional child day programs except from licensure would require health and safety inspections for the purpose of this bill.

Furthermore, until the Department is able to develop standards for exempt inspections, the length of time to complete an exempt inspection must be assumed. Because a large part of the inspection time includes traveling to the inspection site and interviewing administrators and staff, it is assumed that exempt facility inspections will take the same amount of time to inspect as licensed facilities. Based on an annual inspection rate of 65 facilities per inspector, the Department estimates that 46 additional inspectors will be needed to complete approximately 3,000 mandated inspections annually. The annual cost for salary and benefits is estimated to be \$84,980 per position in FY 2018 and each year thereafter. In addition,

nonpersonal services are estimated at \$16,299 in the first year and \$11,136 each year thereafter for each inspector. The nonpersonal services for inspectors are greater than for most employees due to their increased travel costs. Therefore, the total annual cost for additional licensing staff is estimated to be \$4,658,834 in the first year and \$4,421,336 each year thereafter.

Additional Office of Background Investigations (OBI) Staff:

The Department has no way of knowing how many additional criminal background checks or central registry searches will be required as a result of this legislation. However, it is anticipated that OBI would need additional staff to handle an increased volume of background checks and central registry searches. With the use of a fingerprint vendor, it is estimated that each additional staff person can process approximately 8,500 background checks annually.

The Department estimates that one additional full-time program support technician with an average annual cost for salary benefits of \$54,979 in FY 2018 and each year thereafter will be needed as a result of this bill. In addition, nonpersonal services are estimated at \$9,766 in the first year and \$9,205 each year thereafter for each program support technician. Therefore, the total annual cost for OBI staff is estimated to be \$64,745 in the first year and \$64,184 each year thereafter.

Other OBI Costs:

In addition, the Department would incur systems costs to implement this bill. The Background Investigation System (BIS) must be updated to add another background type for exempt facilities. This one-time system upgrade is estimated to cost \$96,000 in the first year.

It is presumed the Department will establish background check fees sufficient to allow it to break even on the operating cost of OBI as a whole. The Department will adjust its fees for the OBI once it has enough data on the number of background check applicants, in order to recover the cost of the program. Virginia State Police have indicated that the agency can absorb up to an additional 1,200 fingerprint background checks annually. If the number of checks exceeds 1,200, VSP will need additional appropriation for this purpose.

The fee breakdown for background checks is:

| Background check fee breakdown for employees | |
|--|-------------|
| FBI | \$12 |
| VSP | \$13 |
| OBI | \$23 |
| TOTAL | \$48 |

| Background check fee breakdown for volunteers | |
|---|-------------|
| FBI | \$11 |
| VSP | \$8 |
| OBI | \$10 |
| TOTAL | \$29 |

Additional Central Office Staff:

The Department estimates that one administrative support staff with an annual cost for salary and benefits of \$67,563 in FY 2018 and each year thereafter will be needed as a result of this bill. In addition, nonpersonal services are estimated at \$9,766 in the first year and \$9,205 each year thereafter. This employee will coordinate the registration process for child day programs exempt from licensure, as well as handle data entry. The total annual cost for Central Office staff as a result of this bill is estimated to be \$77,329 in the first year and \$76,768 each year thereafter.

Information Systems:

The agency would need to update its Division of Licensing Program Health and Information Network (DOLPHIN) system to incorporate a registry to capture all the information for exempt facilities, as well as add a new inspection type for exempt facilities. It is assumed that this would be an estimated one-time cost of \$250,000 in the first year and an estimated \$25,000 for annual maintenance each year thereafter.

The Department estimates the total cost to implement this bill at \$5,146,908 in FY 2018 and \$4,587,288 each year thereafter.

9. Specific Agency or Political Subdivisions Affected: Department of Social Services,
Virginia State Police

10. Technical Amendment Necessary: No.

11. Other Comments: