

## Department of Planning and Budget 2018 Fiscal Impact Statement

1. **Bill Number:** SB539-ER

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

2. **Patron:**    Hanger

3. **Committee:** Passed Both Houses

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 certain 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 to the parents of 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) maintain daily attendance records; (v) have an emergency preparedness plan in place; (vi) comply with all applicable laws and regulations governing transportation of children; (vii) comply with certain safe sleep practices for infants; and (viii) post in a visible location notice that the program is not licensed by the Department of Social Services and only certifies basic health and safety requirements. The bill exempts from licensure any program offered by a local school division, operated for no more than four hours per day, staffed by local school division employees, and attended by school-age children who are enrolled in public school within such school division. The bill also modifies staffing ratios for religious-exempt child day centers. The bill has a delayed effective date of July 1, 2019.

6. **Budget Amendment Necessary:** Yes.

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

8. **Fiscal Implications:** The Department of Planning and Budget estimates the total cost to implement this bill at \$43,548 in the second half of FY 2019 and \$143,331 in FY 2020 and each year thereafter, as shown in the tables below.

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund*</i>
2018	-	-	-
2019	\$43,548	1	General
2020	\$143,331	1	General
2021	\$143,331	1	General
2022	\$143,331	1	General
2023	\$143,331	1	General
2024	\$143,331	1	General

**\*The Department of Social Services believes it has enough Child Care and Development Fund (CCDF) grant funding to absorb these costs, however CCDF grant funds are primarily used to serve families in need of quality childcare and in the event that the cost and demand for childcare increases, this funding may no longer be available for this purpose, so general fund appropriation is used in the table above.**

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 as a result of a complaint against the child day program, as a result of this bill. Based on an estimate of the number of churches, camps, gyms and athletic clubs, elementary schools that may offer additional programming for school-aged children, and other child-minding services in Virginia, it is assumed that approximately 3,954 additional child day programs exempt from licensure would be subject to health and safety inspections if a complaint against the program for the purpose of this bill.

Based on the legislation, there are only eight items for which the Department can inspect upon receipt of a complaint. The compliance inspection can only verify that the exempt facility: (1) files with the Commissioner of Social Services, 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 to the parents of children in the program the fact that it is exempt from licensure; (2) reports to the Commissioner all incidents involving serious injury or death to children attending the child day program; (3) posts in a visible location on the premises notice that the child day program is operating as a program exempt from licensure with basic health and safety requirements but has no direct oversight by the Department of Social Services; (4) has a person trained and certified in first aid and cardiopulmonary resuscitation (CPR) present at the child day program whenever and wherever children are present; (5) maintains daily attendance records that document the arrival and departure of all children; (6) has an emergency preparedness plan in place; (7) complies with all applicable laws and regulations governing transportation of children; and (8) complies with all safe sleep guidelines recommended by the American Academy of Pediatrics. In contrast, there are over 700 items that are inspected for in a licensed child day center inspection. Because there are fewer requirements to be inspected for exempt facilities as a result of this legislation as compared to licensed facilities, it is also assumed that there

will be fewer complaints. In FY 2017 there were 6,098 licensed and regulated facilities with a total of 806 complaints or complaints on approximately 13 percent (806/6,098) of the facilities.

Therefore, for purposes of this analysis, it is estimated that only 6.5 percent (.13 / 2) or 257 (3,954 x .065) exempt child day programs will receive complaints that can be inspected by the department. The agency estimates that it will take four hours per compliance inspection for this population, which includes travel time to and from the facilities, staff and administrator interviews, and preparation of reports. For comparison, an inspection of a fully licensed facility averages about 23 hours.

Using the average annual salary, benefits, and non-personal services costs of \$97,094 for a licensing inspector, the hourly rate based on 1,500 annual productive work hours per inspector is \$64.73 (\$97,094/1,500). As previously stated it will take approximately four hours per inspection resulting in an estimated cost of \$259 (\$64.73 x 4 hours) for each inspection. Therefore, the total annual cost for complaint inspections based on this legislation is \$66,563 (\$259 x 257) in FY 2020 and each year thereafter.

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 2020 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 \$43,548 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. The agency has indicated that it can absorb this cost.

**9. Specific Agency or Political Subdivisions Affected:** Department of Social Services, local governments

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.