

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: HB500

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: Health, Welfare and Institutions

4. Title: Child care providers; criminal history background checks.

5. Summary: Requires all applicants for licensure as a family day system, registration as a family day home, and approval as a family day home by a family day system, all child day centers that are exempt from licensure by the Department of Social Services, and all child day centers and family day homes that enter into a contract with the Department of Social Services or a local department of social services to provide child care services funded by the Child Care and Development Block Grant, as well as all applicants for employment, employees, applicants to volunteer, and volunteers at such child day centers, family day homes, and family day systems, to undergo fingerprint-based national criminal history background checks beginning July 1, 2017. The bill also requires individuals currently employed by or serving as volunteers at a licensed child day center, family day home, or family day system, child day center exempt from licensure pursuant to § 63.2-1716, registered family day home, family day home approved by a family day system, or child day center or family day home that enters into a contract with the Department of Social Services or a local department of social services to provide child care services funded by the Child Care and Development Block Grant to undergo a national background check to be completed by July 1, 2017. In addition, every (i) person who is licensed as a child day center, family day home, or family day system, registered as a family day home, or approved as a family day home by a family day system; (ii) agent of a person who is licensed as a child day center, family day home, or family day system, registered as a family day home, or approved as a family day home by a family day system or who will be involved in the day-to-day operations of the child day center, family day home, or family day system or who is or will be alone with, in control of, or supervising one or more children in a child day center, family day home, or family day system; and (iii) adult living in a licensed child day center or family day home, registered family day home, or family day home approved by a family day system, shall undergo a national background check to be completed by July 1, 2017.

6. Budget Amendment Necessary: No. Incurred costs will be covered by fee revenue.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	98,259	0	nongeneral fund
2017	199,922	3	nongeneral fund
2018	184,433	3	nongeneral fund
2019	184,433	3	nongeneral fund
2020	184,433	3	nongeneral fund
2021	184,433	3	nongeneral fund
2022	184,433	3	nongeneral fund

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2016	98,259	nongeneral fund
2017	199,922	nongeneral fund
2018	184,433	nongeneral fund
2019	184,433	nongeneral fund
2020	184,433	nongeneral fund
2021	184,433	nongeneral fund
2022	184,433	nongeneral fund

- 8. Fiscal Implications:** This bill expands the national fingerprint background check requirements to include all licensed, registered, regulated and subsidy child day programs in order to comply with the federal interpretation of the Child Care and Development Block Grant Act of 2014. Currently, DSS' Office of Background Investigations (OBI) only processes and screens national background checks for individuals in children's residential facilities licensed by DSS and the Department of Behavioral Health and Developmental Services as well as foster and adoptive parents. In addition, national criminal background checks will be required for licensed child day centers and family day homes effective July 1, 2017 due to the passage of HB 1570/SB 1168 during the 2015 session of the General Assembly. Funds were appropriated for HB 1570/SB 1168 in the 2015 Appropriation Act, Chapter 665.

As a result of this bill, additional background checks will be required for registered, regulated, and religious exempt child day programs, which include subsidy child care providers. The primary costs associated with SB 601 are 1) additional OBI staff and 2) upgrading and ongoing maintenance of the Background Investigation System (BIS) information system.

Additional OBI Staff

The Department has no way of knowing how many additional criminal background checks will be required as a result of this legislation, however the Department estimates that approximately 20,500 new background checks will be required every year. OBI would need additional staff to handle this volume of background checks. With the use of a fingerprint vendor, it is estimated that each additional staff person can process approximately 8,500

background checks annually. Based on this, 3 (20,500/8,500) additional full time staff (program support technicians) are needed.

Using an average salary of \$32,022 for the program support technicians, salaries and benefits for the additional staff are estimated to be \$152,049 annually. Non-personnel services, which include rent, telephone, computer costs, and travel total \$14,368 in FY 2017 and \$9,205 each year thereafter for each additional employee.

Information Systems Costs

The Department would also incur additional systems costs to implement this bill. The BIS information system must be upgraded. These upgrades include: addition of applicants for new programs to BIS; modification to existing report functionality; notification of barrier crimes to ineligible applicants; data reporting to meet security requirements; and modification for role-based security. This one-time system upgrade is estimated by the Division of Information Systems to cost \$98,259 in FY 2016. There is also an estimated minimal cost of \$4,769 for ongoing system maintenance and support starting in FY 2017 and each year thereafter.

The total annual cost for this legislation is estimated to be \$98,259 in FY 2016, \$199,922 in FY 2017 and \$184,433 in FY 2018 and each year thereafter. Nongeneral fund appropriation for these amounts and the associated positions were included in the Governor's introduced budget for this purpose; therefore a budget amendment is not needed. It is presumed that DSS background check fees will be sufficient to break even on the operating cost of OBI as a whole. Effective August 1, 2015, the Department increased the National Criminal Background Search fee to \$60; the \$36 fee for volunteers remained unchanged.

This bill may impact the Virginia State Police (VSP); however, they also receive fee revenue to support additional background checks. The fee breakdown for background checks is:

Background check cost breakdown	
FBI	\$24
VSP	\$13
OBI	\$23
TOTAL	\$60

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

10. Technical Amendment Necessary: Yes; attached.

11. Other Comments:

House Bill 500

Amendments recommended by the Department of Social Services:

1. Page 7, line 367, at the beginning of the line

delete stricken passage

~~*B. Every child day center or family day home that enters into a contract with the Department or a local department to provide child care services to clients of the Department or local departments that is funded, in whole or in part, by the Child Care and Development Block Grant, shall comply with all requirements established by federal law and regulations.*~~

2. Page 7, line 367, at the beginning of the line

and re-insert

B. Every child day center or family day home that enters into a contract with the Department or a local department to provide child care services to clients of the Department or local departments that is funded, in whole or in part, by the Child Care and Development Block Grant, shall comply with all requirements established by federal law and regulations.

3. Page 7, line 381, after *to be completed by*

delete

July 1, 2017.

4. Page 7, line 381 after *to be completed by*

insert

September 30, 2017, or by the date as may be specified on any federal waiver obtained by the Commonwealth of Virginia.

5. Page 7, line 391, after *to be completed by*

delete

July 1, 2017.

6. Page 7, line 391 after *to be completed by*

insert

September 30, 2017, or by the date as may be specified on any federal waiver obtained by the Commonwealth of Virginia.