

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB1214

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

2. Patron: Simonds

3. Committee: Health, Welfare, and Institutions

4. Title: Family day homes; licensure threshold.

5. Summary: Reduces from five to three the number of children for whom a family day home must obtain a license to provide child care services.

6. Budget Amendment Necessary: Yes.

7. Fiscal Impact Estimates:

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020	-	-	-
2021	3,381,066	30	Nongeneral funds*
2022	3,458,060	30	Nongeneral funds*
2023	3,458,060	30	Nongeneral funds*
2024	3,458,060	30	Nongeneral funds*
2025	3,458,060	30	Nongeneral funds*
2026	3,458,060	30	Nongeneral funds*

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	-	-
2021	24,122	Special funds
2022	24,122	Special funds
2023	24,122	Special funds
2024	24,122	Special funds
2025	24,122	Special funds
2026	24,122	Special funds

*The Department of Social Services has accrued an unobligated one-time federal Child Care Development Fund (CCDF) balance of approximately \$107.4 million at the end of federal fiscal year 2019. CCDF dollars could be used to offset this bill's fiscal impact; however, once the CCDF balance is expended, additional general fund would be required to support the bill's cost.

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 must be licensed if they serve five or more children exclusive of the

provider's own children and any child who resides in the home. This legislation decreases the maximum number of children who may be served in an unlicensed family day home, requiring family day homes to be licensed if they serve three or more children exclusive of the provider's own children and any child who resides in the home.

Licensing

This legislation will impact unregulated family day home providers who are serving three or more children. There is no way of knowing exactly how many of these unregulated family day home providers would now require and seek licensure as a result of this bill. The Department of Social Services currently has 892 unlicensed family day homes who may need to be licensed. This includes voluntary registered homes and subsidy unlicensed family day homes. In addition, there are 732 small family day homes approved by Fairfax County, 40 approved by Arlington and 59 approved by Alexandria. This totals 1,723 family day homes that likely would need to be licensed if they do not reduce capacity to two children.

This legislation would require, potentially, 1,723 family day homes to be licensed. Based on an annual inspection rate of 70 facilities per inspector, the Department estimates that 25 additional inspectors, with an average salary of \$60,043, could be needed as a result of the increased number of licensed family day homes. The Department will need three licensing administrators with an average salary of \$80,781 and two support techs with an average salary of \$46,974. In addition, non-personal 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-personal services for inspectors is greater due to their increased travel costs. Therefore, total annual cost for additional licensing staff including salary, benefits, and non-personal expenses is estimated at \$3,149,190 in the first year and \$2,994,301 each year thereafter.

The Department has a licensing application fee of \$14 that will partially offset the cost of the above positions. If all 1,723 family day homes become licensed, the Department of Social Services will receive \$24,122 in special fund revenue.

Central Registry Checks

This legislation will increase the number of background checks due to the anticipated increase in the number of licensed family day home providers. The Department of Social Services can absorb any increase in the background investigations workload within its current appropriation.

Child Care Subsidy

The CCDF subsidy program provides subsidies for eligible parents to help pay for child care while they work or participate in approved education and training programs. Currently, licensed child care providers participating in the subsidy program are paid higher rates than unlicensed providers.

It is not known how many of these unregulated child care providers would now require and seek licensure as a result of this bill. The assumption is that all of the affected providers stay

with the program. Based on the current subsidy caseload, the Department of Social Services projects that 92 children would move from payment level 1 to payment level 2 for payment at a higher rate as a result of licensure. It is estimated that 33 of the projected 92 children receive their payments from Virginia Initiative for Education and Work (VIEW) funds. The total increased payment for these 33 children is \$166,352 for a 12-month period. It is estimated that 59 of the projected 92 children receive their payments from At-Risk subsidy program funds. The total increase for these 59 children is \$297,417 for a 12-month period. The total projected increase for subsidy payments for a 12-month period will be \$463,769. Assuming a gradual implementation of licensure for the child day homes, the Department of Social Services is expecting an increase in subsidy payments of \$231,885 the first year and \$463,769 each year thereafter.

It is possible that the child care providers serving these 92 children could simply leave the subsidy program rather than pursue licensure. They also could reduce the number of children they are serving to prevent licensure; however, there is no data available to indicate if that would occur or the number that would take these other options. There would be an impact to the estimates if any providers chose either of these options.

The Governor's introduced budget transfers the administration of the CCDF grant from the Department of Social Services to the Department of Education, effective July 1, 2021.

9. Specific Agency or Political Subdivisions Affected: Department of Social Services, Department of Education (effective July 1, 2021)

10. Technical Amendment Necessary: No.

11. Other Comments: None.