

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 24, 2007

TO: Honorable Patrick M. Rose, Chair, House Committee on Human Services

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3040 by Rose (Relating to background and criminal history checks for certain providers of subsidized child care.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3040, As Introduced: a positive impact of \$509,266 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$332,153
2009	\$177,113
2010	\$177,113
2011	\$173,006
2012	\$173,006

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable (Cost) from <i>GENERAL REVENUE FUND - DPS 1</i>	Probable (Cost) from <i>WRKFORCE COMMISSION FED 5026</i>
2008	\$975,000	(\$642,847)	(\$274,856)
2009	\$585,000	(\$407,887)	(\$156,835)
2010	\$585,000	(\$407,887)	(\$156,835)
2011	\$585,000	(\$411,994)	(\$156,835)
2012	\$585,000	(\$411,994)	(\$156,835)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	8.0
2009	8.0
2010	8.0
2011	8.0
2012	8.0

Fiscal Analysis

Section 1 of the bill would amend the Labor Code by adding Chapter 312, which would require the Department of Family and Protective Services (DFPS) to conduct both background and criminal history checks and to check the Central Registry of Abuse and Neglect on providers of unregulated self-arranged child care. The bill would require the Texas Workforce Commission (TWC) to pay DFPS for costs incurred in conducting the checks. The bill also requires that TWC be reimbursed by the local workforce development boards who would withhold the cost of the background check from the first child-care payment made to the provider. Providers would be required to submit information for another check to be conducted every five years.

Section 2 of the bill would amend the Government Code to require that DFPS obtain criminal history record information from the Department of Public Safety (DPS) on a provider of unregulated self-arranged child care.

Section 5 of the bill requires TWC to ensure that payments made on or after November 1, 2007 to providers of unregulated self-arranged child care be made only to a provider on whom a background and criminal history check has been conducted.

The bill would take effect September 1, 2007.

Methodology

Calculations assume 1,250 new providers per month for fiscal years 2008-2012. In addition, it is assumed that in fiscal year 2008, 10,000 checks would be conducted on individuals currently providing unregulated self-arranged child care. Calculations also assume that, per year, 15% of providers would be precluded from providing child care after background checks were conducted.

The Department of Public Safety (DPS) estimates the bill would result in a total increase in revenue of \$975,000 in fiscal year 2008 and \$585,000 in fiscal years 2009 through 2012 from fees collected for fingerprint checks. However, a portion of the fee revenue (approximately \$0.6 million) is returned to the FBI for professional services as required by federal statute. DPS costs listed below are assumed to be offset by the revenue increase.

The Department of Public Safety indicates that two additional FTEs are needed to implement Section 1 of the bill, due to the increase in fingerprint submissions. FTE costs are estimated to be \$54,366, including \$15,380 in associated employee benefits for fiscal year 2008, \$55,787 per year in fiscal years 2009 and 2010, including employee benefits of \$15,782 per year, and \$58,988 in fiscal years 2011 and 2012, including employee benefits of \$16,688 per year. DPS indicates that other related expenses (professional services, equipment, and other operating expense) for Section 1 of the bill are estimated to be \$573,101 in fiscal year 2008 and \$336,318 in fiscal year 2009 and each year thereafter.

The Department of Family and Protective Services (DFPS) indicates that six additional FTEs would be needed to implement Section 1 of the bill, due to the increase in new background checks conducted and resulting increase in matches to be processed. FTE costs are estimated to be \$192,115 for fiscal years 2008 through 2012, including \$54,349 per year in associated employee benefits. DFPS indicates that other related expenses (professional services, equipment, and other operating expense) for Section 1 of the bill are estimated to be \$335,906 in fiscal year 2008 and \$49,101 in fiscal year 2009 and each year thereafter. The total for fiscal year 2008 includes the use of temporary staff for background checks on the 10,000 existing providers to be completed by November 1.

As required by the bill, a Memorandum of Understanding would be adopted by TWC and DFPS, and TWC would reimburse DFPS for the costs incurred by DFPS in conducting the checks, therefore no costs to DFPS are reflected in the tables above.

TWC would receive reimbursement for the cost of the checks from the local workforce development boards, who would withhold the cost from the first child-care payment to the provider. Based on their analysis, the Texas Workforce Commission (TWC) would incur costs of \$274,856 in fiscal year 2008 and \$156,835 in fiscal year 2009 and each year thereafter for those individuals to whom no child-care

payment is made because the results of the background check preclude them from providing care.

Technology

In order to implement Section 1 of the bill, DFPS estimates a Technology Impact of \$156,994 in fiscal year 2008 for system modifications and \$5,506 each year thereafter for equipment. DPS estimates a Technology Impact of \$5,462 in fiscal year 2008 for equipment and enterprise agreement fees and \$298 each year thereafter for fees only. These amounts are included in the total for other expenses in the Methodology section above.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 405 Department of Public Safety, 530 Family and Protective Services, Department of, 529 Health and Human Services Commission

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