

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 2, 2007

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

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

IN RE: SB206 by Nelson (Relating to certain providers of subsidized child care.), As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for SB206, As Engrossed: a positive impact of \$411,766 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	\$234,653
2009	\$177,113
2010	\$177,113
2011	\$173,006
2012	\$173,006

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable (Cost) from GENERAL REVENUE FUND - DPS 1	Probable (Cost) from WRKFORCE COMMISSION FED 5026	Change in Number of State Employees from FY 2007
2008	\$877,500	(\$642,847)	(\$256,106)	8.0
2009	\$585,000	(\$407,887)	(\$156,835)	8.0
2010	\$585,000	(\$407,887)	(\$156,835)	8.0
2011	\$585,000	(\$411,994)	(\$156,835)	8.0
2012	\$585,000	(\$411,994)	(\$156,835)	8.0

Fiscal Analysis

The bill would amend the Labor Code by adding Chapter 312, which would require that the Department of Family and Protective Services (DFPS) conduct both background and criminal history checks and checks of their Central Registry of Abuse and Neglect on providers of unregulated self-arranged child care. The chapter would require that the Texas Workforce Commission (TWC) pay for the costs incurred in conducting the checks. The chapter 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 additional checks to be conducted every three years.

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 that by November 1 of fiscal year 2008, 10,000 background and criminal history checks would be conducted on individuals currently providing unregulated self-arranged child care and that an additional 1,250 new providers per month would require checks for the remainder of 2008 through 2012. Calculations also assume that, per year, 15% of providers would be precluded from providing child care after background checks were conducted.

Fees assessed by the Department of Public Safety (DPS) would result in a total increase in revenue of \$877,500 in fiscal year 2008 and \$585,000 in fiscal years 2009 through 2012 for fingerprint checks. However, a portion of the fee revenue (approximately \$0.5 million in fiscal year 2008 and \$0.3 million in fiscal years 2009-2012) would be 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 are needed to implement Section 1 of the bill, due to the increase in new background checks and central registry 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 the 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.

The Texas Workforce Commission 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 would incur costs of \$256,106 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

The Department of Family Protective Services 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

LBB Staff: JOB, CL, PP, VJC