

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 9, 2007

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

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

IN RE: SB218 by Carona (Relating to licensing and inspection requirements of the Department of Family Protective and Regulatory Services for certain facilities.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB218, Committee Report 2nd House, Substituted: a positive impact of \$3,170,292 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	\$1,560,686
2009	\$1,609,606
2010	\$1,609,606
2011	\$1,609,606
2012	\$1,609,606

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>GR MATCH FOR MEDICAID</i> 758	Probable Revenue Gain/(Loss) from <i>FEDERAL FUNDS</i> 555
2008	\$3,195,540	(\$1,628,686)	(\$6,168)	(\$22,564)
2009	\$2,920,188	(\$1,307,265)	(\$3,317)	(\$11,955)
2010	\$2,920,188	(\$1,307,265)	(\$3,317)	(\$11,955)
2011	\$2,920,188	(\$1,307,265)	(\$3,317)	(\$11,955)
2012	\$2,920,188	(\$1,307,265)	(\$3,317)	(\$11,955)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	27.0
2009	23.0
2010	23.0
2011	23.0
2012	23.0

Fiscal Analysis

Section 1 of the bill would amend Section 42.041(b), Human Resources Code, to eliminate the current exemption from child-care licensing requirements provided for after-school programs that are operated by an accredited educational facility or by an entity under contract with an accredited public or private school. The bill would establish an exemption for public schools that provide before- and/or after-school programs on a tuition-free basis. Section 3 of the bill would amend Section 42.054(c), Human Resources Code, to raise the annual license fee by \$1 for each child that a child-care facility is permitted to serve.

Although the estimate is a positive impact to General Revenue, additional funding and FTEs would need to be appropriated to the Department of Family and Protective Services to implement the provisions of the bill.

The bill would take effect on September 1, 2007.

Methodology

The Department of Family and Protective Services (DFPS) estimates that implementation of the bill would require that 3,278 additional schools with before- and/or after-school programs be licensed (2,462 public schools and 816 private schools).

DFPS estimates that implementation of Sections 1 and 3 of the bill would result in a total increase in revenue of \$3,195,540 in fiscal year 2008 and \$2,920,188 in fiscal year 2009 and each year thereafter, for a total of \$14,876,292 for the five-year period. Approximately \$10.5 million of this five-year total would be due to the fee increase for the 22,078 facilities currently licensed.

DFPS would require 27.0 additional FTEs for the initial licensure process in the first year. Duties for 23.0 FTEs would convert to abuse/neglect investigations and ongoing regulatory functions associated with the additional facilities starting in the second year. DFPS expects that the remaining 4.0 FTEs could be absorbed into existing vacant positions. FTE costs are estimated to be \$1,090,510 for fiscal year 2008, including \$240,575 in associated employee benefits. For fiscal year 2009 and each year thereafter, FTE costs are estimated to be \$980,287. This includes \$216,169 in associated employee benefits.

DFPS indicates that other related expenses (professional services, travel, equipment, and other operating expenses) are estimated to be \$566,909 in fiscal year 2008 and \$342,248 in fiscal year 2009 and each year thereafter. The total cost to implement the bill would be \$2,945,436 in General Revenue and \$2,979,955 in All Funds for the 2008-09 biennium.

Local Government Impact

School districts would be required to take measures necessary to comply with child-care licensing standards. Actions required would depend on characteristics specific to individual schools and would be expected to vary widely from district to district. There will be a local government cost of \$824,770 in fiscal year 2008 and \$617,962 each following year for payment of child-care licensing fees by approximately 2,400 programs that will be covered by the legislation.

Source Agencies: 405 Department of Public Safety, 530 Family and Protective Services, Department of, 701 Central Education Agency

LBB Staff: JOB, CL, PP, VJC