

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 8, 2007**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

**IN RE: SB218** by Carona (Relating to licensing requirements of the Department of Family and Protective Services for certain facilities.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB218, Committee Report 1st House, Substituted: a positive impact of \$3,362,784 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	\$1,717,721
2009	\$1,645,063
2010	\$1,645,063
2011	\$1,645,063
2012	\$1,645,063

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable (Cost) from <i>GR MATCH FOR</i> <i>MEDICAID</i> <b>758</b>	Probable (Cost) from <i>FEDERAL FUNDS</i> <b>555</b>
2008	\$2,694,380	(\$973,024)	(\$3,635)	(\$13,297)
2009	\$2,544,692	(\$897,684)	(\$1,945)	(\$7,010)
2010	\$2,544,692	(\$897,684)	(\$1,945)	(\$7,010)
2011	\$2,544,692	(\$897,684)	(\$1,945)	(\$7,010)
2012	\$2,544,692	(\$897,684)	(\$1,945)	(\$7,010)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	16.0
2009	16.0
2010	16.0
2011	16.0
2012	16.0

## **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 or under certain types of contracts with an accredited public or private school.

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**

Calculations assume 1,782 new facilities with after-school programs would be licensed (1,032 public schools and 750 private schools) and that 22,078 child-care facilities are currently being regulated.

DFPS estimates that implementation of Sections 1 and 3 of the bill would result in a total increase in revenue of \$2,694,380 in fiscal year 2008 and \$2,544,692 in fiscal years 2009 through 2012 for a total of \$12,873,148 for the five-year period; approximately \$12.0 million of this would be due to the fee increase in Section 3. The DFPS costs listed below would be offset by this revenue in fiscal years 2008 through 2012.

DFPS would require 16.0 additional FTEs to implement Section 1 of the bill to cover the workload of issuance, complaint resolution, and ongoing regulation of the additional after-school programs. FTE costs for Section 1 of the bill are estimated to be \$654,660 for fiscal year 2008, including \$144,363 in associated employee benefits. For fiscal year 2009 and each year thereafter, FTE costs are estimated to be \$677,520. This includes \$149,404 in associated employee benefits.

DFPS indicates that other related expenses (professional services, travel, equipment, and other operating expense) for Section 1 of the bill are estimated to be \$335,295 in fiscal year 2008 and \$229,119 in fiscal year 2009 and each year thereafter.

## **Technology**

DFPS estimates that implementing Section 1 of the bill would have a Technology Impact of \$13,712 in fiscal year 2008 and each year thereafter for system modification and equipment. These amounts are included in the total for other expenses in the Methodology section above.

## **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 \$1,044,252 for the first biennium, including \$596,970 in fiscal year 2008 and \$447,282 each following year. This is due to payment of child-care licensing fees by approximately 1,800 after-school programs that will be covered by the legislation.

**Source Agencies:** 304 Comptroller of Public Accounts, 405 Department of Public Safety, 530 Family and Protective Services, Department of, 701 Central Education Agency

**LBB Staff:** JOB, CL, PP, VJC