

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION
Revision 1

May 20, 2009

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

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

IN RE: HB1540 by Hartnett (Relating to license requirements and fees for certain child-care programs operated by public or private schools.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1540, Committee Report 1st House, Substituted: a positive impact of \$2,510,056 through the biennium ending August 31, 2011.

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
2010	\$1,229,291
2011	\$1,280,765
2012	\$1,280,765
2013	\$1,280,765
2014	\$1,280,765

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from General Revenue Fund 1	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from GR Match For Medicaid 758	Probable (Cost) from Federal Funds 555
2010	\$2,069,137	(\$839,083)	(\$763)	(\$8,620)
2011	\$2,035,327	(\$754,188)	(\$374)	(\$4,224)
2012	\$2,035,327	(\$754,188)	(\$374)	(\$4,224)
2013	\$2,035,327	(\$754,188)	(\$374)	(\$4,224)
2014	\$2,035,327	(\$754,188)	(\$374)	(\$4,224)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	10.7
2011	10.7
2012	10.7
2013	10.7
2014	10.7

Fiscal Analysis

The bill would eliminate the current exemption from child care licensing requirements provided for certain accredited public school before and after school child care programs that are operated by or under certain types of contracts with an accredited public school. The bill would increase the facility capacity fee from \$1 per child to \$2 per child. The bill would take effect September 1, 2009.

Methodology

Based on data obtained from the Texas Education Agency, calculations by the Department of Family and Protective Services assume that 483 public schools would require licenses to operate existing before-school and after-school programs. For schools operating both, it is assumed that only one license would be required to operate both programs. It is also assumed that additional Child Care Licensing investigators would be needed for abuse/neglect allegations that are currently being investigated by Child Protective Services, and that there may be an offsetting reduction in CPS caseloads.

Calculations assume 6,762 new criminal history background checks would be conducted, as required by statute, for issuance of a license. According to the agency, the yearly number of checks remains fairly constant due to high turnover in the child care industry. Historically, 10% of FBI and 25% of Department of Public Safety (DPS) criminal history background check requests produce matches, which would result in a need for additional staff to process the matches.

The bill would result in a total increase in revenue of \$1,830,540 in fiscal year 2010 and \$1,796,730 in each fiscal year thereafter from licensing fees and the capacity fee increase (\$3,627,270 for the 2010-11 biennium) and from criminal history check fees (\$463,670 for the biennium). However, a portion of the criminal history check revenue (\$233,289 for the biennium) is returned to the FBI for professional services as required by federal statute and is reflected as a cost to DPS, below.

Costs for DFPS are estimated to be \$731,822 in All Funds for fiscal year 2010 and \$642,142 in All Funds for each fiscal year thereafter. FTE needs are estimated at 10.7 per fiscal year. The fiscal impact includes approximately \$72,000 and 0.2 FTEs per fiscal year for enterprise support services. The cost would be to DFPS, but the 0.2 FTEs would be at the Health and Human Services Commission.

Costs for DPS are estimated to be \$116,645 in fiscal year 2010 and each fiscal year thereafter in General Revenue Funds for amounts returned to the FBI as noted above.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 405 Department of Public Safety, 530 Family and Protective Services, Department of
LBB Staff: JOB, CL, VJC, SD, MB