

**LEGISLATIVE BUDGET BOARD**  
Austin, Texas

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 23, 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 for certain child-care programs operated by public or private schools.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1540, As Introduced: a negative impact of (\$11,075,627) 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	(\$5,752,799)
2011	(\$5,322,828)
2012	(\$5,322,828)
2013	(\$5,322,828)
2014	(\$5,322,828)

**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	\$1,763,849	(\$7,509,306)	(\$7,342)	(\$82,876)
2011	\$1,447,169	(\$6,766,373)	(\$3,624)	(\$40,906)
2012	\$1,447,169	(\$6,766,373)	(\$3,624)	(\$40,906)
2013	\$1,447,169	(\$6,766,373)	(\$3,624)	(\$40,906)
2014	\$1,447,169	(\$6,766,373)	(\$3,624)	(\$40,906)

Fiscal Year	Probable (Cost) from State Highway Fund 6	Change in Number of State Employees from FY 2009
2010	(\$51,112)	109.3
2011	(\$46,081)	109.3
2012	(\$46,081)	109.3
2013	(\$46,081)	109.3
2014	(\$46,081)	109.3

**Fiscal Analysis**

The bill would eliminate the current exemption from child care licensing requirements provided for

accredited public and private school preschool programs and after-school child care programs that are operated by or under certain types of contracts with an accredited public or private school. 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 3,751 public schools and 773 private schools (4,524 total) would require licenses to operate existing preschool and after-school programs. For schools operating both a preschool program and an after-school child care program, 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 would be an offsetting reduction in CPS caseloads.

Calculations assume 24,436 new criminal history background checks would be conducted, as required by statute for issuance of a license. It is assumed that DFPS would have access to the criminal history information already required for preschool operations. 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 \$1,763,849 in fiscal year 2010 and \$1,447,169 in each fiscal year thereafter from licensing fees (\$1,492,920 for the 2010-11 biennium) and criminal history check fees (\$1,669,405 for the biennium). However, a portion of the criminal history check revenue (\$839,937 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 \$7,179,555 in All Funds for fiscal year 2010 and \$6,390,934 in All Funds for each fiscal year thereafter. FTE needs are estimated at 108.3 per fiscal year. The fiscal impact includes approximately \$760,000 and 2.3 FTEs per fiscal year for enterprise support services. The cost would be to DFPS, but the 2.3 FTEs would be at the Health and Human Services Commission.

Costs for DPS are estimated to be \$471,081 in fiscal year 2010 and \$466,050 in each fiscal year thereafter, including \$419,969 per year returned to the FBI. One FTE would be needed to process the increase in record resolutions resulting from the additional criminal history checks.

## **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. Likewise, fiscal impact associated with compliance could be minimal in some schools and potentially costly in others with significant variance anticipated among districts in the level of both one-time and ongoing costs. There would be a local government cost of \$1,237,830 for the first biennium, including \$750,200 in fiscal year 2010 and \$487,630 in each fiscal year thereafter, due to payment of child care licensing fees by approximately 3,751 public school preschool programs and after-school programs that will be covered by the legislation.

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