

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 9, 2015

TO: Honorable Richard Peña Raymond, Chair, House Committee on Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB788 by Miller, Rick (Relating to the regulation of certain child-care facilities; increasing a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB788, As Introduced: a negative impact of (\$497,684) through the biennium ending August 31, 2017.

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 |
|-------------|--|
| 2016 | (\$423,562) |
| 2017 | (\$74,122) |
| 2018 | (\$61,095) |
| 2019 | (\$47,956) |
| 2020 | (\$34,704) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from General Revenue Fund 1 | Probable Savings/(Cost) from Federal Funds 555 | Probable Revenue Gain from General Revenue Fund 1 | Change in Number of State Employees from FY 2013 |
|-------------|---|--|---|--|
| 2016 | (\$1,796,970) | (\$27,189) | \$1,373,408 | 20.8 |
| 2017 | (\$1,387,926) | (\$21,590) | \$1,313,804 | 20.8 |
| 2018 | (\$1,387,926) | (\$21,590) | \$1,326,831 | 20.8 |
| 2019 | (\$1,387,926) | (\$21,590) | \$1,339,970 | 20.8 |
| 2020 | (\$1,387,926) | (\$21,590) | \$1,353,222 | 20.8 |

Fiscal Analysis

The bill would modify Chapter 42 of the Human Resources Code, relating to the regulation of certain child care facilities. The bill would remove the exemptions for licensing and regulation of certain Before and After School Programs (BAPs). The bill would also require the Department of

Family and Protective Services (DFPS) to provide inspections for BAPs meeting certain criteria. Additionally, the bill would increase the annual license fees levied against child-care facilities.

Methodology

In fiscal year 2016, DFPS assumes there will be 1,046 additional BAPs operated by public elementary schools subject to DFPS regulation. DFPS assumed one percent growth each year, resulting in an additional 10 BAPs subject to regulation by DFPS each year. In addition to an increase in inspections, DFPS would be required to process background checks on an additional 7,322 new persons. The agency indicates 13 inspectors, 2 Supervisors, 2 FTEs in the Centralized Background Check Unit, and 3.4 Full-Time Equivalents (FTEs) in other operational areas, as well as 0.4 FTEs at HHSC would be needed to implement the bill. All FTEs would be hired at the start of fiscal year 2016. Salaries and fringe benefits associated with the 20.4 FTEs total \$1,049,225 in each fiscal year. Consumable supplies, utilities, travel, rent and other operating expenses total \$774,934 in fiscal year 2016 and \$360,291 beginning in fiscal year 2017.

The bill would increase the per child amount of the annual license fee from \$1 to \$2, which would result in a positive impact to General Revenue of about \$1.3 million per year. About \$1.1 million of that would be for the current population of children in these programs for which DFPS collects a fee. The remainder would be collected from the newly-licensed BAPs. As the increased fees nearly offset the ongoing costs associated with the bill, it is assumed that the agency could absorb the cost in excess of the fee.

This bill has no direct fiscal implications for the Foundation School Program (FSP) or the operations of the Texas Education Agency (TEA).

Technology

The bill would create a need to update existing functionality in CLASS, CLASSMate, and the DFPS public website. Estimated technology costs total \$249,795 in fiscal year 2016.

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.

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

LBB Staff: UP, NB, WP, MB, SJ, JBi, CL, VJC