

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 24, 2015**

**TO:** Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB1269 by West (Relating to the regulation of and federal funding for certain child-care providers.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1269, As Introduced: a negative impact of (\$260,378,247) 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<br>to General Revenue Related Funds |
|-------------|---|
| 2016        | (\$127,373,847)   |
| 2017        | (\$133,004,400)   |
| 2018        | (\$141,409,110)   |
| 2019        | (\$150,512,603)   |
| 2020        | (\$160,789,512)   |

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

| Fiscal Year | Probable Savings/(Cost)<br>from<br><i>General Revenue Fund</i><br><b>1</b> | Probable Savings/(Cost)<br>from<br><i>GR Match For Medicaid</i><br><b>758</b> | Probable Savings/(Cost)<br>from<br><i>Federal Funds</i><br><b>555</b> |
|-------------|--|---|---|
| 2016        | (\$126,780,742)  | (\$593,105)   | (\$793,350)   |
| 2017        | (\$132,254,272)  | (\$750,128)   | (\$994,707)   |
| 2018        | (\$140,466,801)  | (\$942,309)   | (\$1,249,459)   |
| 2019        | (\$149,366,101)  | (\$1,146,502)   | (\$1,520,132)   |
| 2020        | (\$159,426,806)  | (\$1,362,706)   | (\$1,806,728)   |

**Fiscal Analysis**

The bill would amend the Human Resources Code by requiring the Committee on Licensing Standards to analyze and review information to recommend policy and statutory changes relating to licensing standards and make recommendations to the Department of Family and Protective

Services (DFPS) regarding staff-to-child ratios and group sizes in certain facilities. The bill would require DFPS to reduce staff-to-child ratios in certain facilities subject to some restrictions. This requirement would expire September 1, 2020.

The bill would also amend the Labor Code by requiring the Texas Workforce Commission (TWC) to authorize the increase in reimbursement rates for child-care services and ensure that daycare rates do not fall below a certain floor.

## **Methodology**

Based on information provided by the TWC, it is estimated that implementing provisions of the bill would require an additional \$119.1 million General Revenue at TWC for fiscal years 2016 and increasing slightly each year to \$142.0 million. This estimate assumes that the average reimbursement rate for each local workforce board is increased to the 85% standard included in the bill for the At-Risk & Transitional child care program. The analysis does not include any additional costs to the agency's TANF Choices child care program as this program does not have a parental share of cost.

Costs for children served under the DFPS day care program are based on the reimbursement rates for the Choices child care program at TWC and will be impacted by the same increase in rates. Compared to the current average daily cost for all types of daycare at DFPS (estimated to be \$21.91 in FY2016 and \$22.06 for FY2017-FY2020), it is assumed the average daily cost for day care would increase by \$4.02 per child per day in FY2016, growing slightly each year to an increase of \$9.08 per child per day in FY2020. It is assumed DFPS will pay for 2,147,940 days of day care in FY2016 and 2,162,592 days of day care in FY2017-FY2020. This results in an All Funds increase of \$8.6 million in FY2016, increasing to an All Funds increase of \$19.6 million in FY2020. 16.1% of total day care days will be available for federal matching funds. Further, it is assumed that there will be an administrative cost of 5% of the client services cost per fiscal year, totaling \$0.4 million in FY2016 and increasing slightly each year to \$1.0 million in FY2020. DFPS also assumes a cost of \$7,500 each year related to travel expenses for the Committee on Licensing Standards.

The Office of the Governor indicates they can implement provisions of the bill regarding the advisory committee within existing resources.

## **Local Government Impact**

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

**Source Agencies:** 301 Office of the Governor, 320 Texas Workforce Commission, 530 Family and Protective Services, Department of

**LBB Staff:** UP, NB, WP, SJ, JLi, LBe

