LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 24, 2019

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director   Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **SB568** by Huffman (Relating to the regulation of child-care facilities and family homes; providing administrative penalties.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SB568, Conference Committee Report: a negative impact of ($613,567) through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill. Certain sections of the bill are required to be implemented only if the Legislature makes an appropriation for those purposes.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	($292,068)
2021	($321,499)
2022	($32,859)
2023	($32,859)
2024	($32,859)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1	Probable Savings/(Cost) from *Federal Funds* 555	Probable Savings/(Cost) from *Other Funds* 997	Change in Number of State Employees from FY 2019
2020	($292,068)	($321,499)	($26,106)	3.3
2021	($321,499)	($366,458)	($29,321)	3.3
2022	($32,859)	$0	$0	0.3
2023	($32,859)	$0	$0	0.3
2024	($32,859)	$0	$0	0.3

Fiscal Analysis

The bill would create the General Revenue-Dedicated Safety Training Account, consisting of revenue collected by administrative penalties assessed on child care facilities and family homes under Chapter 42 of the Human Resources Code; gifts, grants, and donations; and interest. Money in the account would only be appropriated to the Health and Human Services Commission (HHSC) to provide safety training materials at no cost to licensed child care facilities and registered family homes.

The bill would require HHSC to establish safe sleeping standards for licensed facilities and registered family homes. The bill would also require HHSC to provide a minimum of five years of inspection data for all licensed facilities and registered family homes under Chapter 42 of the Human Resources Code.

The bill would expand insurance requirements to apply to registered family homes, in addition to licensed child care facilities. HHSC would be required to prescribe a form that a child care facility or family home could use to notify parents or guardians that the operation does not provide insurance, and post this form to its website.

The bill would amend child care facility license or certification and family home registration renewal procedures to require HHSC to evaluate violations of Chapter 42 of the Human Resources Code in the determination of renewal eligibility. The bill would authorize HHSC to place restrictions, conditions, or additional requirements on the license or certification of the child care facility or the registration of a family home, if HHSC determines that the child care facility or family home has repeatedly violated licensing, certification, or registration requirements.

The bill would require a licensee or registrant under Chapter 42 of the Human Resources Code to notify parents or guardians of an incident of abuse, neglect, or exploitation of their child, injury of the child that requires treatment by a medical professional or hospitalization, or illness that requires hospitalization. The licensee or registrant would also be required to notify parents or guardians of a violation that constitutes abuse, neglect, or exploitation of a child. The bill would require HHSC to prescribe a form for this notice, and to post the form on the agency's website.

Under current law, HHSC may not issue a license, listing, registration, or certification of approval to a child care facility or family home within five years of a revocation or application denial for substantive reasons. The bill would require HHSC to also limit issuance if an application is not renewed for a substantive reason.

The bill would establish administrative penalties in the amount of $1,000 for a violation that constitutes abuse, neglect, or exploitation of a child; $500 for failure to report an injury of a child that requires treatment by a medical professional or hospital or an illness that requires hospitalization; $50 per day for failure to report to a parent or guardian of each child a violation that constitutes abuse, neglect, or exploitation of a child or violates safe sleeping standards; and $50 per day for failure to report to a parent or guardian of each child that a facility or home does not maintain the minimum liability insurance required. These penalties would be deposited to the General Revenue-Dedicated Safety Training Account established by the bill.

The bill would take effect September 1, 2019.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as

Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

As there are currently administrative penalties established for the regulation of child care facilities and family homes, the allocation of administrative penalties to the General Revenue-Dedicated Safety Training Account would result in a corresponding loss in undedicated General Revenue, and an increase in revenue to the Safety Training Account. The Comptroller of Public Accounts (CPA) indicates that the fiscal impact of this provision cannot be determined, as the number of violations related to the bill's administrative penalty provisions are unknown. However, given the collections of child care licensing administrative penalties in past years, the impact is likely to be minimal.

CPA indicates that the effect of changes to eligibility requirements on license and registration renewals is unknown, and the fiscal impact of these provisions on revenue cannot be determined.

HHSC estimates that the bill would require the agency to collect, develop, analyze, or maintain new data elements or establish new data collection/tracking mechanisms. The agency estimates that this would require an additional 0.3 FTE in each fiscal year, at a cost of $35,075 in fiscal year 2020, and $32,859 in future fiscal years.

HHSC estimates technology costs for changes to the database, child care licensing systems, and other related modifications to CLASS and the Public and Provider systems of $609,377 in fiscal year 2020 and $684,418 in fiscal year 2021. These estimates include the costs of 3.0 additional FTEs as contracted program specialists in fiscal years 2020 and 2021.

The estimated total to comply with the provisions of the bill would be $644,452 in fiscal year 2020, $717,278 in fiscal year 2021, and $32,859 in subsequent fiscal years.

Technology

Technology costs for changes to the database, licensing, CLASS, and the Public and Provider systems, and FTE-related seat management activities are estimated to be $571,375 in fiscal year 2020, $665,527 in fiscal year 2021, and $1,490 in future fiscal years.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 530 Family and Protective Services, Department of

LBB Staff: WP, AKi, JQ, MNa