

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4155-01  
Bill No.: HB 1350  
Subject: Children and Minors; Social Services Dept.  
Type: Original  
Date: February 7, 2012

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Bill Summary: Establishes Nathan's Law which changes the laws regarding child care facilities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>	<b>(Unknown exceeding \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of State Courts Administrator** and **Department of Public Safety - Missouri State Highway Patrol** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Prosecution Services (OPS)** assume the proposal will have no measurable fiscal impact on the OPS.

Officials from the **Department of Mental Health (DMH)** state child care facilities are licensed and operated under the oversight of the Department of Health and Senior Services. This proposal places no obligations or requirements upon the DMH; therefore, the department assumes no fiscal impact.

Officials from the **Department of Social Services - Children's Division (CD)** state while this proposal will impact the number of children that will have access to registered care providers, the CD does not anticipate a fiscal impact.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of Administration (COA) - Division of Budget and Planning (BAP)** state the proposed legislation should not result in additional costs or savings to the BAP. However, the additional penalty provision in section 210.245, RSMO, will impact total state revenue, but not 18e, by an unknown amount.

Officials from the **Department of Elementary and Secondary Education (DESE)** state there is no anticipated state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to school districts increases the deduction in the foundation formula the following year. Therefore, the affected districts will see an equal decrease in the amount of funding received through the formula the following year unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

ASSUMPTION (continued)

Officials from the **Department of Corrections (DOC)** state the penalty provisions for violations, the component of the bill to have a potential fiscal impact for DOC, is for a class A misdemeanor. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Prolongation (FY 11 average of \$5.12 per offender, per day, or an annual cost of \$1,869 per offender).

The DOC assumes supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

For the purpose of this proposed legislation, officials at the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide effective representation for any new cases arising where indigent clients are faced with the new crime of continuing to provide child care services following notification by the department to cease such child care services would be a new Class B misdemeanor. Any second or subsequent violation of this section would be a new Class A misdemeanor.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation in all cases.

**Oversight** assumes the SPD could absorb the costs of the proposed legislation within existing resources. **Oversight** assumes any significant increase in the workload of the SPD would be reflected in future budget requests.

Officials from the **Department of Health and Senior Services (DHSS)** provide the following assumptions:

Section 210.211.1(1)

According to the Department of Social Services, there was an average of 3,223 registered unlicensed child care providers during FY 2011. The DHSS is unable to estimate the number of unlicensed child care providers that are not registered and, therefore, assumes that an unknown number of child care providers will be required to be licensed as a result of the proposed legislation.

ASSUMPTION (continued)

The Division of Regulation and Licensure (DRL) is responsible for the inspection, licensure, and regulation of child care programs in Missouri. Inspectors conduct inspections of licensed child care programs semi-annually and complaint investigations as needed.

In addition to the inspections conducted by DRL, the Division of Community and Public Health conducts safety and sanitation inspections for licensed child care providers at the time of licensure and annually thereafter.

Section 210.245.1

The proposed legislation imposes a fine of two hundred dollars per day, not to exceed a total of ten thousand dollars for any person that violates the child care licensure provisions set forth in sections 210.201 to 210.245 for a second or subsequent time. The department assumes an unknown increase in General Revenue as a result of the imposition of increased fines.

Summary

The proposed legislation would result in the need for additional inspectors. Due to the unknown number of child care providers that will be required to be licensed and the unknown number of investigators that will be required, the DHSS estimates an impact of (Unknown, greater than \$100,000) annually. The DHSS further estimates that as a result of the imposition of increased fines, the proposed legislation will cause an unknown increase in General Revenue.

**Oversight** assumes any increase or decrease in fine or penalty revenues generated cannot be determined. Therefore, the fiscal note does not reflect any fine or penalty revenues for the local school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**GENERAL REVENUE FUND**

**§§210.211 and 210.245**

Costs - Department of Health and Senior Services

Program costs	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
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**ESTIMATED NET EFFECT ON  
GENERAL REVENUE FUND**

<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

**Sections 210.211 and 210.245**

In order to maintain and operate a child care facility, child care providers who currently care for related children will be required to have a license granted by the Department of Health and Senior Services if they care for more than four children.

FISCAL DESCRIPTION

This proposal establishes Nathan's Law which changes the laws regarding child care facilities. In its main provisions, the proposal: (1) Specifies that a child related by blood, marriage, or adoption will be counted in the total number of children being cared for except that a child living in the home who attends a full day of school will not be included in the total; (2) Requires any child care facility which is exempt from licensure to disclose its exempt status to the parents or guardians of children in its care; (3) Assesses a fine of \$200 per day, not to exceed \$10,000, to any person violating the provisions regarding licensure of child care facilities for a second or subsequent time; and (4) Authorizes the Department of Health and Senior Services to

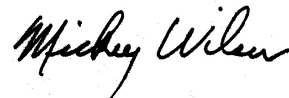
FISCAL DESCRIPTION (continued)

immediately close any illegally operating unlicensed child care facility. A local prosecutor may file suit for a permanent order preventing the operation of the facility which will remain in effect until the court determines that the child care facility is in compliance with all licensing requirements.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General  
Office of Administration -  
    Division of Budget and Planning  
Office of State Courts Administrator  
Department of Elementary and Secondary Education  
Department of Mental Health  
Department of Corrections  
Department of Health and Senior Services  
Department of Social Services  
Department of Public Safety -  
    Missouri State Highway Patrol  
Office of Prosecution Services  
Office of State Public Defender



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Director  
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