FISCAL NOTE A

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***C**olorado **L**egislative **C**ouncil **S**taff*

STATE

FISCAL IMPACT

Drafting Number:	LLS 00-0279	**Date:**	November 30, 1999
Prime Sponsor(s):	Sen. Tebedo	**Bill Status:**	Child Care Interim Committee
	Rep. Alexander	**Fiscal Analyst:**	Janis Baron (303-866-3523)

TITLE: CONCERNING INSPECTION OF CHILD CARE FACILITIES, AND, IN CONNECTION THEREWITH, INCREASING THE NUMBER OF FULL-TIME CHILD CARE INSPECTORS, SPECIFYING A TIME FRAME WITHIN WHICH CHILD CARE FACILITY INSPECTORS ARE TO RESPOND TO COMPLAINTS LODGED WITH THE DEPARTMENT OF HUMAN SERVICES CONCERNING A CHILD CARE FACILITY, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2000/2001	FY 2001/2002
State Revenues General Fund		
State Expenditures Federal Funds	$ 955,314	$ 955,314
FTE Position Change	Contract FTE	Contract FTE
Other State Impact: None		
Effective Date: Upon Signature of the Governor		
Appropriation Summary for FY 2000-2001: See State Appropriations section for discussion. Department of Human Services: $955,314 FF		
Local Government Impact: None		

Summary of Legislation

The bill includes the following child care provisions:

• requires the state Department of Human Services (DHS) to respond and conduct an on-site investigation within 48 hours of receiving a serious complaint about a licensed child care facility; and

• adds 12 child care facility inspectors to the department for FY 2000-01.

State Expenditures

Background -- FY 1999-00 Budget Request. DHS requested a transfer of $774,664 federal Temporary Aid to Needy Families (TANF) funds into the federal Child Care Development Fund, to hire an additional 18.0 FTE to reduce the ratio of child care facilities to state staff by 50 percent (from 240 per state FTE to 137 per state FTE). Federal welfare reform legislation allows the states to transfer up to 30 percent of their TANF block grant to the federal Child Care Development Fund. During budget deliberations on this request, the Joint Budget Committee, and subsequently the General Assembly, did not fund the request for the reasons noted below:

• the General Assembly directed DHS, through HB 96-1006, to focus "limited resources available" on higher risk facilities;

• questions were raised regarding DHS' allocation of state staff to the inspection of licensed child care facilities;

• an alternative regulatory model might be adopted; and

• an interim committee might be established to study child care regulations.

The department's budget submission for FY 2000-01 does not request additional child care licensing staff.

Bill A Costs. DHS indicates that an additional 12 child care facility inspectors will enable the department to meet the required 48-hour response time when receiving a serious complaint. However, the department will require 18 child care facility inspectors in order to comply with other provisions of the bill recognizing the importance of thorough and timely monitoring of licensed child care facilities.

This fiscal note is based on the need for 18 child care facility inspectors rather than the bill's language which adds 12 inspectors. DHS will require $955,314 in FY 2000-01 and FY 2001-02. For the current fiscal year, DHS contracts with six counties to perform inspections of licensed child care facilities. These counties include: Delta, Denver, El Paso, Jefferson, Summit (includes inspections in Eagle, Garfield, Lake and Pitkin counties), and Weld. The contract staff in Denver and Jefferson counties inspect both licensed family child care homes and centers. The contract staff in the remaining counties inspect licensed family child care homes only and state staff inspect centers.

The fiscal note is based on the current FY 1999-00 total contract cost of $676,686, which supports 12.75 FTE. The average cost per contract staff, including personal services and operating expenses, is $53,073. This amount multiplied by 18.0 equals $955,314, the cost of the legislation. The fiscal note assumes that no state staff will be hired, rather, the department will use the appropriated moneys to purchase contract staff.

State Appropriations

Federal welfare reform legislation authorizes the states to appropriate two sources of federal funds: TANF and Child Care Development Fund moneys. Federal welfare reform legislation allows the states to transfer up to 30 percent of their TANF block grant to the federal Child Care Development Fund.

The fiscal note indicates that the Department of Human Services should receive an appropriation of $955,314. The General Assembly may elect to appropriate from one the following sources:

• General Fund moneys;

• TANF funds transferred to the Child Care Development Fund; or

• Child Care Development Fund moneys allocated to the state and not yet committed or requested through the annual budget process.

Although the fiscal note identifies a federal funds fiscal impact, it is the purview of the General Assembly to determine the source of funding based on one of the three available and legitimate sources of funds for this legislation as noted above.

Departments Contacted

Human Services