

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 524** SLS 14RS 372
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 3, 2014 1:35 PM **Author:** WALSWORTH
Dept./Agy.: Education **Analyst:** Jodi Mauroner
Subject: Early childhood lead agency status

EARLY CHILDHOOD ED EG +\$2,800,000 GF EX See Note Page 1 of 2
 Provides for transfer of the lead agency for the Child Care and Development Fund Block Grant and the transfer of oversight and administration of licensing and regulation of early learning centers from the Department of Children and Family Services. The proposed legislation transfers the authority to receive and expend federal block grant funding from the Child Care and Development Fund (CCDF) from the Department of Children and Family Services (DCFS) to the Department of Education (DOE). The bill requires the Board of Elementary and Secondary Education (BESE) to promulgate rules and the DOE to implement a licensing program for early learning centers in accordance with those rules. The bill provides exemptions for certain types of schools as well as programs licensed or operated by DCSF or the Department of Health and Hospitals (DHH), and defines the types of licenses to be issued and the licensing fees that are to be charged. The bill requires DOE to conduct comprehensive reviews of standards, rules and licenses every three years and to inspect early learning centers at regular intervals. The bill authorizes DOE to collect fines and penalties for violations and to deposit those funds into the Early Learning Center Licensing Trust Fund; use of those funds is restricted to education and training of employees, staff or other personnel of child care facilities. **Continued on Page 2**

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$2,800,000	\$2,800,000	\$2,800,000	\$2,800,000	\$2,800,000	\$14,000,000
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

There will be transfer of \$79.7M in expenditures from DCFS to the Department of Education related to the licensing and regulation of early learning centers. This activity is currently funded in DCFS through the federal Child Care Development Fund (CCDF) and self-generated revenues which will be transferred to DOE as a result of the bill. The transfer would include 131 positions related to the DCFS licensing functions, including provider directory staff (11), licensing staff (40), state office staff (3) and eligibility staff (77). Of the total positions, 54 are filled positions; the 77 eligibility staff positions are currently vacant and will transfer as positions only. Federal CCDF funds total \$79.4M; and \$285,450 is self-generated revenues from licensing fees charged to the 1,538 early learning centers currently licensed to operate. Licensing fees are graduated based on the size of the facility so actual revenues will vary depending upon the number and size of facilities licensed. The bill provides that license fees can only be increased through statutory authorization.

The DOE will be required to provide approximately \$5.3M in Interagency Transfers to DCFS for day care services that are provided to the Child Welfare/Foster Care program as well as STEP recipients. These activities, which remain under the purview of DSFS, are funded with CCDF funds.

There will be a \$2.8M state general fund increase for DCFS for FY 14-15 through FY 18-19 to replace the loss of federal indirect cost allocation funding. The CCDF grant is used to pay direct costs of child care, including subsidies, but also pays for indirect costs associated with personal services and operating expenses of the administering agency. The federal/state funding ratio for administrative costs is 65% federal and 35% state, and 55% federal and 45% state for eligibility staff. The DCFS reports indirect cost allocations of \$978,853 for administrative expenses and \$1,846,713 for eligibility expenses. If the program transfer does not become effective until the end of the federal fiscal year (9/30/14) the general fund increase would be \$2.1M for FY 14-15 and \$2.8M for FY 15-16 through FY 18-19. The DOE may continue to use the CCDF indirect cost allocation to fund administrative and eligibility staff costs, which would free up existing state general fund. However, the DOE and the DOA have indicated that these funds would remain in the DOE budget.

REVENUE EXPLANATION

There will be an indeterminable increase in self-generated revenues for DOE from civil fines. The proposed legislation transfers the authority to assess civil fines for violations. Fines shall be deposited into the Early Learning Center Licensing Trust Fund and the use of the funds and are restricted to education and training of employees, staff or other personnel of child care facilities. The fines were authorized and the fund was created in January 2013, however, to date, there have been no collections or deposits to the fund.

Senate Dual Referral Rules House 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} *Evan Brasseaux*
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} **Evan Brasseaux**
Staff Director

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CONTINUED EXPLANATION from page one:

The bill transfers the Advisory Council on Early Childhood Care and Education from DCFS to DOE and provides for 17 members and 13 non-voting ex-officio members. The Council members shall not receive compensation or per diem for attendance. The DOE is required to provide quarterly reports on the implementation and progress of the Early Care and Education Network as well as annual reports on specified activities. The bill transfers the Family Child Day Care Home Registration Law from DCFS to DOE and provides for registration, inspections, state fire marshal fees, license revocations, operating violations and provider orientation. Finally, the bill transfers authority from DCFS to DOE to establish and administer a scholarship program for staff certification through early childhood education programs if funds are appropriated by the federal government for that purpose. Effective July 1, 2014

Senate

Dual Referral Rules

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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