



February 15, 2020

**SUMMARY OF BILL:** Replaces the Department of Human Services' (DHS) mandatory child care agency report card system, and the separate and voluntary child care agency rated licensing system, with a single quality assessment and rating system, for the purpose of evaluating licensed and approved child care agencies. Requires DHS to provide additional financial performance incentives, as determined by the department, for child care agencies that accept the department's child care assistance subsidy payments.

Deletes provisions regarding an obsolete advisory council that was established in order to provide recommendations on the report card and rating licensing systems.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Funding for the new financial incentives may be available through the Department of Human Services (DHS) Child Care Development Fund (CCDF) grant. Due to insufficient information from DHS regarding plans for the new mandatory quality assessment and rating system, an exact fiscal impact cannot be reasonably quantified.**

Assumptions:

- Pursuant to Tenn. Code Ann. § 71-3-502(j)(3)(D), a child care agency that agrees to voluntarily participate in the rated licensing system and accepts the DHS child care assistance subsidy payments is authorized to receive higher subsidy payments, as determined by DHS, based upon the child care quality rating and subject to available funding in the DHS budget.
- The proposed legislation authorizes DHS to offer other financial performance incentives, in addition to the currently offered higher subsidy payments, as determined by the department and based upon the results of the new quality assessment and rating system, for child care agencies that accept the department's child care assistance subsidy payments.
- The subsidy payments currently provided to child care agencies that exceed minimum licensing standards are funded through the DHS's Child Care Development Fund (CCDF) grant.
- Funding for the new financial incentives may be available through the CCDF.

- Any fiscal impact associated with the new quality assessment and rating system and new financial incentives is dependent upon the rules of the new program, as established by the DHS, as well as the increase in program participants due to the change in the program's nature from voluntary to mandatory.
- The DHS has not provided any specific information regarding plans for the new program; therefore, an exact fiscal impact cannot be reasonably quantified.
- Pursuant to Tenn. Code Ann. § 71-3-502(j)(4), the obsolete advisory council consisted of 12 non-legislative members who served without compensation.
- Deleting the provisions regarding the obsolete advisory council will have no significant fiscal impact to state government.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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