

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2689 - SB 2777

March 9, 2020

SUMMARY OF BILL: Requires the Department of Human Services (DHS) to create a fund, with a beginning balance of no less than \$10,000,000, to provide unlicensed care providers in counties with populations of less than 50,000, according to the 2010 federal census or any subsequent federal census, with financial assistance to make facility upgrades needed for licensure.

Authorizes child care providers in counties with populations of less than 50,000 to provide care for between five and ten children without a license if the provider: (1) receives a signed waiver from a parent of each child stating that the parent is aware the care provider is not licensed; (2) certifies that each staff member has completed at least 10 hours of childcare training; and (3) meets the adult:child ratios required of licensed child care agencies. Requires DHS to create and make the waiver form available for free on the department's website.

Changes the allowed weekly attendance time for a child in a "Parent's Day Out" or similar program operated by a religious institution or organization from not more than six hours of each of two days, to not more than 12 hours in any block of time desired within a calendar week.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$10,101,900/FY20-21
\$93,900/FY21-22 and Subsequent Years**

Other Fiscal Impact – The extent to which federal Child Care and Development Fund funding will be available, if at all, to fund the one-time \$10,000,000 appropriation for facility upgrades is unknown and cannot be determined with reasonable certainty.

Assumptions:

- According to data from the 2010 federal census, there are 66 counties in this state with a population of less than 50,000.
- The number of child care providers in these counties that will attempt to operate under the new licensing exemption created in this legislation is unknown. Based on the number of current child care operators that provide care to between five and ten children, it is reasonably estimated that 146 additional child care providers will seek to operate in this category.

- It is further assumed that current licensees would elect to retain their licensure in order to keep their ability to qualify for federal child care assistance.
- Based on information provided by DHS, the proposed legislation cannot be accommodated within existing resources. The DHS will require two Child Care Program Evaluators to monitor compliance of unlicensed providers.
- Child Care Development Funds (CCDF) cannot be used for the cost of any personnel time, resources, or travel expenses required to monitor unlicensed providers; therefore, all costs associated with the new positions will be funded by state dollars.
- The total one time increase in state expenditures in FY20-21 is estimated to be \$101,830 (\$56,184 salaries + \$22,646 benefits + \$13,000 administration + \$2,000 travel + \$8,000computers / furniture).
- The total recurring increase in state expenditures in FY21-22 and subsequent years is estimated to be \$93,830 (\$56,184 salaries + \$22,646 benefits + \$13,000 administration + \$2,000 travel).
- The proposed legislation requires DHS to create a fund with no less than \$10,000,000 to provide unlicensed care providers in certain counties with financial assistance to make facility upgrades needed for licensure.
- Based on information provided by DHS, federal CCDF funds cannot be used for any type of construction, renovation, or improvement of land. As facilities upgrades are not specifically defined in the legislation, the extent of dedicated CCDF funds that can be utilized for such upgrades is unknown.
- Funds that are dedicated to providers that ultimately do not receive licensure will need to be repaid by the recipient, or otherwise recouped by DHS in state dollars, in order to remain in compliance with federal CCDF regulations.
- Due to multiple uncertainties regarding availability of CCDF funds for this purpose and the potential for repayment of such funds with state dollars, it is assumed that a one-time state appropriation of \$10,000,000 will be required in FY20-21.
- The total increase in state expenditures in FY20-21 is estimated to be \$10,101,830 (\$101,830 + \$10,000,000).
- The time and resources needed to monitor the “Parent’s Day Out” or similar programs for compliance with the new attendance requirements will be absorbed within existing DHS resources.
- DHS can create the required waiver and post on its website utilizing existing resources.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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