



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 569 Introduced on March 21, 2017
Author: Shealy
Subject: Childcare Facilities Definitions
Requestor: Senate General
RFA Analyst(s): Shuford
Impact Date: April 19, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$4,443,161	\$4,352,141
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	74.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$445,500	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would increase recurring and non-recurring General Fund expenditures by \$4,443,161 in FY 2017-18 for 74 new FTEs for childcare licensing, childcare career development training, abuse and neglect investigations, and legal staff. Recurring expenditures would amount to \$4,352,141 in FY 2018-19 and each year thereafter. Other Funds revenue of the Department of Social Services would increase by \$445,500 in FY 2017-18.

Explanation of Fiscal Impact

Introduced on March 21, 2017

State Expenditure

This bill modifies the definition of childcare facilities licensed and regulated by the Department of Social Services (DSS). Public, private, and nonprofit programs operating more than two hours a day and receiving children younger than twelve years of age and school vacation or school holiday day camps with sessions lasting more than two weeks would become subject to licensing and regulation by DSS. A public, private, or nonprofit kindergarten or nursery school or a school vacation or school holiday camp that charges less than twenty-five dollars per child per month may elect not to become licensed. However, they must comply with specified requirements including caregiver education, background checks, child registration, caregiver first aid and CPR training, medication administration, and child safety training.

Other sections of the bill require an owner or operator of a childcare center, group childcare home, or family childcare home to carry liability insurance. DSS may issue ABC Childcare Program vouchers only to licensed and registered childcare facilities. The bill further specifies

teacher/caregiver supervision, volunteer and seasonal employee requirements, employee record keeping and education requirements, water supplies for kitchen or food prep areas and outdoor recreational fields, and background check fees.

Department of Social Services. DSS indicates this bill would increase recurring and non-recurring General Fund expenditure by \$4,443,161 in FY 2017-18 for 74 new FTEs for childcare licensing, childcare career development training, abuse and neglect investigations, and legal staff. Of the \$4,352,141 in recurring General Fund expenditures for FY 2017-18, \$3,325,137 is for personal services and employer contributions, and \$1,027,004 is for other operating expenses. The \$91,020 in non-recurring expenditures include one-time expenditures on additional office furniture. Recurring expenditures would amount to \$4,352,141 in FY 2018-19 and each year thereafter.

These expenditure estimates anticipate that the number of licensed childcare facilities would increase by 3,000 in FY 2017-18. This would more than double the number of childcare facilities licensed and regulated by DSS under existing statutes. DSS currently licenses 2,612 programs using 57 licensing specialists and 21 other supervisors, administrators, and fire marshals for 78 total FTEs. This compares to the requested 40 childcare licensing specialists and 34 supervisory, administrative, and fire marshal personnel totaling 74 additional FTEs who would license and regulate the estimated 3,000 additional childcare facilities.

State Revenue

This bill adds Section 63-16-470 to provide that a regular license issued by DSS to private childcare centers or group childcare homes is valid for two years from the date of issuance unless DSS revokes the license or it is surrendered voluntarily. Further, after the private childcare center or group childcare home has been in business for two years, the renewal license is valid for three years from the date of issuance.

DSS currently charges a biennial license fee by type of facility, which is set in Proviso 38.7 of the general appropriations act. These fees vary by type and size of facility. However, an analysis by DSS suggests that the average childcare facility remits \$100 every two years based on the fees imposed in the proviso. Based on the anticipated 3,000 additional childcare facilities, we expect that Other Funds revenue of DSS will increase by \$300,000 in FY 2017-18. License renewals for private childcare centers or group childcare homes after the initial two-year period would be valid for three years from the date of issuance.

Further, the additional 3,000 childcare facilities would require DSS to check an average of five employees against the Central Registry of Child Abuse and Neglect. Based on current registry requests, 90 percent of the childcare facilities are non-profit organizations and would remit an \$8 fee for each employee checked. This would increase Other Funds revenue by \$108,000 in FY 2017-18. For-profit childcare facilities would remit a \$25 fee for each employee checked amounting to a \$37,500 increase in Other Funds revenue in FY 2017-18. In summary, license fee and registry check revenue would increase by a total of \$445,500 in FY 2017-18.

Local Expenditure and Revenue

N/A



Frank A. Rainwater, Executive Director