

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 397 (Senator Collins)  
Economic and Environmental Affairs

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Family Law - Residential Child Care Facilities

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This bill requires an applicant for a “child care home” or a “child care residential institution” license to obtain a tentative determination on a license from the Social Services Administration (SSA) before applying for any State or local permits. SSA is required to: (1) make a tentative determination on each application within 60 days after receiving the application; (2) publish certain notices regarding license determinations; (3) hold a public hearing on a tentative determination under specified circumstances; (4) prepare a final determination under specified circumstances; (5) reimburse group homes and institution providers at rates similar to those paid for the provision of similar services; and (6) establish separate reimbursement rate schedules for child care homes and child care residential institutions. A facility licensee who wishes to make a change in the services provided or maximum age or number of residents is required to submit an application to the SSA to make the change.

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Fiscal Summary

**State Effect:** General fund expenditures increase by \$24,700 and federal fund expenditures increase by \$12,800 in FY 1999, exclusive of an indeterminate effect on provider reimbursement rates. Future year expenditures increase with annualization and inflation. Revenues are not affected.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	24,700	29,100	30,200	31,200	32,300
FF Expenditures	12,800	15,000	15,500	16,100	16,700
Net Effect	(\$37,500)	(\$44,100)	(\$45,700)	(\$47,300)	(\$49,000)

Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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### Fiscal Analysis

**Bill Summary:** The bill designates the information that must be included in an application for a license and specifies various operating procedure standards that facilities must follow. It requires each application for a child care residential institution to include a proposal to establish a community oversight board and requires the board to inspect the institution at least once every six months.

**State Effect:** Expenditures in the Social Services Administration could increase by an estimated \$37,510 (\$24,757 general funds and \$12,753 federal funds) in fiscal 1999, which accounts for the bill's October 1, 1998 effective date. This estimate reflects the cost of hiring one Licensing Specialist to hold hearings and review public comments. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$32,100
Other Operating Expenses	<u>5,410</u>
<b>Total FY 1999 State Expenditures</b>	<b>\$37,510</b>

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The bill requires SSA to reimburse group homes and institution providers at rates similar to those paid for the provision of similar services and to establish separate reimbursement rate schedules for child care homes and child care residential institutions. This provision could have an indeterminate effect on future rates, depending on the rates that are established. SSA advises that current practice is for each provider to go through a negotiated rate process with the Office of Children, Youth, and Families based on the services provided.

Revenues are not affected because the Social Services Administration does not charge licensure fees for residential child care facilities.

**Small Business Effect:** Small business residential child care facilities could be adversely affected due to the bill's requirement that (1) an applicant for a facility license must pay for publishing notices regarding license determinations; and (2) a licensee must re-apply for a new license each time the licensee wants to make a change in the service provided or in the maximum age or number of residents. There are an estimated 130 institutional child care providers in Maryland currently licensed by the Social Services Administration.

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**Information Source(s):** Department of Human Resources, Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 1998

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