

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

Senate Bill 937 (Senator Kelley)
 Education, Health, and Environmental Affairs Health and Government Operations

**State Board for Certification of Residential Child Care Program Administrators
 - Fees**

This bill requires the State Board for Certification of Residential Child Care Program Administrators to be supported by general funds instead of special funds by repealing the State Board for Certification of Residential Child Care Program Administrators Fund. Although the board retains its fee-setting authority, it no longer has to set its fees to cover its direct and indirect costs.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: General fund expenditures could increase by \$111,400 to support the board in FY 2008 and general fund revenues could increase by \$54,000, reflecting certification of child care program administrators. Special fund expenditures and revenues would decrease in FY 2008 and future years as the board would no longer be special funded. Future years assume additional initial certifications in FY 2009, biennial certification renewals, no attrition, inflation, and the board continuing to be supported by general funds.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
GF Revenue	\$54,000	\$6,000	\$36,000	\$4,000	\$36,000
SF Revenue	(-)	(-)	(-)	(-)	(-)
GF Expenditure	111,400	101,000	104,700	108,600	112,800
SF Expenditure	(-)	(-)	(-)	(-)	(-)
Net Effect	(\$57,400)	(\$95,000)	(\$68,700)	(\$104,600)	(\$76,800)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Chapter 438 of 2004 created the State Board for Certification of Residential Child Care Program Administrators within the Department of Health and Mental Hygiene (DHMH). Child care program administrators are required to be certified on or after October 1, 2007. Certificates may be renewed for two-year periods. The board must waive the certification requirements for any person who • files a letter of intent with the board by October 1, 2007; • has at least eight years of experience in the human service field with at least four years of experience in a supervisory or administrative capacity; and • has passed a board-approved exam by October 1, 2007.

Background: The board has been appointed and is in the process of drafting regulations. Regulations to set fees for certification are on hold. The board advises that, given the population of administrators it now expects to certify, a fee of \$1,200 would be required to ensure the board could cover its costs as a special-fund board. Estimates associated with establishment of the board assumed a \$600 fee and 500 administrators being certified.

The board advises that it has not yet certified any child care program administrators, but it expects a much lower number of administrators to become certified primarily due to many of them working at multiple facilities. These administrators must be certified by October 1, 2007. Thus, the board anticipates issuing 180 initial certificates in fiscal 2008 and 20 initial certificates in fiscal 2009, with certificate holders renewing biennially.

The Board of Examiners of Nursing Home Administrators, unlike other health occupations boards, is supported with general funds instead of special funds. The board charges a \$100 license fee to license nursing home administrators. Those licenses are renewed every two years. In fiscal 2006, there were 656 licensees. The board's fees are directly deposited into the general fund. There is no statutory requirement that the board set fees to produce funds to approximate the cost of maintaining the board. The board is supported with two full-time staff.

State Fiscal Effect: General fund revenues could increase by \$54,000 in fiscal 2008 as an estimated 180 child care program administrators are initially certified and pay a \$100 examination fee and a \$200 certification fee. Future year revenues reflect

20 administrators initially certified in fiscal 2009, biennial renewals, no attrition, and a \$200 certification renewal fee.

General fund expenditures could increase by \$111,363 in fiscal 2008 for the board to hire two part-time individuals to staff the board and for related administrative costs. Although the Governor’s proposed fiscal 2008 budget includes funds for board salaries, it does not include positions. The board currently does not have its own staff. Instead, a staff person working for another board is providing administrative assistance temporarily.

If the board were to remain supported by special funds, the child care program administrators’ certification fee would have to be significantly higher to cover the board’s costs. Board special fund expenditures also would be slightly higher – at \$126,239 in fiscal 2008 – as the board would be required to also contribute \$13,942 in rent and \$934 for Attorney General costs.

For illustrative purposes, Exhibit 1 details the estimated revenues and expenditures under a special-funded board with a \$1,200 fee for an initial certification, \$1,200 for certification renewals, and a \$100 exam fee to cover its costs. It also assumes 180 initial certifications in fiscal 2008, 20 initial certifications in fiscal 2009, biennial certification renewal, and no attrition. This fee structure would produce a fund balance that would be drawn on in years when fewer administrators are initially certifying or renewing their certification. However, the biennial certification fee would need to be increased further after fiscal 2012 as staffing and administrative costs increase due to inflation and would eliminate the fund balance.

Exhibit 1
Estimated Expenditures and Revenues under a Special-funded
State Board for Certification of Residential Child Care Program Administrators

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Starting Balance	\$0	\$107,761	\$17,779	\$113,918	\$13,976
SF Revenues	234,000	26,000	216,000	24,000	216,000
Total Revenues Available	234,000	133,761	233,779	137,918	229,976
SF Expenditures	126,239	115,982	119,861	123,942	128,237
Ending Balance	107,761	17,779	113,918	13,976	101,739

Additional Information

Prior Introductions: None.

Cross File: Although HB 1177 is designated as a cross file, it is not identical.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

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Analysis by: Lisa A. Daigle

Direct Inquiries to:
(410) 946-5510
(301) 970-5510