



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 530 of the 131st G.A.

Date: May 17, 2016

Status: As Introduced

Sponsor: Rep. Retherford

Local Impact Statement Procedure Required: No

Contents: To provide for the licensure of sick-child care centers

State Fiscal Highlights

- The bill requires the Director of the Ohio Department of Job and Family Services (ODJFS) to license sick-child care centers. There would be costs to establish and maintain the license program. Additionally, there would be a gain in revenue from license fee collections, which would be deposited into the General Revenue Fund. The amount of revenue would depend on the fee set in rules and the number of applications received.
- The bill permits, when an application for a license is filed, the ODJFS Director to investigate and inspect a sick-child care center to determine whether the center meets all of ODJFS's requirements. There would be a cost to ODJFS to investigate and inspect sick-child care centers. According to ODJFS, each inspection could cost approximately \$1,500.
- The bill permits ODJFS to take disciplinary actions against a sick-child care center. There would be a cost to perform any investigations ODJFS deems necessary and for any disciplinary hearings required.
- The bill requires ODJFS, in consultation with the Ohio Department of Health, to adopt rules governing the operation of sick-child care centers. Both departments could realize a minimal increase in costs to promulgate rules.
- The bill requires the Attorney General, in certain instances, to file a complaint with the appropriate court if a sick-child care center is operating without a license. The Attorney General's Office may experience an increase in administrative costs if any complaints are filed. The number of complaints filed is likely to be few, so any costs should be minimal.

Local Fiscal Highlights

- The bill requires specified local prosecuting authorities, in certain circumstances, to file a complaint with the appropriate court of common pleas if a sick-child care center is operating without a license. These entities may experience an increase in

administrative costs if any complaints are filed. The number of complaints filed is likely to be few, so any costs should be minimal.

- The bill establishes criminal penalties and fines for operating a sick-child care center without a license. There could be an increase in court costs and a subsequent gain in court cost fine revenue for any violations.
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Detailed Fiscal Analysis

Sick-child care center licenses

The bill requires the Director of the Ohio Department of Job and Family Services (ODJFS) to license sick-child care centers. The bill lists the information required in an application for licensure as a sick-child care center, which includes a fee to be set by the ODJFS Director in rules. According to ODJFS, the license fee would be \$500 per address. A sick-child care center license is valid until revoked. There would be costs to establish the sick-child care license. ODJFS estimates that costs to establish this license could be up to \$200,000 and would include system changes, as well as policy and training development and customer service. In addition, there would be a gain in revenue from license fee collections. There would also be costs associated with maintaining the license program such as processing applications, customer service, etc. The amount would depend on the number of applications received. The bill requires any fees collected under this section to be paid into the state treasury to the credit of the General Revenue Fund.

The bill permits, when an application for a license is filed, the ODJFS Director to investigate and inspect the sick-child care center to determine whether the center meets all of ODJFS's requirements. When the Director is satisfied, the bill requires a license be issued as soon as practicable in such form and manner as prescribed by the Director. There would be a cost to ODJFS to investigate and inspect sick-child care centers. According to ODJFS, costs per inspection could be up to \$1,500. Each visit requires a pre-licensing visit, a licensing visit prior to approval, and would require ODJFS and possibly Ohio Department of Health (ODH) staff to complete. If ODH staff were necessary, then costs could increase. The total costs would depend on the number of centers ODJFS investigates and inspects.

The bill permits ODJFS to take disciplinary actions against a sick-child care center. These actions include issuing an order of denial to an application or an order of revocation to a center that violates any of the requirements of child care centers. The bill permits a sick-child care center to appeal any disciplinary action. There would be a cost to perform any investigations ODJFS deems necessary and for any disciplinary hearings required.

Rulemaking

The bill requires ODJFS, in consultation with ODH, to adopt rules governing the operation of sick-child care centers. The bill specifies that the rules must include, among other things, the following: procedures for issuing, denying, and revoking a license; procedures for receiving and responding to complaints; and inspection procedures of sick-child care centers. ODJFS's rules for inspections of licensed child care centers require inspection of a center at least once during every 12-month period and permits ODJFS to conduct additional operations as needed.¹ LSC assumes that for sick-child care centers, ODJFS will perform inspections under this schedule. If so, there would be an increase in costs to inspect the sick-child care centers annually. There could be additional costs if any sick-child care centers are inspected more frequently.

The bill requires the ODJFS Director to notify the Attorney General, prosecuting attorney of the county in which the sick-child care center is located, or the city attorney, village solicitor, or other chief legal officer of the municipal corporation in which the sick-child care center is located, if a sick-child care center is operating without a license. The bill requires the entity receiving this notification to file a complaint in the court of common pleas in which the sick-child care center resides requesting that the court grant an order enjoining the owner from operating the sick-child care center operating without a license. There could be an administrative cost to the state or local entity that prosecutes the sick-child care center. The number of complaints filed would likely be few, so associated costs would likely be minimal.

The bill contains criminal penalties for operating a sick-child care center without a license. These penalties include a fine of \$100 to \$500 multiplied by the average number of children receiving child care at the sick-child care center. Additional fines might be levied if an individual has violated this provision two or more times. As a result, there could be an increase in court costs if additional criminal cases are brought and a gain in fine revenue if criminal charges are brought and defendants are found to be guilty.

¹ O.A.C. 5101:2-12-07.