

# Legislative Analysis



## RED TAPE: CHILD CARE LICENSE REFUNDS

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**Senate Bill 1228 (Substitute H-1)**

**Sponsor: Sen. Buzz Thomas**

**Senate Committee: Economic Development, Small Business and Regulatory Reform**

**House Committee: Commerce**

**Complete to 6-29-04**

### A SUMMARY OF SENATE BILL 1228 AS REPORTED FROM HOUSE COMMITTEE

The bill would amend the Child Care Licensing Act, effective October 1, 2007, to require the Family Independence Agency (FIA) to do the following:

-- Issue an initial or renewal license or registration for a child care center, group day care home, or family day care home within six months after receiving a "completed application" (as defined in the bill).

-- Notify the applicant in writing, or make notice electronically available, within 30 days after receiving an incomplete application.

-- Return the license or registration fee and reduce the fee for the applicant's next renewal, if any, by 15 percent if the FIA failed to meet the deadline.

-- Report to the Legislature by December 1 each year, beginning in 2008, on the number of applications received and completed by the deadline, the number requiring additional information, the number rejected, the number of licenses or registrations not issued within the six-month period, and the average processing time for those after the six-month period.

If, on a contractual basis, inspections performed by a local health department delayed the FIA in issuing or denying licenses or registrations within the six-month period, the FIA could use its staff to complete the inspections. Beginning October 1, 2005, a "completed application" would not include a health inspection performed by a local health department.

[The substitute adopted by the House Committee on Commerce added the 2007 effective date.]

MCL 722.115 and 722.119a

**FISCAL IMPACT:**

In public testimony, the Family Independence Agency cited a backlog in child day care licensing of 932 license renewals as of January, 2004. Total new and renewal license volume is 10,300 annually, with licensees or applicants paying a \$25 fee. A recent change in the licensing law allows licensing to continue while a properly-completed renewal application is pending. Therefore, less than 10% of new and renewal licenses are estimated to be issued after the six month deadline established by this bill. There is a small fiscal impact, estimated to be less than \$100,000 annually.

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