

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1014, House Committee Substitute #2

SHORT TITLE: Health Care Employee Record Check

SPONSOR(S):

FISCAL IMPACT: Expenditures: Increase (X) Decrease ()
 Revenues: Increase (X) Decrease ()
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: General Fund (X) Highway Fund () Local Govt. (X)
 Other Funds ()

BILL SUMMARY: The act requires a criminal history record check of unlicensed applicants for employment in nursing homes, adult care homes and home care agencies.

EFFECTIVE DATE: January 1, 1997 for nursing homes and adult care homes; January 1, 1998 for home care agencies.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: State Bureau of Investigation

FISCAL IMPACT

	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00	2000-01	<u>FY</u>
REVENUES:						
GENERAL FUND	\$290,689	\$792,155	\$1,002,932	\$1,002,932		\$1,000,000
EXPENDITURES:						
GENERAL FUND						
Computer Op.	\$290,689	\$792,155	\$1,002,932	\$1,002,932		\$1,000,000
Added Personnel	<u>\$132,167</u>	<u>\$266,905</u>	<u>\$295,105</u>	<u>\$306,473</u>		<u>\$318,000</u>
	\$422,856	\$1,059,060	\$1,298,037	\$1,309,405	\$1,321,225	
LOCAL						
Home Care Agencies	-	\$35,280	\$70,560	\$70,560	\$70,560	

POSITIONS: The SBI will need to hire 10.5 positions.

ASSUMPTIONS AND METHODOLOGY:

Number of Records

The Division of Facility Services in the Department of Human Resources estimates that adult care homes will hire 22,780 new employees each year and nursing homes will have 18,757 new hires annually. These numbers assume high turnover rates in adult care homes of 134% and in nursing homes of 60%.

There are 23,740 unlicensed home care agency personnel registered by the Division of Facility Services. This includes 19,808 in-home aides, 3,796 administrative staff and 196 others. One home care industry official estimates a 150% turnover rate for in-home aides. Such a rate would generate 29,712 applicants each year for the industry. A 10% turnover rate for the administrative and other staff will yield 399 applicants. In summary, the home care industry will need 30,111 employee record checks each year.

Expenditures - SBI

This fiscal note assumes that adult care homes, nursing homes and home care agencies will use fingerprint record checks because this method is the most reliable way to determine an applicant's criminal past. The SBI will not certify the validity of a "clean" criminal record unless fingerprints are used. The State Bureau of Investigation (SBI) charges \$14 for a computer search of fingerprint records. The fee pays for personnel, operations, and fixed assets. The average search takes 14.3 minutes.

The \$14 fee does not cover the costs of additional personnel needed by the SBI to handle the increased workload. The SBI estimates that for every 10,000 requests for fingerprint checks, it takes 1 Fingerprint Technician II (Grade 64) and .5 Processing Assistant III (Grade 59). Using this standard, the SBI will require an appropriation for 6 additional personnel in FY 1996-97 to handle requests from the nursing homes and adult care homes beginning 1/1/97. The first year cost is shown below:

Fingerprint Technician II	(\$26,550 x 4) x 2/3 =	\$70,800
Processing Assistant III	(\$21,950 X 2) x 2/3 =	\$29,267
Equipment & Supplies	\$5,350 x 6 =	<u>\$32,100</u>
		\$132,167

The first fiscal year costs include salary and fringes for eight months for the six positions. This allows two months of training time before the law becomes effective on January 1. Each employee is equipped with a PC, desk, chair and supplies. Much of the equipment cost is non-recurring (\$26,100). In the following years, the salary and benefits are inflated by 4% each year. The cost of supplies and misc. expenses is set at \$1,000 per employee.

Beginning 1/1/97, the SBI will need 4.5 additional positions to handle requests from the home care agencies. The cost for these positions in FY 1997-98 is as follows:

Fingerprint Technician II	(\$27,612 x 3) x 2/3 =	\$55,223
Processing Assistant III	(\$22,828 X 1.5) x 2/3 =	\$22,828
Equipment & Supplies	\$5,350 x 5 =	<u>\$26,750</u>
		\$104,801

Expenditure - Local

There are 140 public home care agencies in the state. The average number of unlicensed employees per agency is 24. Applying the 150% turnover rate for the industry, each agency will check the records of 36 applicants each

year. The cost for all 140 agencies is \$70,560 (140 x 36 x \$14). The first year cost in FY 1997-98 is \$35,280 because of the 1/1/98 effective date.

Revenue - SBI

The revenue from the \$14 fingerprint fee is based on the following assumptions :

- 1) The adult care homes and nursing homes will have 41,527 requests for fingerprint checks each year. In FY 1996-97, only one half of this number will be done because of the 1/1/97 effective date.
- 2) The home care agencies will have 30,111 requests for fingerprint checks each year. In FY 1997-98, only one half of this number will be done because of the 1/1/98 effective date.

SOURCES OF DATA: State Bureau of Investigation; Division of Facility Services in the Department of Human Resources

TECHNICAL CONSIDERATIONS: If the nursing homes, adult care homes, and home care agencies choose to do only a criminal record check, the revenue and expenditures will be reduced. A \$10 criminal record check would provide the SBI with \$716,380 in additional fees each year. The SBI needs fewer personnel to process name checks on the computer. For every 20,000 requests, the SBI requires a Processing Assistant III (Grade 59) with salary and benefits equal to \$21,950. The anticipated 71,380 new requests each year would require the SBI to hire 3.5 employees. The annual cost is shown below:

Processing Assistant III	\$21,950 x 3.5	=	\$76,825
Office Expenses	\$1,000 x 3.5	=	<u>3,500</u>
			\$80,325

PC, desk, chair (1 st yr.)	\$4,350 x 4	=	\$17,400
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FISCAL RESEARCH DIVISION
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DATE: May 31,1996



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