

Michigan Office of Administrative Hearings and Rules
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**REGULATORY IMPACT STATEMENT
and COST-BENEFIT ANALYSIS (RISCBA)**

PART 1: INTRODUCTION

Under the Administrative Procedures Act (APA), 1969 PA 306, the agency that has the statutory authority to promulgate the rules must complete and submit this form electronically to the Michigan Office of Administrative Hearings and Rules (MOAHR) at o'berryd@michigan.gov no less than 28 days before the public hearing.

1. Agency Information

Agency name:	Licensing and Regulatory Affairs	
Division/Bureau/Office:	Bureau of Community and Health Systems	
Name, title, phone number, and e-mail of person completing this form:	Tammy Bagby, Analyst, 517-335-4084, bagbyt@michigan.gov	
Name of Departmental Regulatory Affairs Officer reviewing this form:	Liz Arasim	

2. Rule Set Information

MOAHR assigned rule set number:	2018-029 LR
Title of proposed rule set:	Licensing Family and Group Child Care Homes

PART 2: KEY SECTIONS OF THE APA

MCL 24.207a “Small business” defined.

Sec. 7a. “Small business” means a business concern incorporated or doing business in this state, including the affiliates of the business concern, which is independently owned and operated, and which employs fewer than 250 full-time employees or which has gross annual sales of less than \$6,000,000.00.

MCL 24.232 (8) Except for an emergency rule promulgated under section 48, and subject to subsection (10), if the federal government has mandated that this state promulgate rules, an agency shall not adopt or promulgate a rule more stringent than the applicable federally mandated standard unless the director of the agency determines that there is a clear and convincing need to exceed the applicable federal standard.

(9) Except for an emergency rule promulgated under section 48, and subject to subsection (10), if the federal government has not mandated that this state promulgate rules, an agency shall not adopt or promulgate a rule more stringent than an applicable federal standard unless specifically authorized by a statute of this state or unless the director of the agency determines that there is a clear and convincing need to exceed the applicable federal standard.

(10) Subsections (8) and (9) do not apply to the amendment of the special education programs and services rules, R 340.1701 to R 340.1862 of the Michigan Administrative Code. However, subsections (8) and (9) do apply to the promulgation of new rules relating to special education with the rescission of R 340.1701 to R 340.1862 of the Michigan Administrative Code.

MCL 24.240 Reducing disproportionate economic impact of rule on small business; applicability of section and MCL 24.245(3).

Sec. 40. (1) When an agency proposes to adopt a rule that will apply to a small business and the rule will have a disproportionate impact on small businesses because of the size of those businesses, the agency shall consider exempting small businesses and, if not exempted, the agency proposing to adopt the rule shall reduce

the economic impact of the rule on small businesses by doing all of the following when it is lawful and feasible in meeting the objectives of the act authorizing the promulgation of the rule:

- (a) Identify and estimate the number of small businesses affected by the proposed rule and its probable effect on small businesses.
 - (b) Establish differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.
 - (c) Consolidate, simplify, or eliminate the compliance and reporting requirements for small businesses under the rule and identify the skills necessary to comply with the reporting requirements.
 - (d) Establish performance standards to replace design or operational standards required in the proposed rule.
- (2) The factors described in subsection (1)(a) to (d) shall be specifically addressed in the small business impact statement required under section 45.
- (3) In reducing the disproportionate economic impact on small business of a rule as provided in subsection (1), an agency shall use the following classifications of small business:
- (a) 0-9 full-time employees.
 - (b) 10-49 full-time employees.
 - (c) 50-249 full-time employees.
- (4) For purposes of subsection (3), an agency may include a small business with a greater number of full-time employees in a classification that applies to a business with fewer full-time employees.
- (5) This section and section 45(3) do not apply to a rule that is required by federal law and that an agency promulgates without imposing standards more stringent than those required by the federal law.

MCL 24.245 (3) Except for a rule promulgated under sections 33, 44, and 48, the agency shall prepare and include with the notice of transmittal a **regulatory impact statement** which shall contain specific information (information requested on the following pages).

PART 3: AGENCY RESPONSE

Please provide the required information using complete sentences. **Do not answer any question with “N/A” or “none.”**

Comparison of Rule(s) to Federal/State/Association Standards:

1. Compare the proposed rule(s) to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

There are no parallel federal rules or standards set by a state or national licensing agency.

- A. Are these rule(s) required by state law or federal mandate?

These rules are required by state mandate pursuant to MCL 722.112(1). In addition, the Michigan Department of Education (MDE) receives federal funds from the Child Care and Development Block Grant of 2014, PL 113-186. Child care licensing is funded through MDE from that block grant. That grant requires specific processes to be implemented by September 30, 2019. To implement those processes and meet that requirement, child care licensing needs the authority in the rules to enforce those requirements. Such requirements include the comprehensive child care background check and health and safety training.

- B. If these rule(s) exceed a federal standard, identify the federal standard or citation, describe why it is necessary that the proposed rule(s) exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

These rules do not exceed a federal standard.

2. Compare the proposed rule(s) to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

Pursuant to the federal Child Care Development Block Grant of 2014, all states are required to implement comprehensive background checks, and child care providers are required to have certain health and safety training, or face financial penalties. The State of Michigan is in Region V, which also includes Ohio, Indiana, Wisconsin, and Illinois. The background check and training requirements are essentially the same for all states.

Michigan is considered a leader in Region V and nationally. Michigan has completed comprehensive background checks on all existing providers. As a result, the LARA Child Care Licensing Division has been asked to present on national webinars and provide feedback to the Administration for Children and Families (ACF) with the U.S. Department of Health and Human Services.

The development of the proposed rule revisions included researching the processes other states require of their licensed child care providers. The processes that were researched include the comprehensive background check process, the administration and frequency of health and safety training, and the ratio of child care staff to children in the different types of child care organizations. The proposed rules would bring Michigan in line with other states within Region V.

The proposed rules were developed by the LARA Bureau of Community and Health Systems, Division of Child Care Licensing, in collaboration with stakeholders representing each type of child care home, parents of children in care, the Michigan Department of Education, LARA Bureau of Fire Safety, a representative of the State Fire Marshal's Office, and the Department of Health and Human Services.

A. If the rule(s) exceed standards in those states, explain why and specify the costs and benefits arising out of the deviation.

The proposed rules do not exceed standards in other similarly situated states.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rule(s).

To the best of our knowledge, the proposed rule revisions contain no conflicts or duplication.

A. Explain how the rule has been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

The department is updating the licensing rules for family and group child care homes because the Child Care Licensing Act, 1973 PA 116, was recently amended, so the current rules are no longer in compliance with the Act. Duplication and conflict with other federal or state requirements was eliminated.

4. If MCL 24.232(8) applies and the proposed rule(s) is more stringent than the applicable federally mandated standard, a **statement of specific facts that establish the clear and convincing need to adopt the more stringent rule(s) and an explanation of the exceptional circumstances that necessitate the more stringent standard** is required below:

There are federally mandated standards in the Child Care and Development Block Grant. The proposed rules are not more stringent than federal standards. The Michigan Department of Education receives federal funds from the Child Care and Development Block Grant. Some of those funds help to support the LARA Division of Child Care Licensing. If Michigan does not put these requirements in child care licensing rules, and mandate child care providers to ensure that comprehensive background checks are completed for all staff, along with required health and safety training, about \$11 million in federal grant funding is at risk.

5. If MCL 24.232(9) applies and the proposed rule(s) is more stringent than the applicable federal standard, **either the statute that specifically authorizes the more stringent rule(s) or a statement of the specific facts that establish the clear and convincing need to adopt the more stringent rule(s) and an explanation of the exceptional circumstances that necessitate the more stringent standard** is required below:

MCL 24.232(9) does not apply to the proposed rules.

Purpose and Objectives of the Rule(s):

6. Identify the behavior and frequency of behavior that the proposed rule(s) are designed to alter.

The proposed rule revisions are necessary to comply with recent amendments to the Child Care Organizations Act, 1973 PA 116, and requirements for the federal Child Care and Development Block Grant. They would ensure that all child care staff undergo a comprehensive background check before having any contact with children. They would update certain health and safety requirements within licensed family and group child care homes. In addition, they increase training requirements for child care staff on certain health and safety subjects.

- A. Estimate the change in the frequency of the targeted behavior expected from the proposed rule(s).

The proposed rule revisions would increase the number of individuals who undergo a comprehensive background check before having contact with children in a licensed family or group child care home. They would also increase the number of individuals who receive training on certain health and safety subjects that are important to protect children who are being cared by these individuals.

- B. Describe the difference between current behavior/practice and desired behavior/practice.

Currently, the licensing rules for family and group child care homes do not require all individuals who have contact with children in these homes to undergo a comprehensive background check; and, not all staff are required to complete training in certain health and safety subjects. The proposed rule revisions would ensure that all staff and adult household members undergo comprehensive background checks before they have contact with children, and that all staff complete necessary training to protect children.

- C. What is the desired outcome?

The desired outcome is to improve the health and safety of children in licensed family and group child care homes.

7. Identify the harm resulting from the behavior that the proposed rule(s) are designed to alter and the likelihood that the harm will occur in the absence of the rule.

The proposed rule revisions for licensing family and group child care homes are essential to protect children's health and safety and to prevent harm. For example, a recent incident report from a child care center reported infants who received chemical burns on their faces and arms because the child care staff were not trained to dilute the cleaning chemical used to clean the sleeping equipment. The proposed rules have added health and safety training requirements to prevent this from occurring. In another case, an infant died while in child care in Michigan in 2018 because the infant grabbed a blanket that was near the play yard he was sleeping in, pulled it over his face, and suffocated. The proposed rule revisions would prohibit blankets or soft objects from being within reach of infants who are sleeping or resting.

- A. What is the rationale for changing the rule(s) instead of leaving them as currently written?

The LARA Division of Child Care Licensing receives funds through the Michigan Department of Education from the federal Child Care and Development Block Grant. The block grant has requirements that need to be met by licensed child care providers. To be compliant with the block grant and continue to receive the federal funds, the child care licensing rules need to be revised.

If the rules are not revised and Michigan is found non-compliant with the block grant, Michigan could be penalized up to approximately \$11 million. In addition, the current rules no longer comply with the Child Care Organizations Act, and the rules have not been updated in more than 10 years.

8. Describe how the proposed rule(s) protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The proposed rule revisions were developed by the department in collaborations with stakeholders representing each type of child care organization, parents of children in care, the Michigan Department of Education, LARA Bureau of Fire Safety, a representative of the State Fire Marshal's Office, and the Department of Health and Human Services.

9. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

The proposed rule revisions are being promulgated as a result of recent amendments to the Child Care Organizations Act, 1973 PA 116, and new requirements of the federal Child Care and Development Block Grant. The current rules need to be updated to comport with current law and current best practices. None of the rules are being rescinded.

Fiscal Impact on the Agency:

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursement rates, etc. over and above what is currently expended for that function. It does not include more intangible costs or benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

10. Describe the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings).

The proposed rules will not change the agency's cost or revenue.

11. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rule(s).

No new appropriations have been made or funding source provided for any expenditures associated with the proposed rules. On the contrary, the proposed rule revisions are needed in order to maintain current funding through the federal Child Care and Development Block Grant.

12. Describe how the proposed rule(s) is necessary and suitable to accomplish its purpose, in relationship to the burden(s) it places on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

Public Act 256 of 2017 required child care providers to undergo comprehensive background checks, including criminal history checks; and they have been undergoing those checks since the act took effect on March 28, 2018. The proposed rules do not add any new burdens in that respect. The proposed rules do, however, add some new requirements for child care providers to complete certain health and safety training. Those new requirements are needed to comply with the federal Child Care and Development Block Grant. Providers will be able to fulfill many of the new training requirements by completing online training modules provided by LARA or the Michigan Department of Health and Human Services at no cost.

- A. Despite the identified burden(s), identify how the requirements in the rule(s) are still needed and reasonable compared to the burdens.

Any costs associated with fulfilling the new health and safety training requirements are likely to be offset by costs averted due to the prevention and early intervention of health and safety risks to children.

Impact on Other State or Local Governmental Units:

13. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for such other state or local governmental units as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

There would be no increase or decrease in revenues to other state or local governmental units as a result of the proposed rule revisions.

- A. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

Other state or local governmental units would not be impacted by the proposed rule revisions.

14. Discuss any program, service, duty or responsibility imposed upon any city, county, town, village, or school district by the rule(s).

No program, service, duty or responsibility would be imposed upon any city, county, town, village, or school district by the proposed rule revisions.

- A. Describe any actions that governmental units must take to be in compliance with the rule(s). This section should include items such as record keeping and reporting requirements or changing operational practices.

There are no actions that governmental units must take to be in compliance with the proposed rule revisions.

15. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rule(s).

No additional expenditures are associated with the proposed rule revisions, so no new appropriations to state or local government have been made.

Rural Impact:

16. In general, what impact will the rule(s) have on rural areas?

The new rule set does not have any impact on rural areas.

- A. Describe the types of public or private interests in rural areas that will be affected by the rule(s).

Licensed family and group child care homes in rural areas are affected by the current licensing rules just the same as those in non-rural areas. The proposed rule revisions will also affect all licensed family and group child care homes regardless of their location.

Environmental Impact:

17. Do the proposed rule(s) have any impact on the environment? If yes, please explain.

No, the proposed rule revisions would not have any impact on the environment.

Small Business Impact Statement:

18. Describe whether and how the agency considered exempting small businesses from the proposed rule(s).

LARA did not consider exempting small businesses from the proposed rule revisions because the statute does not permit such exemptions. By definition, family and group child care homes are small businesses.

However, LARA did include representatives from these small businesses in the development of the proposed rule revisions.

- 19.** If small businesses are not exempt, describe (a) how the agency reduced the economic impact of the proposed rule(s) on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rule(s) upon small businesses as described below, per MCL 24.240(1)(a)-(d), or (b) the reasons such a reduction was not lawful or feasible.

The proposed rule revisions would not have a disproportionate impact on small businesses. All licensed family and group child care homes must comply with the same rules now, and the proposed rule revisions will also apply to all.

- A.** Identify and estimate the number of small businesses affected by the proposed rule(s) and the probable effect on small business.

There are 4,213 licensed family and group child care homes in Michigan as of May 3, 2019. All of them are small businesses.

- B.** Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.

The department did not establish differing compliance requirements because all family and group child care homes are small businesses. LARA included representatives from these businesses in the development of these proposed rule revisions.

- C.** Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

The department did not consolidate or simplify the compliance and reporting requirements for small businesses, per se, because all licensed family and group child care homes are small businesses. However, the department tried to streamline these rules to the extent possible within the parameters of the statute and ensuring the health and safety of children.

- D.** Describe how the agency established performance standards to replace design or operation standards required by the proposed rule(s).

The proposed rule revisions would update performance standards for the design and operation of licensed family and group child care homes to comply with current law and best practices.

- 20.** Identify any disproportionate impact the proposed rule(s) may have on small businesses because of their size or geographic location.

The proposed rule revisions would not have any disproportionate impact on small businesses due to their size or geographic location.

- 21.** Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rule(s).

The proposed rule revisions would not impose any more cost to small business owners than they have with the current rules. Actually, compliance with the proposed rule revisions would be likely to indirectly reduce overall costs for these businesses because they would reduce the risk of harm to children in their care.

- 22.** Analyze the costs of compliance for all small businesses affected by the proposed rule(s), including costs of equipment, supplies, labor, and increased administrative costs.

As explained in item 12, 2017 PA 256 required child care providers to undergo comprehensive background checks; the proposed rule don't add any new requirements there. Nevertheless, LARA has taken steps to reduce the burden this places on child care providers by subsidizing most of these costs

during the initial implementation period when all child care providers had to be checked. Future costs will be lower since they will be spread out as child care personnel turn-over. The new training requirements will be partially supported by department-sponsored training opportunities; and, direct costs to providers should be offset as they experience fewer child health and safety incidents.

23. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rule(s).

Small businesses would not incur any new costs for legal, consulting, or accounting services to comply with the proposed rule revisions.

24. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

Since family and group child care homes are, by definition, small businesses, all of them will be impacted by these proposed rule revisions; and, since the rules apply across the board, they won't adversely affect competition in the marketplace. Furthermore, since LARA is partially subsidizing some of the added costs, and providers have the option of adjusting their fees to offset any additional costs, they should not suffer any economic harm, especially since the proposed revisions are intended to protect children and prevent child health and safety incidents, which can be very expensive for providers.

25. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

The proposed rule revisions do not set lesser standards for compliance by small businesses. All licensed family and group child care homes must follow the same rules.

26. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

Setting lesser standards for licensed family and group child care homes could jeopardize the health and safety of children in their care.

27. Describe whether and how the agency has involved small businesses in the development of the proposed rule(s).

Licensed family and group home child care providers, who are small business owners, were included on the committee to develop the proposed rule revisions.

- A. If small businesses were involved in the development of the rule(s), please identify the business(es).

The small businesses that were on the committee to develop the proposed rule revisions included: Kidsland, Hope Spann, Jennifer Ray, Monica Hutchison, Sheri Scheurer, and Gilliland's Island.

Cost-Benefit Analysis of Rules (independent of statutory impact):

28. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

Statewide compliance costs of the proposed rule revisions will be no different than compliance costs of the current licensing rules. These proposed rule revisions do not impose any new costs, per se; they are implementing the statute and federal regulations that established these requirements.

The current cost of a comprehensive background check, which is good for 5 years, is: \$51.50 if the State of Michigan pays with a coupon code (\$13.25 FBI, \$30.00 MSP, and \$8.25 Idemia). The cost is \$63.00 for self-paid (\$13.25 FBI, \$30.00 MSP, and 19.75 Idemia). This is the cost for fingerprinting and processing for an individual who has lived in Michigan during the last 5 years. These prices fall in line with prices charged in surrounding states. Since the State of Michigan contracts with IDEMIA, we

have established a discounted processing fee. The Michigan State Police sets its own fee, which is \$30; and the FBI fee is the same for every state.

There are additional checks that are completed by the department, including the following: Michigan Public Sex Offender Registry (PSOR), Michigan Child Abuse/Neglect Registry (MiSACWIS Check), Disciplinary Action Registry. These checks are completed without charge to the child care provider or applicant (some states charge for these checks).

An applicant who has resided out of state or out of country during the last 5 years must also complete the following: National Sex Offender Public Website Search (NSOPWS), Child Abuse/Neglect Registry Check for each state of residence during the last 5 years, and state criminal history check for any state or residence during the last 5 years. Each state has the authority to charge their own fees for processing these checks, and the fees vary by state.

The child care provider or applicant pays for their background check, including any additional fees for an out of state checks. The department has been and continues to be concerned about the cost of these background checks. Therefore, the department requested an appropriation of \$5.5 million to assist child care providers and applicants with this cost. With this appropriation, the department has been able to significantly reduce the burden on child care providers and applicants. The department will continue to look for ways to assist providers in reducing financial and other barriers to licensure.

A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rule(s).

Licensed family and group child care home providers are the businesses that will be affected by the proposed rules. As of May 3, 2019, there are 4,213 licensed family and group child care homes.

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

No additional costs would be imposed on family and group child care homes as a result of the proposed rule revisions. Once again, the proposed rule revisions implement state statute and federal regulations, they don't add new requirements. In addition to the cost of the comprehensive background checks, the proposed rule revisions would require child care providers to complete some additional training. The department promotes training through MiRegistry, which is hosted by the Michigan Department of Education and offers many of the mandatory training courses online at no charge. There is a cost to obtain certified CPR and First Aid training from the approved vendors, the American Red Cross or the American Heart Association. The cost varies from vendor to vendor; however, it is typically around \$85. The proposed rule revisions would reduce the frequency that child care providers will need to be re-certified. Currently, providers are required to repeat CPR training every 2 years, even though their certification is valid for 3 years. The new rules will require additional training to follow the same schedule as the certification period.

29. Estimate the actual statewide compliance costs of the proposed rule(s) on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

The proposed rule revisions do not add any new compliance costs for comprehensive background checks, which are required by section 5n of 1973 PA 116, MCL 722.115n, and by the federal Child Care and Development Block Grant of 2014, PL 113-186. The cost of a comprehensive background check is explained in item 28. The proposed rule revisions do add some additional training requirements; however, most of the mandatory training is available to child care providers online and at no charge.

There are costs associated with some of the training requirements (i.e., first aid and CPR training). However, those training requirements are not new; they are already required. Furthermore, the proposed rules change the frequency such training must be repeated so it coincides with the certification periods established by the training providers, thereby reducing unnecessary costs. The costs for training are explained in item 28B. The department also locked application fees into statute to prohibit fees from being raised. Fees have not been increased on providers for several years.

A. How many and what category of individuals will be affected by the rules?

Licensed family and group child care homes are the businesses that would be affected by the proposed rule revisions. As of May 3, 2019, there are 4,213 licensed family and group child care homes.

B. What qualitative and quantitative impact does the proposed change in rule(s) have on these individuals?

The proposed rule revisions would ensure that all child care staff have comprehensive background checks and fingerprinting prior to working with children. The proposed rule revisions would also add more health and safety training to improve the health and safety of children in care.

30. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rule(s).

No direct cost reductions to any of these entities are likely to occur as a direct result of the proposed rule revisions.

31. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rule(s). Provide both quantitative and qualitative information, as well as your assumptions.

The primary benefits of the proposed rule revisions are to improve the health and safety of children in child care and to ensure these child care homes meet the requirements of the federal Child Care and Development Block Grant.

32. Explain how the proposed rule(s) will impact business growth and job creation (or elimination) in Michigan.

The proposed rule revisions would have little if any impact on business growth and job creation or elimination in Michigan. The department continues to look for ways to reduce regulatory costs for family and group child care homes. In addition to the Legislature's appropriation of \$5.5 million to help support the cost of comprehensive background checks for child care providers, LARA and the Department of Education (MDE) continue to offer free online training through the Michigan Registry, www.miregistry.org, which is the professional development and training portal for early childhood and school-age child care providers that is hosted by MDE. The department also locked application fees into statute to prohibit fees from being raised. Fees have not been increased on providers for several years.

33. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

No individuals or businesses would be disproportionately affected by the proposed rules.

34. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of a proposed rule(s) and a cost-benefit analysis of the proposed rule(s).

The development of the proposed rule revisions began by collecting suggestions for rule changes since the last time the rules were revised 10 years ago (in 2009). The LARA Child Care Licensing Division reviewed the proposed rule changes and licensing rules of other states, including: Ohio, Indiana, Wisconsin, North Carolina, and Utah. The department also considered recent amendments to the Child Care Licensing Act, 1973 PA 116, and requirements of the federal Child Care and Development Block

Grant. An ad hoc committee was formed with representatives of the agencies required by 1973 PA 116, including the: Department of Licensing and Regulatory Affairs, Michigan Department of Education, Department of Health and Human Services, the State Fire Marshal's office, and representatives of licensees, including Kidsland, Hope Spann, Jennifer Ray, Monica Hutchison, Sheri Scheurer, and Gilliland's Island. The committee reviewed the following:

- All rule suggestions since 2009
- Child care licensing division recommendations
- Rule requirements from other states
- The Child Care and Development Block Grant requirements

The Ad Hoc Committee meetings were held on:

- April 10, 2018
- April 24, 2018
- May 8, 2018
- May 22, 2018

A draft of the recommendations of the ad hoc committee was handed out at each meeting to all the participants of the Ad Hoc Committee.

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., which demonstrate a need for the proposed rule(s).

The need for the proposed rule revisions became apparent with the reauthorization of the federal Child Care and Development Block Grant and when 1973 PA 116 was amended. The proposed rule revisions were developed with input from subject matter experts who were part of the Ad Hoc Committee.

Alternatives to Regulation:

35. Identify any reasonable alternatives to the proposed rule(s) that would achieve the same or similar goals. Include any statutory amendments that may be necessary to achieve such alternatives.

There are no reasonable alternatives to the proposed rule revisions that would achieve the same or similar goals.

A. In enumerating your alternatives, include any statutory amendments that may be necessary to achieve such alternatives.

No statutory amendments are necessary to implement the proposed rule set.

36. Discuss the feasibility of establishing a regulatory program similar to that in the proposed rule(s) that would operate through private market-based mechanisms. Include a discussion of private market-based systems utilized by other states.

No states use a private market based system to regulate child care organizations.

37. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rule(s). This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

The bureau incorporated as many recommendations from stakeholders as possible, as long as they met the statutory requirements and serve to protect the health and safety of children in care. The proposed rules represent a consensus among the representatives of the various agencies and consumers on the ad hoc committee.

Additional Information:

38. As required by MCL 24.245b(1)(c), describe any instructions on complying with the rule(s), if applicable.

Instructions on complying with the rules are available on LARA’s website, under the Child Care Division. Instructions are also available from LARA Child Care Consultants who provide telephone and on-site consultation to child care providers.

↓ **To be completed by the MOAHR** ↓

PART 4: REVIEW BY THE MOAHR

Date RISCBA received:	5-23-2019 Resubmit 6-21-2019
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Date RISCBA approved:	6/24/19
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Date of disapproval:	
Explanation:	