



## Economic Impact Analysis Virginia Department of Planning and Budget

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### **22 VAC 15-30 – Standards for Licensed Child Day Centers**

**Department of Social Services**

November 20, 2007

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### **Summary of the Proposed Amendments to Regulation**

The Child Day Care Council (Council) proposes to eliminate the requirement that staff certified to administer prescription and over-the-counter medication in licensed child day centers attend a refresher training practice demonstration annually. (Those certified to administer medication would still be required to be retrained at three-year intervals.)

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

Under current regulation, a staff member of a child day care center may only administer prescribed medication if s/he has satisfactorily completed a training program in medication administration approved by the Board of Nursing and taught by a registered nurse, a licensed practical nurse, a doctor of medicine or osteopathic medicine, or a pharmacist. The staff member is required to have the training, be retrained at three-year intervals, and have interim refresher training and practice demonstrations annually. Under the proposed amendment, staff will not be required to have annual interim refresher training and practice demonstrations, although they will still need to be retrained at three-year intervals.

Under current regulation, a staff member of a child day care center may only administer over-the-counter medication (other than topical skin gel, cream, or ointment) if s/he has satisfactorily completed a training course developed or approved by the Department of Social Services in consultation with the Department of Health and the Board of Nursing and taught by an R.N., L.P.N., physician, or a pharmacist. The staff member is required to have the training, be

retrained at three-year intervals, and have interim refresher training and practice demonstrations annually. Under the proposed amendment, staff will not be required to have annual interim refresher training and practice demonstrations, although they will still need to be retrained at three-year intervals.

The benefit of the amendment lies in avoiding the cost associated with the annual training. The Department of Social Services (Department) estimates that the cost of the refresher training for 2008 is around \$200,000, not including miscellaneous costs such as copying, shipping, or other charges for registration of participants and room rentals for trainers. This cost will either be incurred by the state or will be passed onto the day care centers and therefore passed on to the families of the children in the day care centers. In addition, the training would take around one hour of time for each day care center worker. Since according to the Bureau of Labor Statistics, the mean hourly wage in Virginia for child day care services workers is around \$11/hour<sup>1</sup>, this adds an opportunity cost of around \$11 per worker per year. The regulation on training licensed day care center staff on medication administration is new; the first round of training required by the regulation was administered in March 2007. For the 6500 child care providers who were trained from March 2007 to October 2007 and therefore would need to attend a refresher practice demonstration in 2008, this adds a total cost of at least \$71,500.<sup>2</sup> Since the first round of training required by the regulation was administered in March 2007, this means that no annual refresher training has yet been required, and will never be required if these proposed changes become effective by February 2008. However, should the training be required, it will cost approximately  $\$200,000 + \$71,500 = \$271,500$ , plus whatever miscellaneous costs are incurred. Therefore, the total benefit of the amendment is around \$271,500 saved between the state and licensed day care centers.

According to the Department, there will be no cost associated with the amendment beyond promulgating the change. According to the Department, the Child Day Care Council (Council) approved the regulation before the initial training had been developed by the Board of Nursing. The Council included the annual interim refresher training in order to ensure that the staff administering medication is well-trained, therefore ensuring the protection of Virginia's

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<sup>1</sup> Child Day Care centers do not include most instructional programs or accredited preschool programs. For more information on the definition of day care center, see 22 VAC 15-30-10.

children. According to the Department, however, the Board of Nursing developed a training that was more extensive and intense than the Council had envisioned, rendering the annual refresher training unnecessary. Therefore, the safety of children will not be compromised by this amendment and no cost will be imposed on the citizens of Virginia by removing the annual refresher training requirement.

The benefits of this amendment are likely to outweigh the costs.

## **Businesses and Entities Affected**

All 2600+ licensed day care centers in the state of Virginia will be affected by the proposed amendments. From March 2007 to October 2007, 6500 child-care providers were trained; so from March 2008 to October 2008, at least 6500 providers will no longer need to attend an annual refresher practice demonstration under the proposed amendments..

## **Localities Particularly Affected**

The proposed amendments do not disproportionately affect any specific localities in the Commonwealth.

## **Projected Impact on Employment**

The Department anticipates the state paying for the refresher training cost if the refresher requirement remains. The cost to day care centers, then, lies in the time that each worker has to take to attend the training, which is one hour per year. According to the Bureau of Labor Statistics, day care center workers in Virginia are paid on average \$11/hour. With around 2600 licensed day care centers and around 6500 workers trained in 2007, the training would add an annual cost of approximately \$27.50 per day care center.<sup>3</sup> Although this cost *could* have an effect on the number of workers a day care center can employ, it does not seem likely. Therefore, the proposal to eliminate the refresher requirement is not likely to have a positive or negative impact on employment in Virginia.

## **Effects on the Use and Value of Private Property**

The proposed amendments could increase the value of a day care center by reducing the cost that the center has to incur for training, but since the average cost to the day care center is

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<sup>2</sup> \$11\*6500. Of course, the cost for 2008 will increase, depending on the number of child day care service providers who are training November and December of 2007.

likely to be only \$27.50/year, the effect of this amendment on the value of private property will not be large.

## **Small Businesses: Costs and Other Effects**

Almost all of the 2600 licensed day care centers are small businesses. Therefore, these amendments might positively impact small businesses in the same way that it might positively impact all day care centers. However, again, this impact is not likely to be very large.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

The proposed amendments have no adverse impact on small businesses.

## **Real Estate Development Costs**

The proposed amendments do not create additional costs related to the development of real estate for commercial or residential purposes.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the

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<sup>3</sup> (6500/2600)\*\$11

regulation. The analysis presented above represents DPB's best estimate of these economic impacts.