

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: HB 936

SHORT TITLE: Rest Home Aide Training

SPONSOR(S): Representative Clary

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

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

BILL SUMMARY: Provides that, in order to maintain license, domiciliary home for the aged or disabled or for the developmentally disabled shall have all employees responsible for direct care of residents trained in the care of the elderly and the disabled. Requires Department to adopt rules related to training and sets forth minimum requirements relating to length of training and content of training. Requires Department to develop training standards for family care homes. Domiciliary care facilities operating on effective date of act must ensure that all employees who are employed on October 1, 1995 receive required training before October 1, 1996, and are entitled to reimbursement from the Department of Human Resources for cost of training employees who were employed on October 1, 1995. Employees who are hired after October 1, 1995 must receive required training within 3 months of date of hiring and must bear cost of their training.

EFFECTIVE DATE: October 1, 1995

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Human Resources, Department of Community Colleges

FISCAL IMPACT

	<u>FY95-96</u>	<u>FY96-97</u>	<u>FY97-98</u>	<u>FY98-99</u>	<u>FY99-00</u>
REVENUES:					
GEN. FUND	\$206,045	\$206,045	\$206,045	\$206,045	\$206,045
HIGHWAY FUND					
HIGHWAY TRUST FUND					
LOCAL					

These revenues are generated from \$35/course community college tuition fees from 5,887 students annually.

EXPENDITURES	*\$235,245	\$732,207	\$732,207	\$732,207	\$732,207
POSITIONS:	0	0	0	0	0

* \$235,245 is the Division of Facility Services's one-time reimbursement cost to domiciliary care facilities. FY96-97 and beyond are the estimated increases in costs to the Department of Community Colleges, which is reimbursed the year after students enroll in these courses. These projected enrollment costs would increase if the General Assembly approved salary increases for state employees during this timeframe.

ASSUMPTIONS AND METHODOLOGY: HB 936 increases General Fund requirements in two ways: 1) by directing the Division of Facility Services (DFS) to reimburse domiciliary care facilities for the training cost incurred in training employees who are employed on October 1, 1995 and 2) by increasing student demand at community colleges for an occupational extension program similar to the Nurse Aide I program for nursing home aides.

1. To estimate the number of aides who will be employed on October 1, 1995, we assumed a 60-bed facility and industry standards (agreed to by the Division of Facility Services) for minimum staffing requirements. We project DFS will be required to reimburse domiciliary care facilities for the training cost for 4,393 aides.

a. Homes for the Aged (HA): Minimum staffing for a 60-bed facility requires 11.5 Full Time Equivalent (FTE) aides and medication technician staff. There are 20,757 licensed beds.

20,757 licensed beds/60 residents = 346 facilities x
11.5 FTE aides and medication technician staff = 3,979
aides.

b. Developmentally Disabled Adult (DDA) Homes: There are 209 DDA Homes. Minimum aide and medication staff requirements are estimated to be 1 FTE at each facility.

209 facilities x 1 FTE = 209 aides.

c. Combination Nursing Homes/Homes for the Aged: This formula is the same as Item a above.

5,325 beds/60 residents = 89 facilities x 11.5 FTE =
1,024 aides.

Although not required to be Certified Nurse Aide Is, we estimate 80% (or 819) of these aides have this qualification since training programs are often available at nursing homes and it improves the home's staffing flexibility between nursing home and domiciliary care beds.

1,024 x .20 = 205 aides.

d. In summary, Homes for the Aged	3,979 aides
DDA Homes	209 aides
Comb. Nursing Homes/HA	<u>205 aides</u>
Total	4,393 aides*

* Does not include an estimated 703 aides in family care homes since HB 936 directs the Department to develop separate training standards for these facilities.

2. HB 936 requires 40 hours of training for all aides and at least 75 hours for employees who provide hands-on care to residents requiring assistance with four or more activities of daily living (ADL). According to a February 1995 Research Triangle Institute study on domiciliary care home residents, 20% of residents require assistance with three or more ADLs. Therefore, we estimate 20% of all aides (i.e., 879 aides) will be required to have 75 hours of training while the majority (3,514 aides) will require the minimum 40 hours.
3. The training programs specified in HB 936 will have to be developed. Currently, some community colleges, nursing homes, and private providers offer a Certified Nurse Aide I program, which satisfies a federally-mandated, 75-hour minimum training requirement for nursing home aides. Generally, nursing homes train only their own employees and private providers' fees are very expensive. Since HB 936 requires domiciliary care aides to pay for their own training after October 1, 1995, the most appropriate source for this training may be an occupational extension program at community colleges.
4. The estimated training costs required to be reimbursed by the Division of Facility Services is \$235,245 for those employees employed on October 1, 1995. These costs are based on current costs for the Nurse Aide I program at community colleges. We assume the course fees and textbook requirements will be comparable for the to-be-developed 40-hour and 75-hour courses.
 - a. Tuition: \$35 Community College Tuition per aide x 4,393 aides = \$153,755.
 - b. Textbooks: \$18.55 per book (including tax) x 4,393 books = \$81,490.
5. The second cost component of HB 936 is the state's support for students attending the community college courses. As

discussed above, the estimated number of aides on October 1, 1995 is 4,393 aides. However, this industry has a staff turnover rate of 134% (per the Department of Human Resources's Domiciliary Care Report on Rate Methodology and Staffing and Monitoring, March 20, 1995). Therefore, the projected total number of students attending these courses during a year is 4,393 aides x 134% or 5,887 aides, 4,710 (80%) attending the 40-hour course and 1,177 (20%) attending the 75-hour course.

6. The state's annual cost to support the community college programs varies between the 40-hour and 75-hour courses, as follows. (\$1,856.46 per full time equivalent (FTE) student is the 1994-95 rate for community college enrollment costs.)
- a. 40 hours per course/704 hours per FTE = .057 FTE per course x 4,710 projected students per year = 268.47 FTE students per year x \$1,856.46/FTE = \$498,404 per year.
- b. 75 hours per course/704 hours per FTE = .107 FTE per course x 1,177 students per year = 125.94 FTE students per year x \$1,856.46/FTE = \$233,803 per year.
- c. Total Cost: \$732,207 per year in community college enrollment costs. This estimate would have to be adjusted upward if the General Assembly granted a salary increase to state employees.

7. Although HB 936 requires DFS to reimburse domiciliary care facilities for training costs only for those initial 4,393 aides, the domiciliary care facilities will incur costs associated with hiring replacement staff:

40 hours/aide x 3,514 aides = 140,560 hours. (80% of all aides)

75 hours/aide x 879 aides = 65,925 hours. (20% of all aides)

Total = 206,485 hours.

206,485 training hours x \$6.11/hour = \$1,261,623.

(\$6.11/hour approximates an average industry wage, including both minimum wage and more competitive wages, plus some fringe benefits. It is based on the Standard Cost Analysis of Domiciliary Care Facilities prepared by the Office of State Budget and Management, December 1994.)

Although HB 936 requires individual employees to pay their own training costs after October 1, 1995, domiciliary care facilities will continue to incur the cost of hiring replacement staff during training hours.

SOURCES OF DATA: Department of Human Resources, Department of Community Colleges, Research Triangle Institute, and Office of State Budget and Management.

TECHNICAL CONSIDERATIONS: None.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: Mary Ellen Sylvester

APPROVED BY: Tom Covington
DATE: May 15, 1995



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