

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington St., Suite 301
Indianapolis, IN 46204
(317) 233-0696
iga.in.gov

FISCAL IMPACT STATEMENT

LS 6223
BILL NUMBER: HB 1138

NOTE PREPARED: Apr 20, 2023
BILL AMENDED: Mar 28, 2023

SUBJECT: Preschool and Child Care Facility Drinking Water.

FIRST AUTHOR: Rep. Jackson
FIRST SPONSOR: Sen. Niemeyer

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires the Public Finance Director to prepare an annual report to the General Assembly that provides information on the programs of the Indiana Finance Authority under which the drinking water in schools, preschools, and child care facilities is tested for the presence of lead. It requires the owner or operator having authority over a child care facility or a preschool to test the drinking water in the child care facility or preschool before January 1, 2026, unless the drinking water in the child care facility or preschool has already been tested through a lead sampling program conducted by the Indiana Finance Authority. It provides that if the testing of the drinking water in a child care facility or preschool indicates that the presence of lead in the drinking water equals or exceeds the action level for lead (15 parts per billion), the owner or operator of the child care facility or preschool shall take action to: (1) eliminate the source of the lead in the drinking water; or (2) install a water filtration system. It establishes requirements applying to a water filtration system installed in a child care facility or preschool. The bill also requires the Environmental Rules Board to adopt rules, including emergency rules, that conform with the Lead and Copper Rule Improvements proposed rule that is being developed by the U.S. Environmental Protection Agency.

Effective Date: July 1, 2023.

Explanation of State Expenditures: The Indiana Finance Authority (IFA) will experience a minor increase in workload to prepare an annual report that provides information on the programs of the IFA under which the drinking water in schools, preschools, and child care facilities is tested for the presence of lead. Limited federal grant funding administered through the IFA may be made available to cover the costs of drinking water testing and remediation at schools and child care facilities.

Additionally, the Indiana Department of Health (IDOH) laboratories offer lead testing for drinking water at a fee of \$25 per sample plus shipping charges for testing kits. To the extent that child care providers utilize IDOH laboratory services to meet the testing requirements under the bill, the IDOH may experience an increase in laboratory workload. However, providers may also choose to have testing conducted by a private laboratory. Also, the Indiana Department of Environmental Management (IDEM) may experience an increase in workload to the extent that providers consult with the IDEM regarding remediation of fixtures with actionable lead levels. [*Administrative activities of the IDOH are funded by appropriations from the Tobacco Master Settlement Fund. The IDEM receives General Fund appropriations for administrative functions.*]

The Environmental Rules Board must adopt rules that conform with the EPA's Lead and Copper Rule Improvements. This requirement represents a typical workload for the Environmental Rules Board and will be completed within existing resources.

Additional Information:

Indiana Finance Authority: The IFA has currently tested around 65 facilities from which they have taken over 800 samples. Each water outlet in the facilities are required to have their own individual test. The IFA pays for the testing and for the remediation, if the water from the water source has more than the allowed amount of lead. The IFA pays for all testing and remediation using money provided by the EPA. The IFA has contracted with the company 120 Water to conduct the lead testing. Currently, the IFA's contract with 120 Water will cover testing of approximately 500 additional facilities. The IFA currently has \$600,000 for remediation purposes. The IFA applies to the EPA for this funding and receives funding through two separate grants - one for lead testing and another for remediation expenses. Any additional future funding from the EPA is not guaranteed.

Federal Grant Funds for Lead Testing: The Water Resources and Infrastructure Planning Program of the IFA, with the assistance of IDEM, has conducted a voluntary program to test water in public schools for lead since 2017. The program was made available for child care facilities starting in 2019. The program is funded by a federal grant, which was most recently released to Indiana in June 2021. The IFA will provide sample collection training and remediation guidance specific to each facility's results. The IFA will accept funding applications for child care facility lead testing on an on-going basis until the funding is fully allocated.

Testing and Remediation Activities: Water supplied to facilities by public water utilities is required to be tested for lead at the source. The bill requires testing of the taps and fixtures from which drinking water is accessed. There are currently 769 licensed child care centers, 2,145 licensed home child care providers, and 704 registered ministry child care providers in Indiana. There are currently 241 public school buildings that offer pre-kindergarten programs. If child care facilities and preschools have not been tested by the IFA, they will be required to test before January 1, 2026, and if necessary, provide remediation. Remediation can be provided by eliminating the source of the lead in the drinking water or installing a water filtration system that will reduce the level of lead in the drinking water below the action level for lead.

Explanation of State Revenues:

Explanation of Local Expenditures: Child care facilities and preschools could experience an increase in workload and costs to fulfill the bill's requirements. [Limited federal grant funding administered through the IFA may be made available to cover the costs of drinking water testing and remediation.]

Explanation of Local Revenues:

State Agencies Affected: General Assembly; Indiana Department of Health; Indiana Department of Environmental Management; Indiana Finance Authority; Environmental Rules Board.

Local Agencies Affected: Child care facilities; preschools.

Information Sources: Jim McGoff, Indiana Finance Authority;
Indiana Finance Authority, *Lead Sampling Program*: <https://www.in.gov/ifa/2958.htm>;
Indiana Department of Health Laboratories:
<https://www.in.gov/health/laboratories/files/Water-Test-Kit-Order-Frequently-Asked-Questions-FAQ.pdf>
Indiana Family and Social Services Administration, *Child Care Provider Listings*:
<https://www.in.gov/fssa/carefinder/family-resources/forms/child-care-provider-listings/>;
Indiana Department of Education, *2022-2023 School Directory*;
U.S. EPA, *WIIN Grant: Lead Testing in School and Child Care Program Drinking Water*:
<https://www.epa.gov/dwcapacity/wiin-grant-lead-testing-school-and-child-care-program-drinking-water>;
<https://www.in.gov/health/laboratories/files/CERTIFIED-IN-STATE-LABS.pdf>

Fiscal Analyst: Jasmine Noel, 317-234-1360.