

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	CS/HB 5103	FINAL HOUSE FLOOR ACTION:	
SPONSOR(S):	PreK-12 Appropriations Subcommittee and Coley	82 Y's	32 N's
COMPANION BILLS:	SB 1974	GOVERNOR'S ACTION:	Pending

SUMMARY ANALYSIS

House Bill 5103 passed the House and the Senate on Friday, March 9, 2012. This bill conforms applicable statutes to the appropriations provided in the General Appropriations Act for the school readiness program for the 2012-2013 fiscal year.

The bill:

- Defines terms for purposes of the School Readiness Act.
- Requires definitions for expenditures and reports for: Direct expenditures for services to children; Administrative costs; Nondirect expenditures; and Quality.
- Requires the Office of Early Learning to: adopt a list of approved curricula; identify a preassessment and postassessment for School Readiness participants; adopt a statewide, standardized contract to be used by coalitions with each school readiness provider; coordinate with other agencies to perform data matches on individuals or families participating in the school readiness program; and submit annually a recommended allocation of funds to the School Readiness Allocation Conference including payment rates, parent co-payment percentages, and the Gold Seal premium rate percentage.
- Revises procurement and expenditure requirements by early learning coalitions.
- Requires coalitions to merge if they are unable to comply with expenditure requirements.
- Allows the Office of Early Learning to provide a waiver for merging coalitions for the 2012-2013 and 2013-2014 years if justification for excess expenditures is provided.
- Revises the eligibility criteria for the enrollment of children in the school readiness program:
 - First priority is a child under 13 from a working family receiving TANF;
 - Second priority is an at-risk child under 9;
 - Third priority is a child under 6 from an economically disadvantaged family, and children younger than 6 who are disabled;
 - Fourth priority is a child ages 9 through 13 who is a sibling of a younger child in the school readiness program through the at-risk provision;
 - Fifth priority is a child ages 6 through 13 who is a sibling of a younger child in the school readiness program through the economically disadvantaged provision; and
 - Last priority is for a child who is also concurrently enrolled in the Head Start program and the Voluntary Prekindergarten Program.
- Provides for the allocation of school readiness funds as specified in the General Appropriations Act.
- For 2012-2013, requires the Office of Early Learning to submit by May 31, 2012, a recommended allocation of School Readiness Program funds, including standardized provider payment rates, Gold Seal premium rate percentages, and a parent co-payment percentage to the School Readiness Allocation Conference for review.
- Requires recalculation of the funding allocations quarterly by the Office of Early Learning.
- Provides for fraud investigations and provides penalties for school readiness providers and parents who knowingly submit false information related to child eligibility and attendance in a school readiness program.
- Creates the School Readiness Allocation Conference, are to review allocation recommendations by the Office of Early Learning.
- Establishes a due date for school readiness providers to submit market rates to be used as part of the prevailing market rate schedule.

Except as otherwise specifically provided, the bill takes effect July 1, 2012.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

School Readiness Program

Current Law

Established in 1999,¹ the School Readiness Program provides subsidies for early childhood education and child care services to children of low-income families; children in protective services who are at risk of abuse, neglect, or abandonment; and children with disabilities.² The School Readiness Program is a state-federal partnership between Florida's Office of Early Learning (OEL) and the Office of Child Care of the United States Department of Health and Human Services.³

The School Readiness Program receives funding from a mixture of state and federal sources, including the federal Child Care and Development Fund (CCDF) block grant, the federal Temporary Assistance for Needy Families (TANF) block grant, and general revenue and other state funds.⁴

For FY 2011-12, a total of \$616.8 million was appropriated for the School Readiness Program from state and federal funds, including \$358.6 million from the CCDF block grant, \$116.4 million from the TANF block grant, \$137.5 million from the state's General Revenue Fund, \$3.8 million from other state fund sources, and \$500,000 from other federal fund sources.⁵ As part of the other state and federal funding sources, OEL was provided \$3.2 million for the continued development of a computerized data system known as the Early Learning Information System (ELIS).⁶

The program is administered by early learning coalitions (ELC) at the county or regional level.⁷ OEL administers the program at the state level, including statewide coordination of the ELCs.⁸

Each ELC administers the School Readiness Program,⁹ the VPK Program,¹⁰ and the state's child care resource and referral network in its county or multi-county region.¹¹ There are currently 31 ELCs.¹² Each ELC is governed by a board of directors comprised of various stakeholders and community representatives. Three board members, including the chair, are appointed by the Governor.¹³

Each ELC must serve a minimum of 2,000 children based upon the monthly average number of children served by the coalition's school readiness program during the previous 12 months.¹⁴ If the

¹ See s. 1, ch. 99-357, L.O.F.

² Section 411.01(6), F.S.

³ See U.S. Department of Health and Human Services, *Child Care and Development Fund Fact Sheet*, <http://www.acf.hhs.gov/programs/ccb/ccdf/factsheet.htm> (last visited January 20, 2012).

⁴ Specific Appropriation 2033, s. 6, ch. 2011-69, L.O.F.

⁵ *Id.*

⁶ Specific Appropriation 2037D, s. 6, ch. 2011-69, L.O.F.

⁷ Section 411.01(5), F.S.

⁸ Section 411.01(4)(a), F.S.

⁹ Section 411.01(5), F.S.

¹⁰ Section 1002.55(1) and 1002.61(1)(b), F.S.

¹¹ Section 411.0101, F.S.

¹² Office of Early Learning, *Early Learning Coalition Directory*, http://www.floridaearlylearning.com/EarlyLearning/OEL_Coalitions_CoalitionsDirectory.html (last visited Jan 22, 2012). Florida law permits the establishment of 31 or fewer ELCs. Section 411.01(5)(a)2.a., F.S.

¹³ Section 411.01(5)(a)4.-6., F.S.

¹⁴ Section 411.01(5)(a)2.b., F.S.

number of children served by an ELC falls below this level, it must merge with another ELC to form a multicounty coalition.¹⁵ OEL must waive this merger requirement if certain criteria are met.¹⁶

Florida law requires each ELC to include a “choice of settings and locations in licensed, registered, religious-exempt, or school-based programs.”¹⁷ A wide range of public and private providers of early childhood education and child care services participate in the School Readiness Program, including:

- Public and private schools;
- Licensed child care facilities and large family child care homes;
- Licensed and registered family day care homes;
- Faith-based child care facilities and after-school programs, which are both exempt from licensure; and
- Informal providers¹⁸ (e.g., in-home and relative care).¹⁹

In FY 2010-11, a total of 10,852 child care providers participated in the School Readiness Program, including 965 public schools; 6,561 private providers; and 3,050 family day care homes. Of these providers, 818 were faith-based.²⁰

Each ELC must also follow the procurement and expenditures procedures adopted by the OEL, including, but not limited to, applying the procurement and expenditure procedures required by federal law for the expenditure of federal funds.

Currently, expenditures for the school readiness program are not capped, and are comprised of a 5 percent cap for administrative costs, 14 percent for cap nondirect services, and a minimum 4 percent for quality activities. The ELCs combined total of these items ranged from an ELC low of 11.81 percent to an ELC high of 26.07 percent.

Effect of the Bill

This bill requires the OEL and each ELC to limit its expenditures to no more than 18 percent of funds for any combination of administrative costs, nondirect services, and quality activities. Of the 18 percent, no more than 4 percent may be used for administrative costs. An ELC that can operate within these expenditure limits is not required to merge with another coalition. However, for the 2012-2013 and 2013-2014 years, the OEL may provide a waiver for merging coalitions if justification for excess expenditures is provided.

The bill requires ELCs to comply with the procurement and expenditure procedures of section 287.057, Florida Statutes, relating to the competitive solicitation process for the procurement of commodities or contractual services through requests for proposals, as well as any federal requirements as part of their school readiness plans submitted for approval to the OEL.

Prevailing Market Rate

¹⁵ Section 411.01(5)(a)3., F.S. OEL must adopt procedures for merging ELCs. *Id.*

¹⁶Section 411.01(5)(a)3.a.-c., F.S. OEL must waive the merger requirement if it determines that the ELC has substantially implemented its school readiness plan; the ELC demonstrates to OEL its ability to effectively and efficiently implement the VPK Program; and the ELC demonstrates to OEL its ability to perform its duties in accordance with the law. *Id.*

¹⁷ Section 411.01(5)(d)4.c., F.S.

¹⁸ *CCDF State Plan, supra* note 8, at 105.

¹⁹ See s. 411.01(5)(d)4.c., F.S.; *CCDF State Plan, supra* note 8, at 35. Federal regulations governing the CCDF block grant, in effect, require the School Readiness Program to serve children in center-based child care, group home child care, family child care, and in-home child care. 45 C.F.R. s. 98.30(e)(1).

²⁰ Email, Office of Early Learning (Jan 22, 2012).

Current Law

Florida's OEL is responsible for annually calculating a market rate schedule as a provision of the Child Care and Development Block Grant that must include county by county rates by provider type including licensed child care facilities; religious exempt facilities, public and non-public schools, large family day care homes, family day care homes and those who hold a Gold Seal quality Care Designation under section 402.281, Florida Statutes. It must also differentiate rates by care level to include infants, toddlers, pre-school age, and school-age children. The market rate schedule is required to be set at the 75th percentile of a reasonable frequency distribution based exclusively on the prices charged for child care services. Each ELC then must utilize the prevailing market rate schedule to set its school readiness provider payment rates.

Effects of the Bill

The bill revises the methodology for calculating the market rate schedule to require that the OEL biennially calculate the prevailing market rate schedule at the median of the market rate at which child care providers across the state charge a person for child care services. It requires that each provider who participates in the school readiness program submit its market rate by August 1 for inclusion in the market rate schedule. The prevailing market rate schedule will be used to determine the payment rates to providers for school readiness services using the statewide adjusted payment rate percentage as determined in the General Appropriations Act.

Definitions

Current Law

The School Readiness Act does not include definitions of commonly used program terminology in one section of statute.

Effects of the Bill

The bill creates a subsection of statute for definitions to codify the terminology commonly used in the school readiness program. Definitions included in the bill include:

- a) "Adjusted payment rate percentage" means a specified percentage applied to the prevailing market rate for each type of school readiness provider and level of care.
- b) "At-risk child" means:
 - 1. A child from a family under investigation by the Department of Children and Family Services or a designated sheriff's office for child abuse, neglect, abandonment, or exploitation.
 - 2. A child who is in a diversion program provided by the Department of Children and Family Services or its contracted provider and who is from a family that is actively participating and complying in department-prescribed activities, including education, health services, or work.
 - 3. A child from a family that is under supervision by the Department of Children and Family Services or a contracted service provider for abuse, neglect, abandonment, or exploitation.
 - 4. A child placed in court-ordered, long-term custody or under the guardianship of a relative or nonrelative after termination of supervision by the Department of Children and Family Services or its contracted provider.
- c) "Authorized hours of care" means the hours of care that are necessary to provide protection, maintain employment, or complete work activities or eligible educational activities, including reasonable travel time.
- d) "Earned income" means gross remuneration derived from work, professional service, or self-employment. The term includes commissions, bonuses, back pay awards, and the cash value of all remuneration paid in a medium other than cash.
- e) "Economically disadvantaged" means having a family income that does not exceed 150 percent of the federal poverty level and includes being a child of a working migratory family.

- f) "Family income" means the combined gross income, whether earned or unearned, that is derived from any source by all family or household members who are 18 years of age or older and currently residing together in the same dwelling unit. The term does not include income earned by a currently enrolled high school student who, since attaining the age of 18 years, has not terminated school enrollment or received a high school diploma, high school equivalency diploma, special diploma, or certificate of high school completion. The term also does not include food stamp benefits or federal housing assistance payments issued directly to a landlord or the associated utilities expenses.
- g) "Family or household members" means spouses, former spouses, persons related by blood or marriage, persons who are parents of a child in common regardless of whether they have been married, and other persons who are currently residing together in the same dwelling unit as if a family.
- h) "Full-time care" means at least 6 hours, but not more than 11 hours, of child care or early childhood education services within a 24-hour period.
- i) "Gold Seal premium percentage" means a specified percentage that, for a school readiness provider that maintains the Gold Seal Quality Care designation, is applied to the provider's adjusted payment rate.
- j) "In loco parentis" means acting as a child's temporary guardian.
- k) "Market rate" means the price that a child care or early childhood education provider charges for full-time or part-time daily, weekly, or monthly child care or early childhood education services.
- l) "Office" means the Office of Early Learning of the Department of Education.
- m) "Parent" means a parent by blood, marriage, or adoption; a legal guardian; or another person standing in loco parentis.
- n) "Part-time care" means less than 6 hours of child care or early childhood education services within a 24-hour period.
- o) "Prevailing market rate" means the biennially determined statewide median of the market rate for child care and early childhood education services.
- p) "Unearned income" means income other than earned income. The term includes, but is not limited to:
 - 1. Documented alimony and child support received.
 - 2. Social security benefits.
 - 3. Supplemental security income benefits.
 - 4. Workers' compensation benefits.
 - 5. Unemployment compensation benefits.
 - 6. Veterans' benefits.
 - 7. Retirement benefits.
 - 8. Temporary cash assistance under chapter 414.
 - 9. Military housing assistance under the federal Family Subsistence Supplemental Allowance Program.
- q) "Working family" means:
 - 1. A single-parent family in which the parent with whom the child resides is employed or engaged in eligible education activities for at least 20 hours per week;
 - 2. A two-parent family in which both parents with whom the child resides are each employed or engaged in eligible education activities for at least 20 hours per week; or
 - 3. A family in which the parents, as prescribed by rule of the Office of Early Learning, are exempt from work requirements due to age or a disability as determined and documented by a physician.

Eligibility

Current Law

The federal regulations governing the CCDF block grant,²¹ the primary funding source for the School Readiness Program, authorize states to use the funds for child care services, if:

²¹ 45 C.F.R. parts 98 and 99.

- The child is under 13 years of age or, at the state’s option, under age 19 and physically or mentally incapable of caring for himself or herself or under court supervision;
- The child’s family income does not exceed 200% of the published federal poverty guidelines for a family of the same size; and
- The child:
 - Resides with a parent or parents who work or attend job training or educational programs; or
 - Receives, or needs to receive, protective services.²²

Within these broad federal eligibility categories, Florida law specifies that the School Readiness Program is established for children from birth to kindergarten entry.²³ Additionally, ELCs must admit children into the School Readiness Program according to the following priorities:

- First priority is children from families in which an adult is receiving temporary cash assistance and subject to federal work requirements.²⁴
- Second priority is children who are eligible for a school readiness program but who have not yet entered school, who are served by child protective services, and for whom child care is needed to minimize the risk of further abuse, neglect, or abandonment.²⁵
- Third priority is children who meet one or more of the following criteria:
 - A child under the age of kindergarten eligibility who is:
 - At risk of welfare dependency, including an economically disadvantaged²⁶ child, a child of a participant in the welfare transition program,²⁷ a child of a migratory agricultural worker, or a child of a teen parent.
 - A child of a working family that is economically disadvantaged.
 - A child for whom financial assistance is provided through the Relative Caregiver Program.²⁸
 - A three year-old or four year-old child who:
 - Has a disability;

²² 45 C.F.R. s. 98.20(a). Florida’s CCDF state plan allows CCDF-funded child care for children above age 13, but below age 19 who are physically, mentally incapable of self-care, or both. The CCDF Plan defines physical or mental capacity as a developmental delay or established physical or mental condition or mild or moderate emotional problems as certified by a licensed psychiatrist, psychologist, or licensed mental health professional. The CCDF Plan does not allow CCDF-funded child care for children in the same age groups who are under court supervision. Florida’s Office of Early Learning, *Child Care and Development Fund Plan, available at http://www.floridaearlylearning.com/EarlyLearning/OEL_SysDev_CCDF.html* [hereinafter *CCDF State Plan*]; see also rule 60BB-4.200(1), F.A.C.

²³ Section 411.01(6), F.S.

²⁴ Section 411.01(6), F.S. Federal law provides mandatory work requirements for recipients of assistance under a state’s Temporary Assistance for Needy Families Block Grant. 42 U.S.C. s. 607. These work requirements establish that a state must meet or exceed minimum rates of recipients participating in “work activities” (e.g., employment, education, and vocational training). 42 U.S.C. s. 607(d); see s. 445.024, F.S.

²⁵ Section 411.01(6)(b), F.S.; see also chs. 39 and 409, F.S.

²⁶ “Economically disadvantaged” means having a family income that does not exceed 150 percent of the federal poverty level. Section 411.01(6), F.S. (flush-left provisions at the end of the subsection). Annually, the U.S. Department of Health and Human Services establishes the poverty guidelines. For 2011, the federal poverty level for a family of four persons is \$22,350. Thus, 150 percent of the federal poverty level for a family of four is \$33,525. U.S. Department of Health and Human Services, *The 2011 HHS Poverty Guidelines*, <http://aspe.hhs.gov/poverty/11poverty.shtml> (last visited Jan 22, 2012).

²⁷ The goal of Florida’s Welfare Transition Program is to emphasize work, self-sufficiency, and personal responsibility. To accomplish this goal, the structure of the program includes child care assistance. Florida Department of Economic Opportunity, *Welfare Transition Program, available at <http://www.floridajobs.org/office-directory/division-of-workforce-services/workforce-programs/welfare-transition-program>* (last visited Jan 22, 2012).

²⁸ Section 411.01(6)(c), F.S.; see also s. 39.5085, F.S.

- Has been served in a specific part-time exceptional student education program or a combination of part-time exceptional education programs with required special services, aids, or equipment; and
- Who was previously reported for funding part time under the Florida Education Finance Program as an exceptional student.²⁹
- An economically disadvantaged child, child with a disability, or child at-risk of future school failure, from birth to 4 years of age, who is served at home through a home visitor program or an intensive parent education program.³⁰
- A child who meets federal and state eligibility requirements for the migrant preschool program, but is not economically disadvantaged.³¹

Effect of Bill

The bill revises the eligibility priorities for the school readiness program to create six eligibility categories, each identifying age eligibility, to include:

1. Priority shall be given first to a child younger than 13 years of age from a working family that includes an adult receiving temporary cash assistance who is subject to federal work requirements under chapter 414.
2. Priority shall be given next to an at-risk child younger than 9 years of age
3. Priority shall be given next to:
 - a. A child younger than 6 years of age from a working family that is economically disadvantaged. However, the child ceases to be eligible if his or her family income exceeds 200 percent of the federal poverty level; or
 - b. A child who has special needs, is younger than 6 years of age, has been determined eligible as a student with disabilities, and has a current individual education plan.
4. Priority shall be given next to an at-risk child who is at least 9 years of age, but younger than 13 years of age. An at-risk child whose sibling is enrolled in the school readiness program within an eligibility priority category listed in paragraphs 1.-3. shall be given priority over other children who are eligible under this paragraph.
5. Priority shall be given next to a child who is at least 6 years of age, but younger than 13 years of age, and who is a sibling of a child enrolled in the school readiness program within the eligibility priority category listed in subparagraph 3.a.
6. Notwithstanding paragraphs 1.-5., priority shall be given last to a child who otherwise meets one of the eligibility criteria in paragraphs 1.-5. but who is also enrolled concurrently in the federal Head Start Program and the Voluntary Prekindergarten Education Program.

Additionally, the bill:

- Codifies in state law that ELCs shall serve children on its waitlist in priority eligibility order and in the event of having to disenroll children, disenroll them in reverse eligibility order according to highest income level;
- Requires parents be provided at least 2 weeks notice before disenrollment for parents to arrange alternate care;
- Requires the eligibility of a child for the school readiness program be reevaluated annually;
- Requires parents to report changes in employment, income, or family size within 10 days which triggers an immediate reevaluation; and
- Requires school readiness providers to notify the Department of Children and Family Services based on specific absentee criteria for at-risk children.

Enrollment

²⁹ Section 411.01(6)(c)2., F.S.

³⁰ Section 411.01(6)(c)3., F.S.

³¹ Section 411.01(6)(c)4., F.S.

Current Law

A parent may apply for his or her child's admission in the School Readiness Program by submitting an application to an ELC. OEL has established, and ELCs must use, a single point of entry that enables a parent to apply for services for his or her child in the school readiness program at various locations throughout a county, by telephone, or through an Internet website.³²

Effects of the Bill

The bill provides that OEL coordinate with other agencies to perform data matches on individual and families participating in the school readiness program and that fraudulent information submitted by a school readiness provider or parent will be considered a misdemeanor of the first degree, which may include a fine up to \$1,000 and imprisonment not exceeding 1 year.

Office of Early Learning

Current Law

The Office of Early Learning (OEL) is Florida's lead agency for administering the federal CCDF from which funds are used to implement the School Readiness Program.³³ Florida law directs OEL to establish a unified approach to the state's school readiness efforts by adopting specific system support services for the state's school readiness programs.³⁴ System support services include:

- Child care resource and referral services.
- Warm-Line services.³⁵
- Eligibility determinations.
- Child performance standards.
- Child screening and assessment.
- Developmentally appropriate curricula.
- Health and safety requirements.
- Statewide data system requirements.
- Rating and improvement systems.³⁶

Additionally, OEL must develop and adopt performance standards and outcome measures for school readiness programs. Child performance standards must describe age-appropriate expectations for what a child in the School Readiness Program should know and be able to do. The standards for children from birth to age five must be integrated with the performance standards adopted by the

³² Section 411.01(5)(c)1.e, F.S.

³³ Section 411.01(4)(c), F.S. The law directs the Governor to designate OEL as the lead agency for administering the CCDF. *Id.*

³⁴ Section 411.01(4)(d)3., F.S.

³⁵ OEL is required to contract with the "statewide resource information and referral agency" to establish a statewide toll-free Warm-line for the purpose of assisting child care providers in serving children with disabilities and special needs. Section 402.3018, F.S.

³⁶ Section 411.01(4)(d)3.a.-i., F.S.

Department of Education (DOE) for the Voluntary Prekindergarten Education (VPK) Program.³⁷ ELC administered programs must be aligned to these performance standards.³⁸

In order to participate in the School Readiness Program, each ELC must submit a school readiness plan to OEL for approval.³⁹ The plan must demonstrate how ELC-offered programs will be aligned to statutory requirements, performance standards, and outcome measures. The plan must address how instruction will enable children birth through five years of age to meet the performance standards.⁴⁰ OEL must adopt rules establishing school readiness plan approval criteria which, among other things, must include:

- A community plan that addresses the needs of eligible children and providers within the coalition's county or multicounty region.
- A sliding fee scale establishing a copayment for parents based upon their ability to pay, which is the same for all program providers.⁴¹
- A choice of settings and locations in licensed, registered, religious-exempt, or school-based programs to be provided to parents.
- Child eligibility priorities.
- Performance standards and outcome measures adopted by OEL.
- Payment rates adopted by the ELCs and approved by OEL.
- Direct enhancement services for families and children.⁴²
- The business organization of the ELC.
- The implementation of locally developed quality programs in accordance with the requirements adopted by OEL regarding the expenditure of funds for improving the quality of child care.⁴³

An ELC with an approved school readiness plan must implement a comprehensive system of school readiness services which enhance children's attainment of OEL-adopted performance standards and outcome measures.⁴⁴ School readiness programs within each ELC's service area must include, among other things, use of a developmentally appropriate curriculum, age appropriate developmental assessment, and a pretest and post-test administered to children as they enter and leave the program; character development education; appropriate staff to child ratios; a healthy and safe learning environment; and a parental resource and referral network.⁴⁵

³⁷ Section 411.01(4)(d)8., F.S.; see also Office of Early Learning, *Birth to Five Performance Standards*, <http://www.flbt5.com/selection.aspx> (last visited Jan 22, 2012). The performance standards must address the following school readiness skills: compliance with rules, limitations, and routines; ability to perform tasks; interactions with adults; interactions with peers; ability to cope with challenges; self-help skills; ability to express the child's needs; verbal communication skills; problem-solving skills; following of verbal directions; demonstration of curiosity, persistence, and exploratory behavior; interest in books and other printed materials; paying attention to stories; participation in art and music activities; and ability to identify colors, geometric shapes, letters of the alphabet, numbers, and spatial and temporal relationships. Section 411.01(4)(j), F.S.

³⁸ Section 411.01(5)(c)1.a., F.S.

³⁹ Section 411.01(5)(d)1., F.S.

⁴⁰ Section 411.01(5)(d)2.a.-b., F.S.

⁴¹ Each ELC is required to adopt, subject to approval by OEL, a local sliding fee scale for the School Readiness Program. Section 411.01(5)(d)4.b., F.S.; rule 60BB-4.400(1), F.A.C. This fee scale establishes a co-payment charged to a parent based on the parent's income and family size. Rule 60BB-4.400(1), F.A.C. A provider receives payment for school readiness services from the ELC and is responsible for collecting the co-payment directly from the parent. Rule 60BB-4.401, F.A.C. A school readiness provider is not prohibited from charging parent fees beyond the co-payment. See rule 60BB-4.400, F.A.C.

⁴² Direct enhancement services for families may include parent training and involvement activities and strategies to meet the needs of unique populations and local eligibility priorities. Enhancement services for children may include provider supports and professional development approved in the plan by OEL. Section 411.01(5)(d)4.g., F.S.

⁴³ Section 411.01(5)(d)4.a.-i., F.S.

⁴⁴ Section 411.01(5)(c)1.a. and (d)2., F.S.

⁴⁵ Section 411.01(5)(c)2., F.S.

ELCs receive an allocation in accordance with the allocation formula approved by the legislature. Within each ELCs allocation they must administer the program within the federal funding caps of 5 percent for administration, 14 percent for nondirect expenditures, a minimum of 70 percent on direct services, a minimum of 4 percent on quality expenditures and targeted funds for resource and referral, infant and toddlers, and quality expansion activities.

Effects of Bill

This bill requires the OEL and each ELC to limit its expenditures to no more than 18 percent of funds for any combination of administrative costs, nondirect services, and quality activities. Of the 18 percent, no more than 4 percent may be used for administrative costs.

The bill limits expenditures of targeted funds and clearly defined activities that are allowable under each activity category. Additionally, flexibility is provided to the ELCs to expend any unused funds, within expenditure limits from administrative activities and nondirect services, for quality activities.

The bill requires OEL to adopt a list of approved curricula and identify a preassessment and post assessment for school readiness participants.

The OEL will adopt a statewide, standardized contract to be used by coalitions with each school readiness provider. A coalition may not omit, supplement or amend the statewide provider contract.

The OEL will recommend to the School Readiness Allocation Conference the adjusted payment rate percentage, sliding fee scale percentage, parent copayments, and Gold Seal premium percentage.

The prevailing market rate is the biennially determined statewide median of the market rate for child care and early childhood education services. Each provider that receives school readiness funds must submit its market rate by August 1 of year to the OEL for inclusion of the calculation of the prevailing market rate.

The OEL may increase the adjusted payment rate percentage for a specific geographic area to ensure care levels are available throughout the state. Any increase must be funded through existing appropriations.

The bill establishes a procedure to allow the OEL Inspector General to investigate early learning coalitions, recipients, and providers of the school readiness program and the Voluntary Prekindergarten Education Program to determine possible fraud or overpayment.

School Readiness Allocation Conference

The bill creates the School Readiness Allocation Conference to review the recommended allocation formula submitted by the OEL, as well as the quarterly recalculation of the formula based on the actual number of children served.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: The bill does not appear to have a fiscal impact on state revenues.
2. Expenditures: See FISCAL COMMENTS section.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: See FISCAL COMMENTS section.

2. Expenditures: See FISCAL COMMENTS section:

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill does not appear to have a direct fiscal impact on the private sector.

D. FISCAL COMMENTS:

The bill conforms the statutes to the School Readiness budget in the 2012-2013 General Appropriations Act by providing for the Office of Early Learning to set statewide payment rates for school readiness providers, set a statewide sliding fee scale for parents, and set a statewide Gold Seal Differential for providers who have received a Gold Seal Quality care designation as part of the allocation of funds provided in the General Appropriations Act. The bill limits expenditures for early learning coalitions for the implementation of the school readiness program by directing dollars to child care slots.