

STORAGE NAME: h3727a.go

DATE: April 21, 1998

**HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE COMMITTEE ON
GOVERNMENTAL OPERATIONS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 3727

RELATING TO: Child care partnership program

SPONSOR(S): Representative Brennan

COMPANION BILL(S): CS/SB 1878(s)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) CHILDREN AND FAMILY EMPOWERMENT YEAS 8 NAYS 0
 - (2) FAMILY LAW AND CHILDREN (W/D)
 - (3) GOVERNMENTAL OPERATIONS YEAS 5 NAYS 0
 - (4) HEALTH AND HUMAN SERVICES APPROPRIATIONS
 - (5)
-

I. SUMMARY:

This bill amends s. 409.178, F.S., the Child Care Executive Partnership Act, and provides as follows:

- ◆ The Child Care Partnership Act is renamed the Child Care Executive Partnership Act.
- ◆ Family income eligibility requirements for participation in the child care purchasing pools are extended to include working families whose income does not exceed 200 percent of the federal poverty level.
- ◆ The composition of the partnership board is changed.
- ◆ The Legislature is required to annually review the effectiveness of the child care purchasing pool program.
- ◆ The state resource and referral agency is authorized to administer the child care purchasing pool funds for statewide businesses.
- ◆ Procedures for disbursement of funds through the child care purchasing pools are to be developed by the Department of Children and Family Services and the Child Care Executive Partnership.
- ◆ All references to pilot child care purchasing pools are deleted.
- ◆ Parent fee requirements are revised. There is no cap placed on what the community coordinated child care agency can charge a parent for participation in the child care program. Why there is not a cap is uncertain.

This bill is not expected to have a fiscal impact.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Section 409.178, F.S., sets forth legislative findings, which provide, in part, that when private employers provide onsite child care or provide other child care benefits, employers benefit by improved recruitment, higher retention rates for employees, lower absenteeism, and improved employee morale. The Child Care Partnership Act provides incentives for employers to contribute to meeting the needs of their employees' families through matching public dollars available for child care. The Child Care Partnership Program was created to utilize state and federal funds as incentives for matching funds derived from local governments, employers, charitable foundations, and other sources.

Low income working parents whose income does not exceed 150 percent of the federal poverty level are eligible for subsidized child care.¹ The board of the Child Care Partnership program, staffed by the Department of Children and Family Services, determines which counties participate in a pilot program and the Legislature annually determines the amount of state or federal low-income child care funds to be used for the program. The child care purchasing pools are required to submit proposals in response to request for proposals issued by the Department of Children and Family Services. The community coordinated child care agency administers the child care purchasing pools. Parents are required to pay a fee based upon the department's subsidized child care sliding fee scale. Section 402.0315(5), F.S., requires the department to establish a fee schedule for participants in the subsidized child care program. The fee schedule must be based on the total income of the family. Each participating family must contribute to the cost of child care, unless prohibited by federal law. That fee schedule is not published in rule but is incorporated by reference in Rule 65C-21.003, Florida Administrative Code.

The Child Care Partnership has been operating since November 1996. The Department of Children and Family Services reports 39 businesses currently participating in the program. Participating businesses represent a variety of industries including, but not limited to, banking, computers, food services, and health care. Employers, local government and other contributors contributed \$2 million to the partnership in the 1996-97 fiscal year and contributed \$4 million during the 1997-98 fiscal year.

The Florida Children's Forum is a statewide resource and referral agency for child care and works very closely with the community coordinated child care agencies throughout Florida. According to the Executive Director of the Florida Children's Forum, several major employers in Florida, including NationsBank, Peoples First Community Bank, Allstate, the City of Panama City, the St. Petersburg Times, Tech Data, Lincare, the Veterans Affairs Hospital in Pinellas County, and several nursing facilities in Pinellas

¹ Section 402.3015, F.S., provides that priority for participation in the subsidized child care program must be accorded to children under 13 years of age who are: "(a) Determined to be at risk of abuse, neglect, or exploitation ... (b) Children at risk of welfare dependency, including children of participants in the WAGES Program, children of migrant farmworkers, children of teen parents, and children from other families at risk of welfare dependency due to a family income of less than 100 percent of the federal poverty level; and (c) Children of working families whose family income is equal to or greater than 100 percent, but does not exceed 150 percent, of the federal poverty level." Furthermore, a child who is eligible for child care under this section may continue to participate in the subsidized child care program, if the family's income does not exceed 185 percent of the federal poverty level.

County have stated they would be more likely to participate (or increase participation) in the child care cooperatives if the minimum income requirement were raised. Many of these businesses have low income employees whose income ranges from 150 to 200 percent of the federal poverty level.

B. EFFECT OF PROPOSED CHANGES:

This bill changes the name of the Child Care Partnership Act to the Child Care *Executive* Partnership Act. Furthermore, it eliminates from the partnership the representatives of each of the ten pilot counties. (These pools are no longer operating on a "pilot" basis, and there are now more than 10 of them.) Also, the Legislature must review the effectiveness of the child care purchasing pools annually.

Low income working parents may qualify for participation in child care programs, pursuant to the Child Care Executive Partnership Act, if the family income does not exceed 200 percent of the federal poverty level. This increases the number of families eligible to participate in the program. Current subsidized child care program requirements are, for initial eligibility, family income not exceeding 150 percent of the federal poverty level, and for continuation in the program, family income not exceeding 185 percent of the federal poverty level.

This bill allows either the statewide resource and referral agency or the community coordinated child care agencies to administer the child care purchasing pools.

Parents are required to pay a fee of *at least* the amount established in the Department of Children and Families' subsidized child care sliding fee scale. This means that a higher fee may be charged; how much higher is not addressed. Existing law requires service providers in the program to charge a fee "based upon" the department's subsidized child care sliding fee scale. It is unclear why such latitude exists with regard to the parent fee in the Child Care Partnership program, but not with other subsidized child care programs governed by s. 402.3015, F.S.

Purchasing pools are no longer required to go through the Request for Proposals process. The department, in conjunction with the Child Care Executive Partnership, are to develop procedures for the disbursement of funds through the child care purchasing pools.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

- a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

This bill authorizes businesses to establish parent fee requirements in excess of the department's fee schedule.

c. Does the bill reduce total taxes, both rates and revenues?

No

d. Does the bill reduce total fees, both rates and revenues?

No

- e. Does the bill authorize any fee or tax increase by any local government?

No

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Yes, parents in need of subsidized child care programs will pay a fee equal to or greater than the fee established by the Department of Children and Family Services.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

The community coordinated child care agencies or the statewide resource and referral agency, who contract with and are monitored by the Department of Children and Family Services, make the determination as to parent eligibility for subsidized child care program services.

- (2) Who makes the decisions?

See (1) above.

(3) Are private alternatives permitted?

The Child Care Executive Partnership is a public/private partnership.

(4) Are families required to participate in a program?

No

(5) Are families penalized for not participating in a program?

No

b. Does the bill directly affect the legal rights and obligations between family members?

No

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

This bill authorizes businesses to establish parent fee requirements in excess of the department's fee schedule.

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Section 409.178, F.S.

E. SECTION-BY-SECTION RESEARCH:

See "Effect of Proposed Changes"

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None

2. Recurring Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

4. Total Revenues and Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None

2. Recurring Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Participation in the program is voluntary. If a business chooses to participate, it must provide a dollar-for-dollar match.

2. Direct Private Sector Benefits:

Businesses that choose to participate in the program may enjoy higher employee retention rates which could lead to a reduction in recruitment and training costs and higher productivity.

3. Effects on Competition, Private Enterprise and Employment Markets:

Child care providers are encouraged to compete to become members of the child care purchasing pools. Businesses with the child care program could become at a competitive advantage for attracting employees.

D. FISCAL COMMENTS:

The bill broadens income eligibility requirements for working families to participate in child care purchasing pools. However, the allocation of funds is based on local matching contributions. The bill will not have a fiscal impact because participation is voluntary and the department only is allocated a specified amount of matching funds to spend on the program.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce revenue raising authority.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties or municipalities.

V. COMMENTS:

The Department of Children and Family Services estimates that 39,000 to 40,000 children ages 0 to 5 lack child care and are from working families who earn up to 150 percent of the federal poverty level. If the income level is raised to 200 percent of the federal poverty level, an additional 51,000 children ages 0 to 5 could qualify. However, there is no way to accurately predict the number of families impacted because only the children with a parent who is an employee of a business that chooses to participate in the program could actually take advantage of the program.

If a central state agency is not authorized to administer the child care purchasing pool funds, there is the possibility major corporations that operate statewide may be reluctant to participate. A representative of NationsBank has indicated that NationsBank prefers that the administration be handled by one central agency and may not be able to continue participation unless it can work with one statewide entity because it has branch offices throughout Florida.

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The Department of Children and Family Services is aware of businesses which have already set their own child care sliding fee scales and recommends that businesses be granted the flexibility to use other co-payment schedules.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

One amendment was adopted by the Children and Family Empowerment Committee on March 24, 1998.

Amendment #1: Removes language extending the family income requirement to up to 200 percent of the federal poverty level.

On April 21, 1998, the Committee on Governmental Operations adopted one amendment. Reference was made to "state resource and referral agency" in one portion of the bill, and to "statewide resource and referral agency" in another. In the former reference, "state" was changed to "statewide".

VII. SIGNATURES:

COMMITTEE ON CHILDREN AND FAMILY EMPOWERMENT:

Prepared by:

Legislative Research Director:

MELISSA FITZ-SIMONS

BOB BARRIOS

AS FURTHER REVISED BY THE COMMITTEE ON GOVERNMENTAL OPERATIONS:

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