

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1866

SPONSOR: Committee on Children and Families and Senator Dawson

SUBJECT: Subsidized Child Care

DATE: April 19, 2001                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Dowds	Whiddon	CF	Favorable/CS
2.	_____	_____	AHS	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

CS/SB 1866 amends s. 402.3015, F.S., to stipulate that surplus funds identified in the temporary cash assistance and welfare transition child care funding category be used to provide subsidized child care to income eligible families in the working poor child care funding category if a need in the working poor category has been determined. The Social Services Estimating Conference determination of surplus and need is required to be completed by May 31 of each year and the requirement to comply with the budget amendment process of ch. 216, F.S., is removed.

The bill becomes effective upon becoming law.

This bill substantially amends section 402.3015 of the Florida Statutes.

**II. Present Situation:**

**Subsidized Child Care**

Child care is a major financial burden for many families, particularly families with two or more children in care. These costs are particularly difficult to meet for working poor families who often use 20 percent or more of their family income to pay child care fees. If a low-income family (making \$21,400 yearly income with two parents working full-time at minimum wage) managed to budget 10 percent of their income for child care (a higher percentage than non-poor families spend on average), they would have \$2,140 a year available. However, the average annual child care cost in Florida ranges from \$4,193 to \$4,627 for 4 year old children and infants in child care centers and from \$4,079 to \$5,133 in family child care homes.

Florida's subsidized child care program provides child care to children under 13 years of age in specified priority categories at a subsidized rate which is based on the family's income (s. 409.3015, F.S.). The categories of children targeted for subsidized child care, in the order of priority for service, are as follows:

- Children who are at risk of abuse, neglect or exploitation and currently being served by the Department of Children and Family Services.
- Children who are risk of welfare dependency, including children of families in the welfare transition program, children of migrant farm workers, children of teen parents, and children in families at less than 100 percent of the federal poverty level.
- Children of working poor families with incomes between 100 and 150 percent of the federal poverty level. Eligibility may be extended to these families until their income exceeds 200 percent of the federal poverty level.
- Children of working families with incomes up to 200 percent of the federal poverty level participating in the Child Care Partnership Program, which is a public private partnership to create child care purchasing pools for low income working families.
- Children of working families who participate in the diversion program to strengthen Florida's families, pursuant to s. 445.018, F.S.

Funding for subsidized child care services is appropriated in the General Appropriations Act for Fiscal Year 2000-2001 (ch. 2000- 166, L.O.F.) into two budget categories, the WAGES category and the Working Poor category. The funding in the WAGES category for fiscal year 2000-2001 totaled \$213,818,173 and, with the exception of specified for funds applied for the T.E.A.C.H. program, Gold Seal Quality Care designation and school age child care, this funding can only be used to provide subsidized child care to children in the temporary cash assistance program (previously titled WAGES) and welfare transition child care. The funding in the Working Poor category for fiscal year 2000-2001 totaled \$315,625,159 and, with the exception of specified funds for the Child Care Partnership Program, the T.E.A.C.H. program, and Gold Seal Quality Care designation, this funding is targeted to children who are either in the at risk of abuse priority, children of migrant farm workers, children of teen parents, children in the diversion program, and children of working poor families.

Specific proviso in the General Appropriation Act provides that the Social Services Estimating Conference is to determine by September 30, 2000 the projected utilization rates for WAGES and working poor children. If a surplus is found to exist in the WAGES funding category with an identified need in the Working Poor category, the Executive Office of the Governor is permitted to transfer the surplus funding, pursuant to the provisions of ch. 216, F.S., to the Working Poor category to address the need. The proviso further stipulates that the transfer of funds to the Working Poor category is not to create an annualization cost in that category. Based on this process, for Fiscal Year 2000-2001, a budget amendment was approved to shift \$3.6 million in funds from the WAGES category to the Working Poor category.

The average enrollment for WAGES is ranging from 48,158 to 48,991 per month and all children in the temporary cash assistance program and welfare transition who need subsidized child care are receiving the service. The average enrollment for the working poor category is 77,550 to 87,154 per month, with a waiting list ranging between 36,686 to 44,025 per month.

Chapter 99-357, L.O.F., created the School Readiness Act in s. 411.01, F.S., which provided for an integrated school readiness program in communities with the goal of preparing children for success in school. Included in each community school readiness program is the subsidized child care program, along with the pre-kindergarten early intervention program and other early education and child care programs. Pursuant to ch. 2000-149, L.O.F., transfer of funds was authorized from the Department of Children and Family Services and the Department of Education to the Florida Partnership for School Readiness for school readiness programs. Included in this transfer were the subsidized child care funds.

### **Budget Transfer Process**

Section 216.292, F.S., provides the process for transferring appropriated funds within a budget entity. Section 216.292(3), F.S., allows each department head to transfer appropriations between categories of appropriations within a budget entity, if there is not an appropriation increase or decrease which exceeds 5 percent of the original approved budget or \$150,000. The head of each department may also transfer funds between designated appropriation categories, such as personnel services, expenses and operating capital outlay, as long as the transfer does not result in an increase in the total recurring general revenue or trust fund cost [s. 216.292(4), F.S.]. Transfers of appropriations in excess of these permitted amounts require authorization of the Legislative Budget Commission pursuant to a budget amendment request of the agency filed with the Executive Office of the Governor [s. 216.292(5), F.S.]. This budget amendment process entails development and submission of a budget amendment by the department to the Executive Office of the Governor. Once the Executive Office of the Governor has completed its review, the budget amendment is posted for consultation and reviewed by the appropriate House and Senate appropriation committee staff. The process is subject to the notice and review procedures set forth in s. 216, 177, F.S., which requires that notice of the budget amendment be provided to the chair of the Legislative Budget Commission and chairs of the legislative appropriations committees at least 14 days prior to the action stipulated in the budget amendment.

Section 216.136(6), F.S., charges the Social Services Estimating Conference with developing forecasts of social service caseloads in the state, including estimates and forecasts of the unduplicated count of children eligible for subsidized child care as defined in s. 402.3015(1), F.S. A School Readiness Program Estimating Conference is also established pursuant to s. 216.136(10), F.S., to develop estimates and forecasts of the number of individuals eligible for school readiness programs.

Pursuant to the proviso contained in the General Appropriations Act, once the Social Services Estimating Conference determines if a surplus exists and the level of surplus in the WAGES child care category and if a need for funding exists and the level of need in the Working Poor category, the budget amendment budget process can be initiated to transfer the funds. Even if the process is timely, the budget amendment is not approved and funds made available until the second quarter of the fiscal year, leaving communities between 6-8 months to expend the funds.

**III. Effect of Proposed Changes:**

CS/SB 1866 amends s. 402.3015, F.S., to stipulate that surplus funds identified in the temporary cash assistance and welfare transition child care funding category (referred to as WAGES child care in proviso) be used to provide subsidized child care to income eligible families in the working poor child care funding category if a need in the working poor category has been determined.

The bill requires that the Social Services Estimating Conference determination of surplus in the temporary cash assistance and welfare transition funding category and need in the working poor funding category be completed and agreed to by May 31 of each year. If a surplus is identified, the surplus funds are to be used for income eligible families in the working poor category. The bill specifically allows for the use of the funds across the funding categories without adherence to the budget amendment transfer process of ch. 216, F.S.

This bill will move the process for determining the surplus and need of the two subsidized child care funding categories 4 months earlier in the year and will eliminate the requirement to comply with the ch. 216, F.S., budget amendment process. These modifications will enable the surplus funds to be transferred earlier in the fiscal year and to be available for subsidized child care services for low income working poor families for a longer portion of the year.

The bill becomes effective upon becoming law.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

None. The Partnership for School Readiness, which is currently responsible for the subsidized child care funds, reports that there would not be a fiscal impact in implementing this bill. However, the bill would have a positive impact on the program if it enabled funds to be shifted to the working poor category earlier and thus allow more working poor families to be served earlier.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

---

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

---