The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Education Pre-K - 12 Committee

BILL: SB 1758

INTRODUCER: Senator Flores

SUBJECT: Early Learning

DATE: February 13, 2012 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	deMarsh-Mathues	ED	**Pre-meeting**
2.			BC	
3.				
4.				
5.				
6.				

I. Summary:

This bill revises requirements relating to the payment rate and accounting procedures for early learning programs. The bill requires:

- The Office of Early Learning (OEL) to adopt a new method of calculating a family's required contribution to the cost of care;
- Early learning coalitions to pay providers the market rate minus the family contribution;
- OEL to adopt a statewide standard contract for programs, with no addenda allowed; and
- School districts that provide the Voluntary Prekindergarten (VPK) program to separately account for the funds received and expended for that program.

The bill requires OEL rules to limit support services to those listed in law and requires OEL to adopt uniform program performance standards by rule.

This bill amends ss. 411.01, 411.01013, and 1002.71, Florida Statutes.

II. Present Situation:

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; children with disabilities; and children who are not economically disadvantaged but who meet the federal and state

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[1] ch. 99-357, L.O.F.

requirements for the migrant preschool program.[2] The School Readiness Program is a state-federal partnership between Florida's 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] Early learning coalitions administer the School Readiness Program, the Voluntary Prekindergarten Program, and the state's child care resource and referral network in a county-wide, or multi-county area.

Currently parents participating in the School Readiness Program pay a contribution to the cost of early learning based on family income and the size of the family. A separate sliding fee scale model has been adopted by each early learning coalition which is used to determine each family's co-payment based on the Federal Poverty Guidelines.[5] It is recommended by the federal government that the total amount of a family's payment for services based on the sliding fee scale should be set at ten percent of the family's income, regardless of the number of children in care.

Section 411.01(4)3., F.S., lists the system support services for school readiness programs, but the services are not limited to those on the list.[6] Thus, the statute does not prohibit OEL or ELCs from defining and adopting more system support services than are listed in statute. The OEL may currently adopt child performance standards and outcome measures by rule. Currently, the statewide standard contract is not limited to only state and federal requirements, and there is no prohibition to addenda to the contract.

The OEL calculates the "prevailing market rate" in accordance with section 411.01013, F.S. The Market Rate Schedule is calculated annually and is used by each early learning coalition in setting its School Readiness Provider Reimbursement Rates by care level and type.[7] At this time the Office of Early Learning does not track how a school district accounts for expenses related to its implementation of the VPK Education Program.

As required by the 2011 Legislature,[8] the Auditor General performed an audit of OEL services and related delivery systems. The audit found that, "in many respects, OEL did not effectively administer its responsibilities for the School Readiness and VPK Programs."[9] The provisions of this bill relating to the determination of parent co-payments, accounting for VPK income and

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[2] s. 411.01(6), F.S.

[3] 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

[4] Specific Appropriation 2033, ch. 2011-69, L.O.F.

[5] http://aspe.hhs.gov/poverty/12poverty.shtml

[6] The services are: Child care resource and referral services, warm-line services for assistance to child care personnel regarding the inclusion of children with disabilities and special health care needs, eligibility determinations, child performance standards, child screening and assessment, developmentally appropriate curricula, health and safety requirements, statewide data system requirements, and rating and improvement systems.

[7] The latest Market Rate Schedule published by Florida's Office of Early Learning is readable at: http://www.floridaearlylearning.com/EarlyLearning/Documents/Fiscal-MarketRate/AbridgedMarket_Rate_2011_FT-PT.pdf

[8] ch. 2011-142, L.O.F.

[9] Auditor General, "Early Learning Programs and Related Delivery Systems," Report No. 2-012-061, December 2011, p.1. Readable at: http://www.myflorida.com/audgen/pages/pdf_files/2012-061.pdf

expenditures, and uniform outcome measures for school readiness programs address several findings of the audit.

III. Effect of Proposed Changes:

This bill revises requirements relating to the payment rate and accounting procedures for early learning programs. The bill:

- Repeals the requirement for a sliding fee scale for parent payments, requiring instead the use of an “affordable parent contribution,” defined as ten percent of the annual family income;
- Requires the Office of Early Learning to adopt a standardized statewide contract for use by early learning coalitions when contracting with providers, limits the contract to state and federal requirements only, and prohibits coalitions from adopting addenda to the contract;
- Adds a category in the prevailing market rate schedule for preschool-age children participating in the Voluntary Prekindergarten Education Program;
- Requires the Office of Early Learning to calculate a payment schedule for providers that is equal to the prevailing market rate for the appropriate category minus the affordable parent contribution; and
- Requires school districts that offer the Voluntary Prekindergarten Education Program to adopt procedures to account separately for income and expenses for this program.

The bill requires the OEL to adopt rules that limit the system support services to those listed in s. 411.01(4)3., F.S. The bill also gives the OEL rulemaking authority to adopt uniform performance standards and outcome measures for school readiness programs.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The amount parents would pay for school readiness services could change, but the effect of the bill is indeterminate. Payments to early learning program providers would increase.

C. Government Sector Impact:

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.[10]

According to OEL, requiring that the OEL pay school readiness providers at the "prevailing market rate" minus the affordable parent contribution, would result in a fiscal impact of $272,037,958.71 to the School Readiness program. Based on the 2011-2012 child and provider population to date, the office is expected to reimburse $532,946,183.80 in School Readiness payments. Under the requirements of this bill, the Office would need to reimburse providers a total of $804,984,142.51. If the Office were not to be appropriated the additional approximate $272 million, the program would be forced to remove 68,000 children from the program.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

[10] Specific Appropriation 2033, ch. 2011-69, L.O.F.