

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/CS/HB 1199 Funding for School Readiness Program

**SPONSOR(S):** Early Learning & Elementary Education Subcommittee, PreK-12 Appropriations Subcommittee, Grall

**TIED BILLS:** None **IDEN./SIM. BILLS:** None

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) PreK-12 Appropriations Subcommittee	13 Y, 0 N, As CS	Bailey	Potvin
2) Early Learning & Elementary Education Subcommittee	16 Y, 0 N, As CS	Wolff	Brink
3) Appropriations Committee			

### SUMMARY ANALYSIS

Current law authorizes the Division of Early Learning (DEL) in the Department of Education as the lead administrator for federal and state child care funds. The DEL is responsible for developing, adopting, and implementing quality standards and outcome measures that benefit and improve Florida's comprehensive early childhood care and education system. One of the three main early learning programs that the DEL oversees is the School Readiness (SR) Program. The DEL administers the SR Program at the state level and early learning coalitions (ELC) and the Redlands Christian Migrant Association administer the program at the county and regional levels. The SR Program provides subsidies for child care services and early childhood education for children of low-income families; children in protective services who are at risk of abuse, neglect, abandonment, or homelessness; foster children; and children with disabilities.

Funding for the SR Program comes from four sources:

- Federal Child Care and Development Block Grant.
- Federal Temporary Assistance for Needy Families Block Grant.
- Federal Social Services Block Grant.
- State General Revenue Fund.

The Legislature annually appropriates the SR Program funds to the early learning coalitions and the Redlands Christian Migrant Association with participating providers receiving their funding primarily from reimbursements from the coalitions and tuition payments by participating families.

The bill requires the principals of the Early Learning Programs Estimating Conference to adopt the official cost of care information and provide this information to the Legislature at least 90 days before the scheduled annual legislative session. The bill also provides that the funding for the SR Program be allocated among the early learning coalitions in accordance with the General Appropriations Act and the adopted cost of care information.

The bill establishes a funding formula for operational costs associated with the school readiness program and creates four funding allocations to reimburse ELCs for expenses incurred related to:

- the Gold Seal Quality Care Program;
- program assessments;
- child assessments; and
- serving children with special needs.

The bill does not have a fiscal impact. See Fiscal Comments.

The bill has an effective date of July 1, 2022.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Present Situation

##### **School Readiness Program**

###### Overview

The Division of Early Learning (DEL) within the Department of Education (DOE) is the lead administrator for federal and state child care funds and is responsible for developing, adopting, and implementing quality standards and outcome measures that benefit and improve Florida's comprehensive early childhood care and education system.<sup>1</sup> The DEL partners with 30 local early learning coalitions<sup>2</sup> (ELC) and the Redlands Christian Migrant Association to deliver comprehensive early childhood care and education services statewide. One of the three main early learning programs that the DEL oversees is the School Readiness (SR) Program.

Established in 1999,<sup>3</sup> the SR Program provides subsidies for child care services and early childhood education for children of low-income families; children in protective services who are at risk of abuse, neglect, abandonment, or homelessness; foster children; and children with disabilities.<sup>4</sup> The SR Program offers financial assistance for child care to these families while supporting children in the development of skills for success in school. Additionally, the program provides developmental screenings and referrals to health and education specialists where needed. These services are provided in conjunction with other programs for young children such as Head Start, Early Head Start, Migrant Head Start, Child Care Resource and Referral and the Voluntary Prekindergarten Program.<sup>5</sup>

The DEL administers the program at the state level and early learning coalitions administer SR at the county and regional levels. The program's two main goals are to help families become financially self-sufficient and to help each child from a qualifying family develop school readiness skills. These skills are measured by standards and outcomes adopted by the DEL as well as statewide screening of kindergarten students.<sup>6</sup>

Federal regulations governing the Child Care and Development Block Grant, the primary funding source for the SR Program, authorize states to use grant funds for child care services, if:<sup>7</sup>

- the child is under 13 years of age, or at the state's option, under age 19 if the child is physically or mentally incapable of caring for himself or herself or under court supervision;
- the child's family income does not exceed 185 percent of the state's median income 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.

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<sup>1</sup> Florida Department of Education, Division of Early Learning Annual Report for Fiscal Year 2020-2021, *Improving Program Quality*, p. 12, available at [http://www.floridaearlylearning.com/Content/Uploads/floridaearlylearning.com/files/DEL\\_Annual\\_Report\\_2020-21\\_FINAL\\_ADA.pdf](http://www.floridaearlylearning.com/Content/Uploads/floridaearlylearning.com/files/DEL_Annual_Report_2020-21_FINAL_ADA.pdf) [hereinafter *Improving Program Quality*].

<sup>2</sup> Section 1002.83, F. S.

<sup>3</sup> Section 1, ch. 99-357, L.O.F.

<sup>4</sup> Sections 1002.81 and 1002.87, F.S.

<sup>5</sup> Division of Early Learning, *School Readiness Program*, <http://www.floridaearlylearning.com/school-readiness> (last visited Jan. 31, 2022).

<sup>6</sup> *Improving Program Quality* at 22, *supra*, note 1.

<sup>7</sup> See 45 C.F.R. s. 98.20(a).

Student enrollment in the SR Program for the 2020-2021 school year, the most recent year measured, was 209,801 as follows:<sup>8</sup>

Age Group	Enrollments	Percentage of Total Enrollments
Infants	7,588	4%
Toddlers	19,561	9%
2-Year Olds	26,515	13%
3-Year Olds	31,029	15%
4-Year Olds	31,317	15%
5-Year Olds	19,893	9%
School Age	73,637	35%
Special Needs	261	0%
<b>TOTAL</b>	<b>209,801</b>	<b>100%</b>

### School Readiness Providers

In order to be eligible to provide the SR Program, a provider must be:<sup>9</sup>

- A licensed child care facility;
- A licensed or registered family day care home;
- A licensed large family day care home;
- A public school or nonpublic school;
- A license-exempt faith-based child care provider;
- A before-school or after-school program; or
- An informal child care provider authorized in the state's Child Care and Development Fund plan.

For Fiscal Year 2020-2021, there was a total of 6,760 providers offering the SR Program with the following breakdown:<sup>10</sup>

Provider Type*	Enrollments	Percentage of Total Enrollments
Licensed Private	4,623	68%
Licensed/Registered Family Child Care Home	991	15%
Licensed Large Family Day Care Home	304	5%
Public/Nonpublic School	632	9%
License-exempt	210	3%
<b>TOTAL</b>	<b>6,760</b>	<b>100%</b>

\*No informal providers served SR children during Fiscal Year 2020-2021.

### School Readiness Funding

Funding for the SR Program comes from four sources:<sup>11</sup>

- Federal Child Care and Development Block Grant.
- Federal Temporary Assistance for Needy Families Block Grant.
- Federal Social Services Block Grant.
- State General Revenue Fund.

<sup>8</sup> *Improving Program Quality* at 20, *supra*, note 1.

<sup>9</sup> Section 1002.88(1)(a), F.S.

<sup>10</sup> *Improving Program Quality* at 20, *supra*, note 1.

<sup>11</sup> *Id.* at 18.

The Legislature appropriates the SR Program funds to the early learning coalitions and the Redlands Christian Migrant Association, with participating providers receiving their funding primarily from reimbursements from the coalitions and tuition payments by participating families.<sup>12</sup> Early learning coalitions reimburse participating providers with appropriated funds for each eligible child, either through child care certificates provided by parents or through contracted slots.<sup>13</sup> The reimbursement and co-payment amounts are determined locally by the early learning coalition, subject to approval by the DEL. Any additional amount a parent must pay is based on the difference between the provider's tuition rate and the sum of the reimbursement rate and required parent co-payment. Reimbursement amounts vary based on provider type and level of care, and co-payments are determined by the early learning coalitions using a sliding fee scale.<sup>14</sup>

### School Readiness Market Rate

The Code of Regulations (C.F.R.) 45 Part 98 requires states receiving the Child Care and Development Block Grant to ensure equal access to child care by setting a fair market rate every two years.<sup>15</sup> Current law defines the "market rate" to mean 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.<sup>16</sup> The DOE is statutorily required to approve a market rate schedule until an alternative model has been approved by the federal Administration of Children and Families.<sup>17</sup>

Based in part on recommendations by the Office of Child Care within the federal Department of Health and Human Services, the DOE calculates the average market rate and the 75<sup>th</sup> percentile market rate, referred to as the prevailing market rate,<sup>18</sup> for each county to help the early learning coalitions determine provider reimbursement rates.<sup>19</sup> Market rates are established for the different provider types and different levels of care for each county.<sup>20</sup>

To calculate the market rates, the DEL sorts provider private pay rates for a given level of care within the county from highest to lowest, calculates the average market rate, and identifies the 75<sup>th</sup> percentile pay rate. Although there is no minimum threshold for provider reimbursement rates in law, the early learning coalitions must consider the market rate schedule in determining its own minimum reimbursement rates, which must be approved by the DEL.<sup>21</sup> In addition, a provider may receive additional funding above the minimum reimbursement rate if it qualifies for any of the following quality-based differentials:<sup>22</sup>

- Up to an additional 20 percent for Gold Seal status.
- Up to an additional 10 percent for achieving certain CLASS scores identified in rule (also known as the quality performance incentive).
- An additional 5 percent for participating in a DEL-approved child assessment tool.

### School Readiness Estimating Conference

Current law establishes several consensus estimating conferences to assist in a variety of governmental planning and budgeting functions. Data from consensus estimating conferences are

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<sup>12</sup> Sections 1002.84(8) and 1002.89, F.S.; Specific Appropriation 83, section 2, ch. 2021-36, L.O.F.

<sup>13</sup> See rule 6M-4.500(1), F.A.C.

<sup>14</sup> Section 1002.895(4), F.S.; rules 6M-4.400(2) and 6M-4.500(1), F.A.C.

<sup>15</sup> See 45 C.F.R. § 98.45(a) and (c). Alternatively, states may set payment rates using an alternative methodology approved by the federal Administration for Children and Families.

<sup>16</sup> Section 1002.81(10), F.S.

<sup>17</sup> Section 1002.895(1), F.S.

<sup>18</sup> Section 1002.81(12), F.S.

<sup>19</sup> Section 1002.895(4), F.S.

<sup>20</sup> Section 1002.895(2)(a) and (b), F.S.

<sup>21</sup> See s. 1002.82(2)(o), F.S.; rule 6M-4.500(9), (10), and (11), F.A.C.

<sup>22</sup> See s. 1002.82(2)(o), F.S.; rule 6M-4.500(9), (10), and (11), F.A.C.

used primarily in the development of the constitutionally-required Long-Range Financial Outlook, the Governor's budget recommendations, and the General Appropriations Act.<sup>23</sup>

Current law establishes the early learning estimating conference to develop estimates and forecasts of the unduplicated count of children eligible for the school readiness program in accordance with the standards of eligibility established in s. 1002.87, F.S., and of children eligible for the Voluntary Prekindergarten Education Program in accordance with s. 1002.53(2), F.S., as the conference determines are needed to support the state planning, budgeting, and appropriations processes.<sup>24</sup>

The DEL is required to provide information on needs and waiting lists for the SR Program to the conference principals.<sup>25</sup>

The last School Readiness Estimating Conference was held on November 8, 2004.<sup>26</sup>

### **Effects of Proposed Changes**

The bill requires the principals of the Early Learning Programs Estimating Conference, established in s. 216.136, Florida Statutes, to annually develop official cost of care information based on actual school readiness direct services program expenditures and information provided pursuant to s. 1002.92(4), Florida Statutes. Conference principals must agree on the cost of child care by level and care type, the eligible population data, and the methods of computation. The bill requires the DEL to provide all required and necessary data to the conference principals. The bill requires the Early Learning Programs Estimating Conference to provide the official cost of care information to the Legislature at least 90 days before the scheduled annual legislative session.

The bill requires the funding for the SR Program to be allocated to the early learning coalitions in accordance with the General Appropriations Act (GAA) and the official cost of care information provided by the Early Learning Programs Estimating Conference.

The bill establishes a formula to determine ELC operational funding for the SR program, if funding is not explicitly set forth in the GAA. The formula distributes funding for the SR program among the ELCs based on local population, local care level costs, and the local price level index. The bill provides additional weights for care level costs for Pinellas County. The bill also provides that any county that passes an ordinance lowering the teacher-to-child ratio to below the requirements set forth in law after January 1, 2022, is responsible for the cost of the child care market impact of that ordinance. Additionally, the bill creates four funding allocations to reimburse ELCs for costs related to:

- the Gold Seal Quality Care Program;
- program assessments;
- child assessments; and
- serving children with special needs.

The bill requires the DEL to use funds from these allocations to help meet federal targeted requirements for improving quality as authorized in the state Child Care and Development Fund Plan.

#### **B. SECTION DIRECTORY:**

**Section 1.** Amends s. 1002.89, F.S., providing for the determination of school readiness program funding for each early learning coalition; providing requirements for such funding calculations.

**Section 2.** Creates s. 1002.90, F.S., requiring the principals of the Early Learning Programs Conference to develop the official cost of care information.

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<sup>23</sup> See Office of Economic & Demographic Research, *Consensus Estimating Conferences*, <http://edr.state.fl.us/Content/conferences/index.cfm> (last visited Jan. 31, 2022).

<sup>24</sup> Section 216.136(8), F.S.

<sup>25</sup> *Id.*

<sup>26</sup> Office of Economic & Demographic Research, *Consensus Estimating Conferences*, <http://edr.state.fl.us/Content/conferences/index.cfm> (last visited Jan. 31, 2022).

**Section 3.** Amends s. 1002.81, F.S., conforming cross-references to changes made by the act.

**Section 4.** Amends s. 1002.82, F.S., conforming cross-references to changes made by the act.

**Section 5.** Provides the bill takes effect on July 1, 2022.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

### D. FISCAL COMMENTS:

The bill requires the principals of the Early Learning Programs Estimating Conference to adopt the official cost of care information and provide the information to the Legislature at least 90 days before the scheduled annual legislative session. The bill also provides a formula to determine allocations to the ELCs if not otherwise provided for in the GAA or implementing legislation.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

### B. RULE-MAKING AUTHORITY:

None.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

On January 27, 2022, the PreK-12 Appropriations Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment:

- Requires the conference principals of the Early Learning Programs Estimating Conference to annually develop the official cost of care information based on actual school readiness direct services programs expenditures and information provided pursuant to s. 1002.92(4), Florida Statutes;
- Requires the Division of Early Learning to provide all required and necessary information to the conference principals; and
- Requires the Early Learning Programs Estimating Conference to provide the official cost of care information to the Legislature at least 90 days before the scheduled annual legislative session.

On February 2, 2022, the Early Learning & Elementary Education Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment establishes a funding formula for operational costs associated with the SR program and creates four funding allocations to reimburse ELCs for expenses related to:

- the Gold Seal Quality Care Program;
- program assessments;
- child assessments; and
- serving children with special needs.

The analysis is drafted to the committee substitute as passed by the Early Learning & Elementary Education Subcommittee.