

**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.)

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

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BILL: SB 916

INTRODUCER: Senators Calatayud and Perry

SUBJECT: School Readiness Program

DATE: January 16, 2024

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Sabitsch	Bouck	ED	<b>Favorable</b>
2.	_____	_____	AED	_____
3.	_____	_____	FP	_____

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**I. Summary:**

SB 916 revises the School Readiness (SR) program concerning eligibility, funding and program plans. Specifically, the bill:

- Modifies the definition of “economically disadvantaged” to use state median income, rather than the federal poverty level when determining program eligibility and for reporting requirements.
- Provides a schedule for copayments for parents whose children attend the SR program based on the state median income.
- Modifies the methodology to determine the distribution of funds to early learning coalitions using the provider cost of care or reimbursement rates established by the Early Learning Programs Estimating Conference.
- Requires the principals of the Early Learning Programs Estimating Conference to provide reimbursement rates based on specified information, but removes the deadline by which official cost-of-care information must be provided to the legislature.
- Removes certain expenditure provisions related to the Gold Seal Quality Care Program, the Differential Payment Program, and the special needs differential.

The bill takes effect on July 1, 2024.

**II. Present Situation:**

**School Readiness Program**

*Overview*

Florida’s School Readiness (SR) program offers low-income families financial assistance to facilitate access to high-quality child care and early education for their children while parents work or participate in job training. The Division of Early Learning (DEL), under the Department of Education (DOE), administers the program at the state level while early learning coalitions

(ELCs) administer the SR program at the county and regional levels. Funding comes from four sources including, the Child Care and Development Block Grant, the Temporary Assistance for Needy Families Block Grant, the Social Services Block Grant, and the State of Florida.<sup>1</sup>

The program's two main goals are to help families become financially self-sufficient and help each child from a qualifying family develop school readiness skills. The program gives children access to a quality early learning environment and supports parents with information about child development and family engagement. The quality environment of each SR provider is measured by the administration of a widely recognized tool that assesses the interactions between adults and children in the classroom.<sup>2</sup>

In FY 2022-23, there were 209,986 children participating in the SR program at 6,790 early learning providers. Total expenditures were \$954 million, which included \$33 million in administrative expenses, \$55 million in non-direct services expenditures, and \$162 million in quality expenditures.<sup>3</sup>

### ***School Readiness Definitions***

Florida statute defines “economically disadvantaged” as 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 as defined by 34 C.F.R. s. 200.81(d) or (f) or an agricultural worker who is employed by more than one agricultural employer during the course of a year, and whose income varies according to weather conditions and market stability.<sup>4</sup> The definition is used to determine eligibility for and priority status in the SR program.

### ***School Readiness Funding***

Each ELC is required to establish a parent sliding fee scale that provides for a parent copayment that is not a barrier to families receiving SR program services. Coalitions may waive copayments for at-risk children or temporarily waive the copayment children whose family income is at or below the federal poverty level. Coalitions may also waive copayments for a child whose family experiences a natural disaster or an event that limits the parent’s ability to pay including:<sup>5</sup>

- Incarceration;
- Placement in residential treatment;
- Becoming homeless;
- An emergency situation such as a household fire or burglary; or
- While the parent is participating in parenting classes or participating in an Early Head Start program or Head Start Program.

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<sup>1</sup> Florida Department of Education, *Division of Early Learning 2022-2023 Annual Report (2023)*, available at <https://www.fldoe.org/core/fileparse.php/20628/urlt/2223-DEL-AnnualReport.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> Section 1002.81(6), F.S.

<sup>5</sup> Section 1002.84.(9), F.S.

A parent may not transfer SR program services to another school readiness program provider until the parent has submitted documentation from the current provider to the ELC stating that the parent has satisfactorily fulfilled the copayment obligation.<sup>6</sup>

Each ELC is required to distribute the SR program funds as allocated in the General Appropriations Act (GAA) to the eligible providers using the following methodology:<sup>7</sup>

- For each county in the ELC, multiply the cost of care by care level as provided in s. 1002.90 by the county's comparable wage factor provided in the Florida Education Finance Program under s. 1011.62(2).
- If a county enacted a local ordinance before January 1, 2022, that establishes the county's staff-to-children ratio for licensed child care facilities below the ratio established in s. 402.305(4), multiply the provider reimbursement rates for that county by the adjustment factor specified in the GAA.
- Apply the weight established pursuant to s. 1002.90 for each provider type to calculate the minimum provider reimbursement rates by care level.
- Multiply the weighted provider reimbursement rates by 22 percent to determine the amount of the school readiness allocation an ELC is eligible to retain pursuant to s. 1002.89(4).<sup>8</sup>

Each ELC must distribute to each eligible provider the minimum provider reimbursement rate, by provider type and care level, regardless of the provider's private pay rate. All minimum provider reimbursement rates are considered as direct services.<sup>9</sup> Each ELC with approved minimum provider reimbursement rates for the infant to age 5 care levels that are higher than the minimum provider reimbursement rates established in statute are allowed to continue to implement the previously approved minimum provider reimbursement rates until the rates established by the state exceed the ELC's approved rates.<sup>10</sup> However, since the official cost of care rates have not been established under s. 1002.90, F.S., ELCs have continued to reimburse SR providers at the rates that were approved prior to the 2022 legislation.<sup>11</sup>

The funding for the SR program is required in accordance with s. 1002.89, F.S. and the GAA. However, if the annual allocation for the SR program is not determined in the GAA or implementing bill, the allocation is required as follows:<sup>12</sup>

- For each county in the ELC, the total SR eligible population, as adopted by the Early Learning Programs Estimating Conference pursuant to s. 216.136(8), is to be multiplied by the county's comparable wage factor provided in s. 1011.62(2).
- If a county passed a local ordinance before January 1, 2022, that establishes the county's staff-to-children ratio for licensed child care facilities below the ratio established in s. 402.305(4), multiply the calculated total school readiness eligible population by the adjustment factor specified in the GAA.
- Each county's school readiness allocation will be based on the county's proportionate share of the total adjusted eligible school readiness population.

<sup>6</sup> Section 1002.84(9), F.S.

<sup>7</sup> Section 1002.84(17), F.S.

<sup>8</sup> Section 1002.84(17), F.S.

<sup>9</sup> Section 1002.89, F.S.

<sup>10</sup> *Id.*

<sup>11</sup> Chapter 2022-154, s. 26, Laws of Fla.

<sup>12</sup> Section 1002.89(1)(a), F.S.

### Gold Seal Quality Care Program Allocation.

The Gold Seal Quality Care Program allocation provides eligible SR program providers the established rate differential<sup>13</sup>. Subject to legislative appropriation, all expenditures from the Gold Seal Quality Care Program allocation are required to be used by the DOE to help meet federal targeted requirements for improving quality to the extent allowable in the state's approved Child Care and Development Fund Plan.<sup>14</sup>

### Differential Payment Program Allocation.

The differential payment program allocation provides eligible SR program providers the differential pay<sup>15</sup> established by the DOE. Subject to legislative appropriation, all expenditures from the differential payment program allocation will be used by the DOE to help meet federal targeted requirements for improving quality to the extent allowable in the state's approved Child Care and Development Fund Plan.<sup>16</sup>

### Special Needs Differential Allocation.

The special needs differential allocation provides assistance to eligible SR program providers to implement the special needs rate provisions defined in the state's approved Child Care and Development Fund Plan. Subject to legislative appropriation, each early learning coalition will be reimbursed based on actual expenditures. All expenditures from the special needs differential allocation shall be used by the department to help meet federal targeted requirements for improving quality to the extent allowable in the state's approved plan.<sup>17</sup>

All state, federal, and local matching funds provided to an ELC are to be used for implementation of its approved SR program plan, including the hiring of staff to effectively operate the SR program.<sup>18</sup>

Costs for the SR program must be kept to the minimum necessary for the efficient and effective administration of the SR program with the highest priority of expenditure being direct services for eligible children. No more than 5 percent of the funds allocated in the general appropriations act may be used for administrative costs and no more than 22 percent of the funds allocated may be used in any fiscal year for any combination of administrative costs, quality activities, and nondirect services.<sup>19</sup>

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<sup>13</sup> A child care facility licensed under s. 402.305 or a child care facility exempt from licensing pursuant to s. 402.316 which achieves Gold Seal Quality status under this section and which participates in the school readiness program shall receive a minimum of a 20 percent rate differential for each enrolled school readiness child by care level and unit of child care. Section 1002.945(6), F.S.

<sup>14</sup> Section 1002.89(1)(b), F.S.

<sup>15</sup> No later than July 1, 2019, the DOE was required to develop a differential payment program based on a program assessment for school readiness program providers that measures the quality of teacher-child interactions, including emotional and behavioral support, engaged support for learning, classroom organization, and instructional support for children ages birth to 5 years.). The differential payment may not exceed a total of 15 percent for each care level and unit of child care for a child care provider. Section 1002.82(2)(o), F.S.

<sup>16</sup> Section 1002.89(1)(c), F.S.

<sup>17</sup> Section 1002.89(1)(d), F.S.

<sup>18</sup> Section 1002.89(3), F.S.

<sup>19</sup> Section 1002.89(4), F.S.

Non-direct services include:<sup>20</sup>

- Administrative costs as described in 45 C.F.R. s. 98.54.
- Activities to improve the quality of child care as described in 45 C.F.R. s. 98.53, limited to the following:
  - Developing, establishing, expanding, operating, and coordinating resource and referral programs.
  - Awarding grants and providing financial support to school readiness program providers and their staff to assist them in meeting applicable state requirements for the program assessment, child care performance standards, implementing developmentally appropriate curricula and related classroom resources that support curricula, providing literacy supports, and providing continued professional development and training.
  - Providing training, technical assistance, and financial support to school readiness program providers, staff, and parents on standards, child screenings, child assessments, child development research and best practices, developmentally appropriate curricula, character development, teacher-child interactions, age-appropriate discipline practices, health and safety, nutrition, first aid, cardiopulmonary resuscitation, the recognition of communicable diseases, and child abuse detection, prevention, and reporting.
  - Providing adequate funding for infants and toddlers as necessary to meet federal requirements related to expenditures for quality activities for infant and toddler care.
  - Improving the monitoring of compliance with, and enforcement of, applicable state and local requirements as described in and limited by 45 C.F.R. s. 98.40.
  - Responding to Warm-Line requests by providers and parents, including providing developmental and health screenings to school readiness program children.<sup>21</sup>

Florida statutes limit the use of funds appropriated for the SR program by prohibiting expenditures for the following:<sup>22</sup>

- Purchase or improvement of land.
- Purchase, construction, or permanent improvement of any building or facility.
- Purchase of buses.

However, funds may be used for minor remodeling and upgrading of child care facilities which is necessary for the administration of the program and to ensure that providers meet state and local child care standards, including applicable health and safety requirements.<sup>23</sup>

Annually, the principals of the Early Learning Programs Estimating Conference, established in statute,<sup>24</sup> must develop official cost-of-care information based on actual school readiness direct services program expenditures and information provided in the market rates schedule that is required in statute.<sup>25</sup> Conference principals are required to agree on the cost of child care by care level and provider type, the provider type weights, and the methods of computation. The DOE is required to provide the conference principals with all requested and necessary data to develop the

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<sup>20</sup> Section 1002.89(4), F.S.

<sup>21</sup> *Id.*

<sup>22</sup> Section 1002.89(5), F.S.

<sup>23</sup> *Id.*

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

<sup>25</sup> Section 1002.895, F.S.

cost-of-care information. The Early Learning Programs Estimating Conference is required to provide the official cost-of-care information to the Legislature at least 90 days before the scheduled annual legislative session.<sup>26</sup> However the most recent information from the Early Learning Programs Estimating Conference is from 2004<sup>27</sup> and the cost-of-care calculation has yet to be implemented, so ELCs have continued to reimburse SR providers at established rates.

### ***Early Learning Coalition Plans***

The DOE is required to adopt rules regarding the content and format for the ELC SR program plans that are required to be submitted to the DOE biennially for approval prior to expenditure of funds. Each ELC plan is required to include, but is not limited to, the following:<sup>28</sup>

- The ELC's operations.
- The ELC's procedures for implementing program requirements.
- A detailed description of the ELC's quality activities and services.
- A detailed budget.
- A detailed accounting of all revenues and expenditures during the previous state fiscal year.
- Updated policies and procedures.
- A description of the procedures for monitoring school readiness program providers.
- Documentation that the ELC has solicited and considered comments regarding the proposed school readiness program plan from the local community.
- An assessment of local priorities within the county or multicounty region based on the needs of families and provider capacity using available community data.

The DOE is required to collect and report data on ELC delivery of early learning programs. Elements are required to include, but are not limited to, the following:

- Measures related to progress towards reducing the number of children on the waiting list.
- The percentage of children served by the program as compared to the number of administrative staff and overhead.
- The percentage of children served compared to total number of children under the age of 5 years below 150 percent of the federal poverty level.
- Provider payment processes.
- Fraud intervention.
- Child attendance and stability.
- Use of child care resource and referral (CCR&R).
- Kindergarten readiness outcomes for children in the Voluntary Prekindergarten Education Program (VPK) or the SR program upon entry into kindergarten.

The DOE is required to solicit input from the ELCs and SR program providers before finalizing the format and data to be used. Implementation of the report began in 2014 and is required to be included in the DOE's annual report.<sup>29</sup>

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<sup>26</sup> Section 1002.895, F.S.

<sup>27</sup> EDR, *Early Learning Programs Estimating Conference, School Readiness, Nov. 8, 2004, available at <http://edr.state.fl.us/Content/conferences/schoolreadiness/index.cfm>*

<sup>28</sup> Section 1002.85(1) and (2), F.S.

<sup>29</sup> Section 1002.82(7), F.S.

### **III. Effect of Proposed Changes:**

#### **School Readiness Definitions**

The bill modifies s. 1002.81, F.S., to change the definition of “economically disadvantaged” by deleting the threshold for family income that “does not exceed 150 percent the federal poverty level” and replacing the threshold with “does not exceed 55 percent of the state median income.”

#### **School Readiness Funding**

The bill modifies SR program parent copayments, allocation and distribution of funds, and provider reimbursements.

#### ***Parent Copayments***

The bill modifies s. 1002.84(9), F.S., to, instead of an authorization in law for the early learning coalition (ELC) to establish a sliding fee scale, require the ELC to implement a specified sliding fee schedule for parent copayments for children served in the SR program (fulltime) at the time of eligibility determination and at the annual redetermination. The schedule increases, regardless of the number of children, based on the state median income (SMI) as follows:

- Income at or below 60 percent of SMI, the copayment is 7 percent of income.
- Income above 60 percent but not more than 65 percent of SMI, the copayment is 9 percent of income.
- Income above 65 percent but not more than 75 percent of SMI, the copayment is 11 percent of income.
- Income above 75 percent but not more than 80 percent of SMI, the copayment is 13 percent of income.
- Income above 80 percent but not more than 85 percent of SMI, the copayment is 15 percent of income.

The copayment for a parent whose child is receiving part-time care in the SR program is 50 percent of the amount calculated in the schedule for fulltime care.

The effect of these changes is not clear. Income under the federal poverty level is calculated based on family size, while in the bill the SMI is calculated for an individual income regardless of family size. Also, it is not clear what affect this would have on individual families since there are many circumstances authorized in law that allow an ELC to waive the parent copayments.

#### ***Calculation and Distribution of School Readiness Funding***

The bill modifies s. 1002.84(17), F.S., to require that SR funds be distributed to eligible SR providers using the cost of care or reimbursement rates developed in accordance with s. 1002.90, F.S. The bill removes language which provided the methodology for distribution that included the following:

- Multiplying the costs of care by care level with the county’s comparable wage factor provided in s. 1011.62(2), F.S.
- Multiplying the provider reimbursement rates by the adjustment factor in the general appropriations act in certain circumstances for lower child to staff ratios.

- Applying the weight established in s. 1002.90 for each provider by care level.
- Multiplying the weighted provider reimbursement rates by 22 percent to determine amount retained by ELCs.

The bill allows ELCs with higher reimbursement rates than those established in s. 1002.90, F.S., to continue to reimburse providers at those rates.

The bill modifies s. 1002.89, F.S. to change the criteria for the annual allocation for the SR programs if it is not determined in the General Appropriations Act. The bill requires, that the allocation is required to be determined using the following:

- The full-time equivalent program enrollment estimates for each care level.
- The approved cost of care or provider rates developed in accordance with s. 1002.90, F.S.
- The total SR population adopted by the Early Learning Programs Estimating Conference.
- The allowable coalition administrative and indirect costs.

The bill also removes a requirement that all allocations be used by the DOE to help meet federal targeted requirements for improving quality to the extent allowable in the state's approved Child Care and Development Fund plan for the allocations for the Gold Seal Quality Care Program, the Differential Payment Program, and the Special Needs Differential.

The bill modifies s. 1002.90, F.S., to allow the principals of the Early Learning Programs Estimating Conference to develop provider reimbursement rates in addition to or instead of official cost-of-care information. The bill also removes language that required the same conference to provide official cost-of-care information to the legislature at least 90 prior to the annual legislative session.

#### **Early Learning Coalition Plans**

The bill modifies s. 1002.85, F.S., regarding ELC plans and the data the DOE will collect in reference to children of families whose income is below 55 percent of the state median income rather than below 150 percent of the federal poverty level, and updates the reporting year to July 1, 2025.

The bill takes effect on July 1, 2024.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

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

None.

##### **C. Trust Funds Restrictions:**

None.



D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 1002.81, 1002.84, 1002.85, 1002.89, and 1002.90.

**IX. Additional Information:**

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.