SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Date: February 19, 1998   Revised: 02/19/98

Subject: Early Education and Child Care Trust Fund

	Analyst	Staff Director	Reference	Action
1.	Crosby	Whiddon	CF	Fav/3 Amendments
2.			ED	
3.			WM	
4.				
5.				

I. Summary:

This bill creates the Early Education and Child Care Trust Fund within the Department of Children and Family Services and provides that all state funds budgeted to a county for programs specified in s. 402.265(1)(d), F.S., as well as all federal and local matching funds, be transferred to the trust fund. Pursuant to constitutional and statutory provisions, this bill provides for future review and termination or the re-creation of the trust fund. This act shall take effect on July 1, 1998, if Senate Bill 182 or similar legislation is adopted in the same legislative session.

This bill creates a new section within the Florida Statutes.

II. Present Situation:

Currently there are three major publicly funded early child care and education programs: the subsidized child care program, administered by the Department of Children and Families; the Pre-kindergarten program, administered by the Department of Education; and the Head Start program, administered through various local agencies by contract with the federal government. There is no early education and child care trust fund.

III. Effect of Proposed Changes:

Section 1 creates the Early Education and Child Care Trust Fund and states that it will be administered by the Department of Children and Family Services.

Section 2 states that the purpose of the trust fund is to ensure a seamless delivery system. Funding of the Early Education and Child Care Trust Fund shall include all funds -- state, as well as federal and local matching funds -- for programs specified at s. 402.265(1)(d), F.S., the early education

and child care act (created pursuant to SB 182). All funds transferred to and retained in the trust fund shall be invested pursuant to the Treasurer's statutory powers, and any interest accruing to the trust fund shall be for the benefit of the counties providing early education and child care programs. A provision is included whereby the undisbursed balance in the trust fund shall remain therein. Annually, the State Board of Governance shall distribute to the fiscal agent in each county the funds transferred into the trust fund for the benefit of that county. Any additional funds shall be distributed on an outcome performance basis; matching funds may be required. Rewards to those counties serving more children than were previously served shall be provided. Finally, there is a specific prohibition against using these funds for the construction of new facilities, transportation, or the purchase of buses.

Section 3 provides that the above-referenced section, regarding the trust fund, be included in s. 402.265, F.S., the early education and child care act (created pursuant to SB 182).

Consistent with provisions in the Florida Constitution, section 4 provides that, unless terminated earlier, the Early Education and Child Care Trust Fund shall terminate July 1, 2002.

This act shall take effect July 1, 1998, if SB 182 or similar legislation is adopted in the same session.

IV.   **Constitutional Issues:**

A.   Municipality/County Mandates Restrictions:

None. Pursuant to companion bill, SB 182, establishing the early education and child care program, implementation of such a program is at the option of each county. Once a county decides to implement a program, the county may be required to provide matching funds, and cooperative and integrated funding will be used to coordinate all publicly funded early education and child care programs, including prekindergarten, Head Start, and other services and programs.

B.   Public Records/Open Meetings Issues:

None.

C.   Trust Funds Restrictions:

Pursuant to the provisions of Section 19(f)(2), Article II, Florida Constitution, the trust fund shall be terminated on July 1, 2002 (unless terminated sooner). Prior to its scheduled termination, the trust fund shall be reviewed pursuant to s. 215.3206(1) and (2), F.S.

V.   Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI.   Technical Deficiencies:

None.

VII.   Related Issues:

The passage of this bill is contingent on the passage of SB 182 or similar legislation establishing the early education and child care program.

Regarding the funding source, the Department of Children and Families has expressed concern that there may be some Child Care and Development Trust Fund issues. It is projected, however, that maintaining the Department of Children and Family Services' eligibility criteria, continuing parental choice, and the clear predominance of federal requirements will alleviate these concerns. Secondly, there may be issues with the blending of lottery and Head Start (federal) funds. For example, in conversations with Head Start representatives, staff has been told that blending of funds cannot be achieved with the Head Start funding source. Regarding the blending of lottery funds, staff did request information on this potential problem from the Department of Education but the information is not forthcoming.

VIII.   Amendments:

#1 by Children, Families and Seniors:
Changes the trust fund administrator from the Department of Children and Family Services to the Executive Office of the Governor.

#2 by Children, Families and Seniors:
Changes the reference from HB 2131 to SB 182.

#3 by Children, Families and Seniors:
Changes the reference to the State Board of Governance to the School Readiness Coordinating
Council.