

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: March 24, 1998 Revised: 3/26/98 \_\_\_\_\_

Subject: Early Education and Child Care Trust Fund

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Crosby</u>	<u>Whiddon</u>	<u>CF</u>	<u>Fav/3 amendments</u>
2.	<u>Harkey</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable/CS</u>
3.	<u>Hardy</u>	<u>Smith</u>	<u>WM</u>	<u>Fav/1 amendment</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

**I. Summary:**

This bill creates the Early Education and Child Care Trust Fund within the Executive Office of the Governor and provides that funds budgeted for a county for the prekindergarten early intervention program, the subsidized child care program, and other state or locally funded education and care programs for preschool children may be transferred to the trust fund; state appropriated incentive funds may be placed in the trust fund as well. Pursuant to constitutional and statutory provisions, this bill provides for future review and termination or the re-creation of the trust fund.

The bill will take effect on July 1, 1998, if Senate Bill 182 or similar legislation is adopted in the same legislative session.

A three-fifths vote of the membership of each house of the Legislature is required for passage of this bill.

This bill creates section 402.265, 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 Executive Office of the Governor.

Section 2 states that the purpose of the trust fund is to ensure a seamless delivery system for publicly funded early education and child care programs in the state. Funding of the Early Education and Child Care Trust Fund may include funds budgeted for a county for the prekindergarten early intervention program, the subsidized child care program, and other state or locally funded programs for preschool children as well as state appropriated incentive funds.

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 School Readiness Coordinating Council, created in CS/SB 182, must distribute to the fiscal agent in each county the funds transferred into the trust fund for the benefit of that county. Any additional funds must 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 in CS/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.

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

None.

**C. Trust Funds Restrictions:**

Article III, s. 19 (f)(2), State Constitution, requires that a trust fund be created in a separate bill for that purpose only. This bill complies with that requirement.

Under the provisions of s. 19(f)(2), Art. III, State Constitution, a trust fund must be terminated no more than 4 years after the effective date of the act that creates the trust fund. 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:**

Senate Bill 2500 provides a specific appropriation of \$3,000,000 from the Educational Enhancement Trust Fund to be transferred to the Early Education and Child Care Trust Fund to provide incentives for school readiness coalitions, contingent upon the passage of enabling legislation.

**VI. Technical Deficiencies:**

The bill requires the School Readiness Coordinating Council to distribute funds to the fiscal agent in each participating county, but SB 182 requires the School Readiness Commission to approve coalition plans. Decisions regarding the allocation of funds should also rest with the commission.

The School Readiness Coordinating Council is authorized to provide rewards to counties that serve more children than the previous year. There are three problems with this provision:

1. There is no definition of reward; the word incentive, as defined for performance based budgeting, might be more appropriate.
2. Providing an incentive for serving more children than were served through previously existing programs likely would give the money to counties that previously only served the number of children they were required to serve and would not give incentives to counties that had already begun to stretch their funds to serve more children.

3. The commission, not the coordinating council, should provide the incentives.

The bill states that a county that decides to establish an early education and child care program may be required to provide matching funds. That provision in the bill is confusing because the matching funds would not be required of county government but of the county-wide coalition; this is likely because the subsidized child care program requires matching funds.

## **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.

## **VIII. Amendments:**

#1 by Ways and Means:

Strikes everything after the enacting clause and differs from CS/SB 180 in the following ways:

- Clarifies that a coalition, not a county government, is the recipient of the funds.
- Specifies that the School Readiness Commission, not the School Readiness Coordinating Council, distributes funds from the Early Education and Child Care Trust Fund..
- Replaces the word “reward” with the word “incentive” to be in keeping with performance based budgeting.
- Permits incentives for programs that serve more children than they were required to serve in the previous year and specifies that the requirement for increased service applies as long as there is not a decrease in funding levels.