

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.)

BILL: CS/SB 2092

SPONSOR: Committee on Children and Families and Senator Sebesta

SUBJECT: Child Care

DATE: April 17, 1999 REVISED: 04/21/99 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Crosby</u>	<u>Whiddon</u>	<u>CF</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>FR</u>	<u>W/D</u>
3.	<u>Peters</u>	<u>Hadi</u>	<u>FP</u>	<u>Fav/4 amendments</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The Committee Substitute for Senate Bill 2092 addresses child care quality improvements and does the following:

- ▶ Modifies the duties of state agencies which sponsor child care programs;
- ▶ Provides a sales tax exemption for educational materials purchased by child care facilities that qualify as Gold Seal Quality Care programs and provide health insurance to their employees.
- ▶ Defines the term “large family child care home,” provides for licensure and Gold Seal designation for such homes, and provides a maximum \$1000 fine for failure to comply with licensing requirements.
- ▶ Allows licensed Gold Seal certified child care providers to be reimbursed at the market rate for child care services for children who are eligible to receive subsidized child care.
- ▶ Expands subsidized child care from 150 percent to 200 percent of the federal poverty level for participants in the Child Care Executive Partnership Program.
- ▶ Directs the Department of Children and Family Services to establish health care coverage for certain subsidized child care providers through the state employees’ health insurance program.
- ▶ Establishes a framework for the observational and developmental assessment of young children.
- ▶ Establishes an Early Head Start Collaboration Grants program to assist in securing Head Start grants.
- ▶ Revises minimum training requirements for child care personnel and directors of child care facilities.
- ▶ Allows for the establishment of specialized child care facilities for the care of mildly ill children.
- ▶ Creates a statewide toll-free line to provide consultation to child care centers and family day care homes.
- ▶ Requires additional training for large family child care home operators.

This bill substantially amends the following sections of the Florida Statutes: 110.151, 212.08, 402.281, 402.3015, 402.3016, 402.3017, 402.302, 402.3027, 402.305, 402.3051, 402.3055, 402.3108, 402.313, 402.3131, 943.0585, 943.059.

II. Present Situation:

Participation in an early childhood education program can provide preschoolers with skills and enrichment which can increase their chances of success in school. Studies have demonstrated that participation in high-quality, early childhood education programs has short-term positive effects on IQ and achievement and long-term positive effects on low-income minority children's school completion.

Currently, there are three major publicly funded early child care and education programs for young children: the subsidized child care program, administered by the Department of Children and Family Services; the Prekindergarten Early Intervention Program, administered by the Department of Education; and the Head Start program, administered through various local agencies by contract with the federal government.

Subsidized Child Care

Florida has operated a state and federally funded subsidized child care program for approximately 20 years. The purpose of the current subsidized child care program, administered by the Department of Children and Family Services (department), as described in s. 402.3015, F.S., is "to provide quality child care to enhance the development, including language, cognitive, motor, social, and self-help skills of children who are at risk of abuse or neglect and children of low-income families." The goal is to promote financial self-sufficiency and life skills for the families of these children. The department subsidizes the cost of child care services for children under the age of 13 who are:

- Determined to be at risk of abuse and neglect and who are current clients of the department;
- At risk of welfare dependency (e.g., welfare clients, migrants, teen parents and working families whose family income is less than 100 percent of the federal poverty level; and
- Members of working families whose family income is between 100 and 150 percent of the federal poverty level.

Fueled by Florida's welfare reform efforts, subsidized child care enrollments are on the rise, up from 69,185 for June 1996 to 111,150 for July 1998. Children of families participating in Florida's Work and Gain Economic Self-Sufficiency (WAGES) program make up the largest proportion of the subsidized child care enrollments with the state meeting 100 percent of the need for these families. The program's budget for fiscal year 1998/99 is \$436,337,719.

The Department of Children and Family Services licenses child care facilities and family day care homes. It also maintains a registry of family day care homes that are not subject to licensure. As of July 1998, the department licensed 6,052 child care facilities and 4,771 family day care homes. It has registered 3,581 family day care homes. Counties may assume licensing and inspection authority if a county's locally adopted licensing standards meet or exceed state standards.

Greater emphasis on accountability has placed demands on early childhood programs to assess the progress of children. The benefits of accountability are almost universally accepted. Florida's statutes require outcome performance measures approved by the Legislature. The performance-based measure approved for child care programs requires that 80 percent of children leaving subsidized child care programs for kindergarten be ready for school.

The emerging professional consensus regarding the screening and assessment of children to determine readiness is still fluid. In addition, the use of the screening and assessment information also requires careful consideration to take advantage of the data it produces and to avoid misuse. The trend is to reshape child care so that it is a quality readiness experience, thus making child care arrangements look even more often like education programs but without the funding of schools and the resources that come with that funding.

Family Day Care Homes

Defined at s. 402.302, F.S., 1998 Supp., a "family day care home" means an occupied residence in which child care is regularly provided for children from at least two unrelated families and which receives a payment, fee, or grant for any of the children receiving care, whether or not operated for profit. A family day care home shall be allowed to provide care for one of the following groups of children, which shall include those children under 13 years of age who are related to the caregiver:

- A maximum of four children from birth to 12 months of age.
- A maximum of three children from birth to 12 months of age, and other children, for a maximum total of six children.
- A maximum of six preschool children if all are older than 12 months of age.
- A maximum of 10 children if no more than five are preschool age and no more than two are under 12 months of age.

Gold Seal Quality Care Program

Section 402.281, F.S., the Gold Seal Quality Care program, states that the department shall develop a three-tiered quality rating system for subsidized child care providers, with the highest quality rating given to qualified child care providers who receive the Gold Seal Quality Care designation pursuant to this section. Child care facilities or family day care homes which are accredited by a nationally recognized accrediting association whose standards substantially meet or exceed the National Association for the Education of Young Children, the National Association of Family Child Care, and the National Early Childhood Program Accreditation Commission shall receive a separate "Gold Seal Quality Care" designation to operate as a gold seal child care facility or family day care home. In developing the Gold Seal Quality Care program standards, the department shall consult with the Department of Education, the Florida Head Start Directors Association, the Florida Association of Child Care Management, the Florida Family Day Care Association, the Florida Children's Forum, the State Coordinating Council for Early Childhood Services, the Early Childhood Association of Florida, the National Association for

Child Development Education, specified providers, and parents for the purpose of approving the accrediting associations.

Child Care for Mildly Ill Children

Statutory Provisions:

Section 402.305, F.S., 1998 Supp., consists of 18 subsections, all dealing with licensing and other standards for child care facilities. There is currently no statutory authority for either the Department of Health or the Department of Children and Family Services to develop standards for facilities for mildly ill children.

Provisions in Rule:

Rule 65C-22.004, F.A.C., provides standards for 'health related requirements.' These standards address not only health related requirements for employees and personnel but also children.

Rule 65C-22.004(2), F.A.C., addresses communicable disease control in facilities. Any child, child care personnel, or other person in the facility who is suspected of having a communicable disease shall be removed from the facility or placed in an isolation area until said person is removed. Symptoms of suspected communicable diseases are listed. Each facility should have a designated isolation area for a child who becomes ill at the facility. Operators are required to notify the local county health department immediately upon any suspected outbreak of communicable disease.

Rule 65C-22.004(3), F.A.C., addresses first aid and cardiopulmonary resuscitation and emergency procedures. Each child care facility must have at least one staff member with a valid certificate of course completion for first aid training and infant and child cardiopulmonary resuscitation procedures. At least one first aid kit containing materials designated in this rule must be maintained on the premises of all child care facilities at all times.

Rule 65C-22.004(4), F.A.C., lists rules applicable if a child care facility chooses to administer medicine.

Many facilities set their own standards for refusing to care for a mildly ill child. These standards must meet the minimum outlined above.

Agency Sponsored Child Care Programs

Section 110.151, F.S., relevant to state officers' and employees' child care services, provides that the Department of Management Services shall approve, administer, and coordinate child care services for the children of state officers and employees. Such duties are enumerated. This section provides that child care programs may be located in state-owned office buildings, educational facilities and institutions, custodial facilities and institutions, and in buildings or spaces used for legislative activities. In addition, centers may be located in privately owned buildings conveniently located to the place of employment of those officers and employees to be served by the centers. If a child care program is located in a state-owned office building, educational facility or institution, custodial facility or institution, or in a privately owned building leased by the state, a portion of the service provider's rental fees for child care space may be waived by the sponsoring agency in accordance with the rules of the Department of Management Services. The sponsoring state

agency may be responsible for the maintenance, utilities, and other operating costs associated with the physical facility of the child care center. The provider of proposed child care services is selected by competitive contract.

Local Zoning Regulations for Family Day Care Homes

Section 125.0109, F.S., relating to county government, and s. 166.0445, F.S., relating to municipalities, provide that the operation of a residence as a family day care home, as defined by law, registered or licensed with the Department of Children and Family Services is a valid residential use for purposes of any local zoning regulations; no such regulation shall require the owner or operator of a family day care home to obtain any special exemption or use permit or waiver, or to pay any special fee in excess of \$50 to operate in an area zoned for residential use.

Child Care Executive Partnership Act

The “Child Care Executive Partnership Act” is established at s. 409.178, F.S., to utilize state and federal funds as incentives for matching local funds derived from local governments, employers, charitable foundations, and other sources, so that Florida communities may create local flexible partnerships with employers. The Child Care Executive Partnership Program funds are used at the discretion of local communities to meet the needs of working parents. A child care purchasing pool is developed with the state, federal, and local funds to provide subsidies to low-income working parents who are eligible for subsidized child care with a dollar-for-dollar match from employers, local government, and other contributions.

The Legislature annually determines the amount of state or federal child care money which shall be used to create Child Care Executive Partnership Program child care purchasing pools in counties chosen by the Child Care Executive Partnership, provided that at least two of the counties have populations of no more than 300,000. The Legislature shall annually review the effectiveness of the child care purchasing pool program and reevaluate the percentage of additional state or federal funds, if any, that can be used for the program’s expansion. The department, in conjunction with the Child Care Executive Partnership, shall develop procedures for disbursement of funds through the child care purchasing pools.

In order to be considered for funding, the community coordinated child care agency or the statewide resource and referral agency must commit to match the state purchasing pool funds on a dollar-for-dollar basis and expend only those public funds which are matched by employers, local government, and other contributors who contribute to the purchasing pool. Parents shall also pay a fee, which is not less than the amount identified in the department’s subsidized child care sliding fee scale.

Early Brain Development

The key findings of the current brain research can be summarized in the following points (Rethinking the Brain, Families and Work Institute, 1997) :

- Human development hinges on the interplay between nature and nurture. Neuroscientists have found that throughout the entire process of development, beginning before birth, the

brain is affected by environmental factors such as nutrition, care, surroundings, and the amount of stimulation that an individual receives.

- Early care has a decisive and long-lasting impact on how people develop, their ability to learn, and their capacity to regulate their own emotions. Neuroscientists have found that a strong, consistent, secure attachment to a nurturing caregiver can have a protective biological function that assists a child in coping with their ordinary stress.
- The human brain has a remarkable capacity to change, but timing is crucial. While learning continues throughout a lifetime, there are optimal periods during which the brain is particularly efficient at specific types of learning.
- There are times when negative experiences or the absence of appropriate stimulation are more likely to have serious and sustained effects. Conditions that prevent a baby from making a secure attachment with a caregiver, prevent healthy stimulation of the child, expose a child to harmful substances, or introduce unusual stress are likely to impair the cognitive and social development of the child.

State Employees' Health Care Insurance Benefits

The state employees' health care insurance benefits are available for active state employees, retirees, dependents of active employees or retirees, survivors, and COBRA eligibles. The program is offered under s. 110.123, F.S., 1998 Supp., and Section 125 of the Internal Revenue Code (IC), which may have provisions governing the addition of non-employee/retiree beneficiaries to the program. The state employees' health care insurance is administered by the Division of State Group Insurance.

Sales Tax

For-profit child care centers, as with any other for-profit business, must pay sales tax.

III. Effect of Proposed Changes:

Section 1 amends s. 110.151, F.S., to modify the duties of state agencies which sponsor child care programs. Hereafter, the sponsoring agency may be responsible for the maintenance, utilities, and other operating costs associated with all aspects of the child care center.

Section 2 amends s. 212.08, F.S., 1998 Supp., to exempt from payment of sales tax on educational materials those child care facilities that qualify as Gold Seal Quality Care programs and provide health insurance to employees.

Section 3 amends s. 402.26, F.S., to state that it is the intent of the legislature that a licensed or exempt child care facility meeting the licensing standards articulated at s. 402.305, F.S., and the Gold Seal Quality Care program standards at s. 402.281, F.S., be considered an educational institution. Since this designation could result in a property tax exemption for these institutions, language is added to clarify that Gold Seal centers are not exempt from property taxes. However, the governing body of any county may choose to offer the property tax exemption. Contingent

upon specific appropriations for this purpose, facilities that are considered educational institutions, but that do not receive a property tax exemption, may apply for a rebate from the department of the amount of tax paid.

Section 4 amends s. 402.281, F.S., to allow large family child care homes (defined and discussed at section 7 of this bill) to participate in the Gold Seal Program certification.

Section 5 amends s. 402.3015, F.S., to expand participant eligibility for subsidized child care to 200 percent of the federal poverty level for families enrolled in the Child Care Executive Partnership Program.

Section 6 creates s. 402.3016, F.S., to establish, contingent upon specific appropriations, an Early Head Start Collaboration Grants program to assist local agencies in securing programs by providing required matching funds. Public and private nonprofit agencies providing Early Head Start programs and applying for collaborative grants must ensure quality performance by meeting the requirements in the Head Start program performance standards and other applicable rules and regulations; ensure collaboration with other service providers at the local level; and ensure that a comprehensive array of health, nutritional, and other services are provided to the program's pregnant women and very young children, and their families.

The department shall report to the Legislature on an annual basis the number of agencies receiving Early Head Start collaboration grants and the number of children served. The department may adopt rules as necessary for the award of collaboration grants to competing agencies and the administration of the collaboration grants program.

Section 7 creates s. 402.3017, F.S., which authorizes the department to establish a health care insurance buy-in option through the state employees' health insurance program. This is intended for center-based, subsidized child care providers who provide child care services paid for in whole or in part by the department, who meet the eligibility requirements of this section, and who hold a Gold Seal Quality Care designation.

A center-based provider is eligible to participate if the provider is licensed as a child day care provider or is exempt from licensure under the law; demonstrates that it meets the minimum subsidized child care participation rates; elects to exercise this health care buy-in coverage option on behalf of its employees; and makes timely payment of the provider's share of the premium.

Effective January 1, 2000:

- If at least 50 percent of the licensed capacity of the provider are children in the subsidized child care program, the center-based child care provider pays 50 percent of the monthly premiums.
- If at least 40 percent of the licensed capacity of the provider are children in the subsidized child care program, the center-based child care provider pay 60 percent of the monthly premiums.

- If at least 30 percent of the licensed capacity of the provider are children in the subsidized child care program, the center-based child care provider pays 70 percent of the monthly premiums.

The department is given specific authorization to promulgate rules and regulations which affect the intent and further define the terms and provisions of this section.

Section 8 amends s. 402.302, F.S., 1998 Supp., to define the term “large family child care home.” This means an occupied residence in which child care is regularly provided for children from at least two unrelated families, which receives a payment, fee, or grant for any of the children receiving care, whether or not operated for profit, and which has at least two full-time child care personnel on the premises during the hours of operation. One of the two full-time child care personnel must be the owner or occupant of the residence. A large family child care home must first operate as a licensed family child care home for a minimum of 2 consecutive years, with an operator who has a child development associate credential or equivalent for 1 year, before seeking such licensure. A large family child care home shall be allowed to provide care for one of the following groups of children, which shall include those children under 12 years of age who are related to the caregiver:

- ▶ A maximum of 8 children from birth to 24 months of age.
- ▶ A maximum of 12 children, with no more than 4 under the age of 24 months.

Section 9 creates s. 402.3027, F.S., to establish a system for the behavioral, observational, and developmental assessment of young children in subsidized child care, to assist in determining appropriate developmental age level, the need for formal developmental assessment, or the need to make referrals for necessary early intervention programs and specialized services.

The following terms are defined as follows:

“Developmental assessment test” - a standardized assessment test designed to identify normal child development or developmental delays.

“Developmental milestones” - behaviors that a child should be exhibiting by a certain age in the cognitive, physical/psychomotor, and social domains.

“Developmental observation checklist” - a behavioral observation instrument used to identify developmental milestones.

“Diagnostic assessments test” - a test designed to identify children with specific special needs, determine the nature of the problem, suggest the cause of the problem, and propose remediation strategies.

“School readiness tests” - tests designed to assess a child’s level of preparedness for an academic program.

In the development of a system for the behavioral observation and developmental assessment of young children in subsidized child care, the department shall adhere to the following principles:

- Informed consent of the child's parent shall be secured prior to all Level II and Level III assessments.
- All standardized tests used in early childhood programs must be reliable and valid according to the technical standards of test development.
- It is the responsibility of the program operator and child care staff to be knowledgeable regarding child development and the use of behavioral observation instruments.
- Standardized assessment tests and diagnostic assessments tests shall only be administered by professional and trained staff.
- Testing of young children must be conducted by individuals who are knowledgeable about and sensitive to the developmental needs of young children and are qualified to administer tests.
- Parents shall be full partners in the assessment process and parent training shall be made available.

The department shall implement the following assessment procedures for all children in a subsidized child care arrangement:

Level I assessment. The purpose of Level I assessment is to identify and monitor normal development or possible developmental delay. All children in care who are between 1 and 4 years of age, inclusive, shall be screened every 6 months using a department-approved developmental observation checklist. The results indicated by the checklist shall be reviewed by the facility's child development associate or by the community child care coordinating agency. The department shall establish procedures to provide feedback to parents regarding observed development and activities, including parent training, to enhance the child's cognitive, psychomotor, and social skills.

Level II assessment. The purpose of Level II assessment is to determine whether a delay identified in a Level I assessment can be addressed by the child care facility or family day care home or whether a special service or further assessment is needed. Level II assessment shall be conducted by trained professional staff. The department shall establish procedures to develop individualized learning plans for implementation by the primary caregiver; adopt and offer a program of intensive language or math activities provided by visiting specialist; and adopt and offer a program of parent training and home visits.

Level III assessment. When indicated by a Level II assessment, the department shall establish procedures to refer a child to Level III assessment providers such as Florida Diagnostic and Learning Resource Services, Medicaid/Early Periodic Screening, Diagnosis, and Testing (EPSDT), Children's Medical Services, and other health services, to determine eligibility for an early intervention program.

Section 10 amends s. 402.305, F.S., 1998 Supp., regarding minimum standards for child care personnel, to increase training requirements for child care personnel from 30 to 40 hours and to

add additional child developmental and observational skill requirements. By January 1, 2000, a credential for child care facility directors is required; by January 2003, the credential will be a required minimum standard for licensure.

This section is also amended to require the department, in conjunction with the Department of Health, to develop minimum standards for child care facilities that exclusively serve children who are mildly ill. These minimum standards must address personnel requirements, staff to child ratios, staff training, health and safety issues, physical facility specifications, client eligibility, sanitation and safety issues, admission and record-keeping procedures, dispensing of medication, and a schedule of activities. The department shall provide a definition for the term “mildly ill children.”

Section 11 amends s. 402.3051, F.S., to allow licensed, exempt or registered Gold Seal child care providers to be reimbursed at the market rate for child care services for children who are eligible to receive subsidized child care. Current reimbursement is at 20 percent above the subsidized care reimbursement rate, but will not exceed the rate that the private pay clients pay.

Section 12 amends s. 402.3055, F.S., to make technical and conforming changes.

Section 13 creates s. 402.3018, F.S., relevant to consultation to child care centers and family day care homes regarding health, developmental, disability, and special needs issues. Contingent upon specific appropriations, the department is directed to contract with the statewide resource information and referral agency for a statewide toll-free Warm-Line for the purpose of providing assistance and consultation to child care centers and family day care homes regarding health, developmental, disability, and other special needs issues of the children they are serving.

The purpose of the Warm-Line is to provide advice to child care personnel concerning strategies, curriculum, and environmental adaptations which will allow a child to derive maximum benefit from the child care experience. The department shall inform child care centers and family day care homes of the availability of this service on an annual basis.

Contingent upon specific appropriations, the department shall expand or contract for the expansion of the Warm-Line from one statewide site to one Warm-Line site in each child care resource and referral agency region. Each regional Warm-Line shall provide assistance and consultation to child care centers and family day care homes regarding health, developmental, disability, and special needs issues of the children they are serving. Regional Warm-Line staff shall provide onsite technical assistance, when requested, to assist child care centers and family day care homes with inquiries relative to the strategies, curriculum, and environmental adaptations the child care centers and family day care homes may need as they serve children with disabilities and other special needs.

Section 14 amends s. 402.313, F.S., to increase training requirements for family day care homes from a 3-hour to a 30-hour training course that must include:

- ▶ State and local rules and regulations which govern child care.
- ▶ Health, safety, and nutrition.
- ▶ Identifying and reporting child abuse and neglect.

- ▶ Child development, including typical and atypical language, cognitive, motor, social, and self-help skills development.
- ▶ Observation of developmental behaviors, including using a check list or other similar observation tools and techniques to determine a child's developmental level.
- ▶ Specialized areas, as determined by the department, for owner-operators of family day care homes.

Family day care homes that are licensed or registered on June 30, 1999 must meet the new requirement by June 30, 2001. Family day care homes that initially license or register from July 1, 1999 to September 30, 1999 must meet the new requirement by October 1, 1999. Family day care homes that initially license or register on or after October 1, 1999 must meet the new requirement before they become operational.

Section 15 creates s. 402.3131, F.S., to establish licensing standards for large family child care homes and provides a maximum \$1000 fine for failure to comply with licensing requirements.

A licensed family child care home must first operate for a minimum of two consecutive years, with an operator who has a child development associate credential or equivalent for one year, before seeking licensure as a large family child care home. The department may provide technical assistance to counties and family child care home providers to enable the counties and providers to achieve compliance with minimum standards for large family child care homes.

Child care personnel in large family child care homes shall be subject to screening. For purposes of screening child care personnel in large family child care homes, the term "child care personnel" includes any member of a large family child care home operator's family 12 years of age or older, or any person 12 years of age or older residing with the operator in the large family child care home. Members of the operator's family, or persons residing with the operator, who are between the ages of 12 years and 18 years, inclusive, shall not be required to be fingerprinted, but shall be screened for delinquency records.

Operators of large family child care homes shall take an approved 40-clock-hour introductory course in group child care. The department shall prepare a brochure on large family child care homes for distribution to the general public.

The department shall, by rule, establish minimum standards for large family child care homes. The standards shall include, at a minimum, requirements for staffing, maintenance of immunization records, minimum health and safety standards, minimum square footage, and enforcement of standards. Prior to licensure, large family child care homes must be approved by the state or local fire marshal in accordance with standards established for child care facilities.

Sections 16 and 17 amend ss. 943.0585 and 943.059, F.S., 1998 Supp., respectfully, for the purpose of making technical and conforming changes.

Section 18 provides an effective date of July 1, 1999.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

Certain Gold Seal Quality child care centers would be considered educational institutions under this bill, as filed, and under this committee substitute. CS/SB 2092 adds language to clarify that Gold Seal centers are not exempt from property taxes. The governing body of any county may choose to offer this exemption. Contingent upon specific appropriations for this purpose, facilities that are considered educational institutions, but that do not receive a property tax exemption, may apply for a rebate from the department of the amount of tax paid.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

This bill proposes a sales tax exemption for Gold Seal centers that provide health insurance for employees. The Department of Children and Family Services estimates the recurring tax savings to providers is \$80,000.

Certain Gold Seal Quality child care centers would be considered educational institutions under this bill, as filed, and under this committee substitute. CS/SB 2092 adds language to clarify that Gold Seal centers are not exempt from property taxes. The governing body of any county may choose to offer this exemption. Contingent upon specific appropriations for this purpose, facilities that are considered educational institutions, but that do not receive a property tax exemption, may apply for a rebate from the department of the amount of tax paid.

B. Private Sector Impact:

Employers who choose to provide health insurance to their employees will qualify for tax incentives, will be excepted from the payment of sales tax on educational materials, and will have to pay for the health insurance for employees. Staff turnover and the cost of training new staff could be reduced if an employer provides health insurance to child care staff.

The increased eligibility from 150 percent to 200 percent of the federal poverty level for children of working families enrolled in the Child Care Executive Partnership program is an effort to entice businesses to participate in this program.

C. Government Sector Impact:

The Department of Children and Family Services reports the following fiscal impact associated with this bill:

Nonrecurring credential for child care directors	\$250,000
Developmental observation checklist and assessment	\$260,000
Head Start collaboration grants	\$250,000
State employees health care insurance benefits (based upon providers paying a certain percentage)	\$1,377,025*

* This cost estimate is developed by the Division of State Group Insurance and will vary from year to year depending upon participation. By the year 2009, the annual cost is projected at \$14,790,428.

On the issue of child care quality, SB 2500, the General Appropriations bill, contains \$5.8 million to improve the quality of child care in communities and proviso language authorizing the 20 percent payment above the subsidized care reimbursement rate, not to exceed the private pay rate. The budget conference agreement also provides an increase of \$32 million in subsidized child care funds. Some of these funds may be set aside for quality enhancements and could be used to fund the developmental observation checklist and assessment. The Head Start collaboration grants are contingent upon a specific appropriation.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Zoning issues must be considered with regard to the newly created large family child care homes. Current law, at s. 125.0109, F.S., relating to county government, and s. 166.0445, F.S., relating to municipalities, does provide that operation of a properly registered or licensed family day care home constitutes a valid residential use for purposes of any local zoning regulations. At issue is whether these sections should be amended to permit the large family child care homes to operate in a residential neighborhood. A related issue is the fact that a zoning exception will be largely irrelevant if deed restrictions or covenants running with the land do not allow such use of the homeowner's property.

This bill is complimentary to other bills relevant to the current school readiness initiatives.

The increased eligibility from 150 percent to 200 percent of the federal poverty level for children of working families enrolled in the Child Care Partnership program should entice businesses to participate in this program. The Department of Children and Family Services recommends an additional \$4 million be appropriated to the Partnership program to be matched on a dollar for dollar cash basis. On the issue of child care quality, Senate Bill 2500, the General Appropriations bill, contains \$4 million to the Partnership program to be matched on a dollar for dollar cash basis.

VIII. Amendments:

#1 by Fiscal Policy Committee:

Amends s. 196.012, F.S., to include in the definition of “expansion of an existing business,” any licensed child care facility pursuant to s. 402.305, F.S., or a child care facility exempt from licensing pursuant to s. 402.316, F.S., that achieves Gold Seal Quality status located in an enterprise zone.

#2 by Fiscal Policy Committee:

Removes language that stated that a licensed or exempt child care facility is not entitled to an exemption from property tax and removes the provision for property tax rebate contingent upon an appropriation.

#3 by Fiscal Policy Committee

Removes Section 7 of the bill that directed the department to establish a health care buy-in option through the state employees health insurance program for center-based subsidized child care providers who hold a Gold Seal Quality Care designation and provide child care services paid for by the department. This removes the \$1,377,025 million fiscal impact.

#4 by Fiscal Policy Committee

Adds a new section that requires the Department of Insurance to conduct a study on how to make affordable health insurance available to staff of child care providers and report to the Legislature by January 31, 2000.