The Florida Senate

Interim Project Report 2000-42 *September 1999*

Committee on Fiscal Policy Senator Roberto Casas, Chairman

DEVELOP STRATEGY FOR INTEGRATING SCHOOL READINESS FUNDING STREAMS

SUMMARY

The School Readiness Act, passed during the 1999 legislative session, creates a process for the establishment of local coalitions and specifies that each coalition have available to it funding from all the coalition's early education and child care programs that are funded with state, federal, lottery, or local funds.
The act also creates the Florida Partnership for School Readiness and directs the partnership to present to the Legislature by February 15, 2000, recommendations for combining funding streams for school readiness programs into a School Readiness Trust Fund.

In total, over $867.3 million is expected to be expended for school readiness programs in Florida during FY 1999-2000. This total includes local and federal funds. For FY 1999-2000, funds have been appropriated in the Departments of Education (DOE), Health (DOH), and Children and Families (DCF), as well in the Executive Office of the Governor (EOG) for school readiness. In addition, $24.2 million is being received and expended by DOE without going through the appropriations process, through the Department's Projects, Contracts and Grants budget entity; the majority of these funds go directly to the districts. Federal Head Start funds flow directly from the federal government to local providers. They are not part of the state's appropriations process. Local funds are also not a part of the appropriations process.

Recommendations for integrating school readiness funding streams include appropriating flow-through funds for readiness programs which are now in DOE's Projects, Contracts, and Grants budget, to have a more complete picture of readiness funds available; creating a School Readiness Trust Fund to be administered by the Partnership; and consideration by the coalitions for administering the local Head Start programs to ensure coordination with other programs.

BACKGROUND

The 1999 Legislature passed the School Readiness Act, Chapter 99-357, L.O.F., to better prepare children for success in school. The Florida Partnership for School Readiness, which was assigned to the Executive Office of the Governor, was given the responsibility of adopting and maintaining coordinated programmatic, administrative, and fiscal policies and standards for all school readiness programs. The Partnership must have its first meeting by October 1, 1999.

The act also creates local coalitions, which

> *...must implement a comprehensive program of readiness services that enhance the cognitive, social, and physical development of children to achieve the performance standards and outcome measures specified by the partnership.*

Each coalition is to have available to it funding from all early education and child care programs that are funded with state, federal, lottery, or local funds. Each coalition and its plan must be approved by the Partnership.

The act also mentions the School Readiness Trust Fund, directing the Partnership to present to the Legislature by February 1, 2000, a plan for combining funding streams for school readiness programs into the trust fund. During the 1999 Legislative Session, the Senate passed SB 1014, creating the School Readiness Trust Fund, to be administered by the Governor's Office; however, that bill died in the House.

This report presents the various statewide readiness programs, focusing on the constraints associated with their funding streams.

METHODOLOGY

Fiscal Policy Committee staff, with assistance from staff from the Senate Committees on Education and Budget, surveyed Head Start and the Departments of Health, Children and Families, and Education to obtain fiscal and programmatic data on school readiness programs. Statutes and chapter laws were reviewed, and research was conducted via the Internet to obtain related information. Additional information was sought through follow-up questionnaires and discussions with agency staff. Results of the surveys, follow-up questionnaires and discussions are incorporated in the Findings.

FINDINGS

According to the School Readiness Act, at least the following programs and their funding streams are to be components of each coalition's integrated school readiness program: Florida First Start programs, Even-Start literacy programs, prekindergarten early intervention programs, Head Start programs, programs offered by public and private providers of child care, migrant prekindergarten programs, Title I programs, subsidized child care programs, and teen parent programs. Any additional funds appropriated for school readiness are to be part of the program as well.
Each of the programs listed above was created to meet certain needs and each has a unique purpose. The three largest programs are Head Start, subsidized child care, and prekindergarten; however, a substantial amount of funding is also provided for other readiness programs.

Head Start
Head Start is a federally funded program which prepares children for school. Children eligible for the program are between the ages of three and five and are from families that meet federal poverty guidelines. Targeted services are offered through Indian and Migrant Head Start. The 1994 Head Start Reauthorization Act established Early Head Start, which serves low-income pregnant women and families with infants and toddlers. The funds for all programs come directly from the federal government to local agencies that qualify under section 642 of the Head Start Act. Each Head Start agency signs a contract to provide specified services for a specific number of children. In Florida, grantee agencies include not-for-profit organizations, school districts, community action agencies and local governments. A twenty percent (20%) local match is required; this local match may be either cash or in-kind contributions. Ten percent (10%) of the enrollment may be filled by children whose families exceed the low-income guidelines, and ten percent (10%) of enrollments should be offered to children with disabilities.

Head Start requires all teachers to obtain credentials that demonstrate their competence to work with children: teachers must have a minimum of a Child Development Associate (CDA) credential or its equivalent. The 1998 Head Start Reauthorization requires that by September 30, 2003, at least 50% of all teachers in center-based programs must have an associate, baccalaureate or advanced degree in early childhood. Performance Standards, published in the Federal Register in 1996, describe the scope of required services and practices and are inclusive of services for children birth to five years. While agencies must implement a program that is consistent with the Performance Standards, they have flexibility in developing its design and selected curricula. The Performance Standards also include a section with specific expectations regarding the transition of children into and from Head Start.

In its *1998 Fact Sheet*, the Head Start program reported that 61% of Head Start families have incomes of less than $9,000 per year and 77.7% have yearly incomes of less than $12,000. Thirteen percent (13%) of Head Start enrollment consisted of children with disabilities.

Chapter 99-357, L.O.F., allows a coalition to "request the Governor to apply for a waiver to allow the coalition to administer the Head Start Program to accomplish the purposes of the school readiness program."

Head Start

Source of Funds	FY 1998
Head Start	$159,055,000
Local match (cash or in-kind)	$31,811,000
Total	$190,866,000

Subsidized Child Care (DCF)
The Department of Children and Family Services (DCF) administers the state and federally funded child care program for children ages 0-12. Chapter No. 99-241, L.O.F., directs DCF to also serve children with special needs who are ages 13-17 and who meet the financial eligibility requirements for the program.

According to s. 402.3015, F.S., the purpose of the program 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, and to promote financial self-sufficiency and life skills for the families of these children, unless prohibited by federal law. Priority for participation in the subsidized child care program shall be accorded to children under 13 years of age who are:
(a) Determined to be at risk of abuse, neglect, or exploitation and who are currently clients of the department's Children and Families Services Program Office;
(b) Children at risk of welfare dependency, including children of participants in the WAGES Program, children of migrant farmworkers, children of teen parents, and children from other families at risk of welfare dependency due to a family income of less than 100 percent of the federal poverty level; and
(c) Children of working families whose family income is equal to or greater than 100 percent, but does not exceed 150 percent, of the federal poverty level.

Transitional child care is available for up to two years after eligibility for the WAGES program ends, at which time child care may continue to be available as long as parents meet eligibility requirements for the working poor. A child who is eligible for child care may continue to participate in the subsidized child care program if the family's income does not exceed 185% of the federal poverty level.

In the 1999-2000 General Appropriations Act, there are two appropriation categories which contain funds for subsidized child care: Child Care -WAGES funds are in Specific Appropriation 371, while funds for Child Care - Working Poor and At-Risk Families are in Specific Appropriation 372. In both of these appropriation categories, federal regulations require a maintenance of effort (MOE) to receive federal funds. For the Child Care- WAGES program, there are neither federal nor state requirements for a local match by providers who receive these funds.

In the following two charts, funds reflected are estimated amounts for children ages 0-5. These estimates will change as enrollment changes.

Child Care (ages 0-5) - WAGES

Source of Funds	1999-2000
General Revenue	$37,103,503
Temporary Assistance for Needy Families (TANF)	$102,637,284
Child Care & Development Fund (CCDF)	$19,102,385
Total	$158,843,172

For providers to receive funds from the Child Care - Working Poor and At-Risk Families appropriation category, proviso in the General Appropriations Act requires a 6% local match, either cash or in-kind, for children of low-income and migrant families. This translates into another $ 9 million for the program. In addition, proviso requires a dollar-for-dollar match for child care purchasing pool funds for low-income families, which translates into an additional estimated $7.5 million for the program for children ages 0-5.

As provided in s. 402.3015, F.S., DCF contracts with community child care coordinating agencies which are responsible for obtaining child care services. There are 26 of these agencies.

The School Readiness Act specifies the Florida Partnership for School Readiness may be designated by the Governor as the Lead Agency for purposes of administration of the federal Child Care and Development Fund.

Child Care (ages 0-5) - Working Poor and At-Risk Families

Source of Funds	1999-2000
General Revenue	$16,980,886
Child Care and Development Fund (CCDF)	$159,719,261
Local (cash or in-kind)	$16,500,000
Total	$193,200,147

Prekindergarten Early Intervention (DOE)
The Prekindergarten (PreK) Early Intervention Program was created in Section 230.2305, F.S., to provide the elements necessary to prepare children for school, including health screening and referral and a developmentally appropriate educational program and opportunities for parental involvement in the program. The funding for this program, $97 million, is provided from lottery proceeds.

The primary target population is economically disadvantaged 4-year-old children of working parents, including migrant children and children whose parents participate in the WAGES program. In addition, up to 25% of children served may be: 3-and 4-year old children who are eligible students with disabilities; economically disadvantaged 3-year-old children; or non-economically disadvantaged migrant preschoolers.

Certain standards must be in place, such as a staff-to-student ratio of 1-to-10, required parental involvement, and minimum qualifications of staff. Section 230.2305, F.S., allows the Commissioner of Education to grant permission for a ratio of up to 1 adult to 15 children for schools or centers for which a 1-to-10 ratio would not be feasible. Individual classrooms must be staffed by certified teachers, or there must be a program director or lead teacher who is certified or eligible for certification. With specific exceptions, s. 229.592, F. S., allows the Commissioner to waive any requirements of chapters 230 through 239 of the Florida School Code; the Prekindergarten program falls within these chapters.

Section 230.2305, F. S., specifies that PreK programs are to be administered by a district school board. It also specifies that the calculation of each district's allocation factor is to be based upon the official estimate of the total number of 3-year-old and 4-year-old children by school district and the official record of DOE for K-12 student total free lunches served by school district for the prior fiscal year. At least 70% of the total funds allocated to each school district must be used for implementing and conducting a PreK early intervention program or contracting with other public or nonpublic entities for programs to serve eligible children.

Other Readiness Programs Funded from Lottery Proceeds (DOE)

Besides the $97 million provided for PreK, also funded from lottery is an additional $3.3 million for the Migrant Prekindergarten Program; $3 million for Florida First Start; $0.4 million for five regional specialists; and $3.16 million for coalition incentive grants and staff for the Florida Partnership for School Readiness.

Section 228.062, F.S., authorizes DOE to plan, fund, and administer educational programs for migrant children in the state, beginning at age 3. Funded at $3.3 million, the **Migrant Prekindergarten Program** is to be operated through grants to local school districts or through contract with other public agencies or nonprofit corporations.

The emphasis of the **Florida First Start Program**, created in Section 230.2303, F.S., and funded at $3 million, is on enabling families to enhance their children's intellectual, physical, language, and social development by involving parents in their children's education during the critical first three years of life. Services provided include: home visits, developmental assessments and health screening, parent group meetings, parent resource centers, and support services. It serves children from birth to age three who have a disability, or who are at risk of future school failure, and their families.

DOE expends $0.4 million for five readiness **regional specialists** who provide a variety of strategies and activities to assist districts in their regions in the implementation of developmentally appropriate early childhood programs.

The 1999-2000 General Appropriations Act provided $2.1 million in DOE's budget for the **coalition incentive grants**, and a $1.1 million lump sum was provided in the Governor's budget for both **coalition grants and staff of the Florida Partnership for School Readiness**. The first meeting of the Partnership is to be held by October 1, 1999. Among other responsibilities, the Partnership is to provide final approval and periodic review of coalitions and plans; adopt a system for measuring school readiness; adopt a system for evaluating the performance of students through the third grade to compare the performance of those who participated in school readiness programs with those who did not; develop and adopt performance standards and outcome measures; and present a plan to the Legislature for combining funding streams for school readiness programs into a School Readiness Trust Fund.

Other Readiness Programs (DOE)

In the Florida Education Finance Program (FEFP), an estimated $73.2 million will be expended from General Revenue in 1999-2000, along with $49.7 million from local funds, for the **Pre-Kindergarten Students with Disabilities program.** A prekindergarten child with disabilities is a child who is below five (5) years of age on or before September 1 and has a sensory, physical, mental, or emotional condition which significantly affects the attainment of normal developmental milestones. Children with disabilities who are three through five years of age must be provided services if they meet eligibility requirements. At the option of the district, children below the age of 3 may be provided special education programs (or, if enrolled in other PreK or day care programs, may be eligible for supplemental instruction), if they are deaf or hard of hearing, visually impaired, dual sensory impaired, severely physically handicapped, trainable mentally handicapped, or profoundly handicapped, or who have established conditions, or exhibit developmental delays. Funding for this program is generated through student FTEs (full-time equivalents).

Also included in the FEFP is funding for the **Teen Parent Program**. State law requires district school boards to establish and implement teenage parent programs which are designed to provide a specialized curriculum and other services to meet the needs of students who are pregnant, or students who are mothers or fathers, and the children of these students. Health care, social services, parent education, transportation, and necessary child care (the link to the readiness program) are required ancillary service components. Children enrolled in child care provided by the district are funded at the basic cost factor for grades K-3 if the parents are enrolled full time in a public school. Additional costs for the ancillary services required by the students and their babies in this program are funded from the newly created Class Size Reduction/Supplemental Instruction appropriation category. DOE estimates that $8.2 million will be provided from General Revenue and $5.6 million from local funds for 1999-2000 to serve the children of these teen parents.

DOE receives funds through the federal **Individuals with Disabilities Education Act (IDEA), Part B,** to provide services for all children with disabilities, ages 3-21. For eligible children with disabilities, ages 3-5, there are two sources of IDEA funds: Part B and Preschool. Of the funds received for 1999-2000 for Part B, DOE anticipates $19.5 million will be expended for children with disabilities ages 3-5. Federal regulations require that entitlement funds be awarded to "local educational agencies" (LEAs) who are eligible under IDEA, Part B requirements (primarily school districts and state agencies). Federal regulations require that a minimum of 75% of these funds flow to the LEAs through entitlements. Currently, 78% is flowing to the districts through entitlements; 2% is being retained by DOE for administration, and the remaining 20% is being awarded to districts, community colleges or universities for special projects that meet identified statewide needs. Of the amount retained for DOE administration, half is appropriated through the General Appropriations Act (GAA) and the other half, $194, 843, is included in DOE's Projects, Contracts and Grants budget, which is not a part of the GAA.

DOE receives $18.2 million from **Part B (Preschool)** funds to provide additional assistance for disabled children who are ages 3-5. None of these funds are appropriated through the General Appropriations Act; they all are found in DOE's Projects, Contracts and Grants budget. Federal regulations require that a minimum of 75% of the total IDEA, Part B (Preschool) allocation be provided to LEAs through entitlements. Currently, DOE has 80% flowing to school districts through entitlements, 18% being awarded to districts for special projects, and 2% being retained for DOE administration.

The IDEA requires that the entitlement funds under the Part B and Preschool programs be awarded to "local educational agencies" (LEAs). The IDEA also charges the state's educational agency (SEA), DOE, with the responsibility for the general supervision and monitoring of the LEA's compliance with these federal requirements. Under the provisions of State Board of Education rules, school districts may contract with nonpublic schools or community facilities for the purpose of providing special education and related services to eligible children with disabilities. Under such arrangements, the local school district is still held responsible for compliance with the IDEA requirements by the DOE.

DOE has indicated that establishing entities other than the local school districts, the Florida School for the Deaf and the Blind, and the Department of Health/Children's Medical Services as LEAs would require revisions in Florida law, DOE's State Plan under the IDEA, and would expand DOE's oversight compliance monitoring responsibilities. Any entity established as an LEA for the purpose of providing a free, appropriate, public education to children with disabilities must demonstrate compliance with the IDEA. These entities also assume the fiscal and legal responsibilities of implementing these state and federal requirements.

Other funds not appropriated in the GAA are federal funds received by DOE through Elementary and Secondary Education Act (ESEA) Title I, Part B, for the **Even Start Family Literacy Program**. This program is intended to help break the cycle of poverty and illiteracy by integrating early childhood education, adult literacy or adult basic education, and parenting education into a unified family literacy program. The funding for this program is for children up to the age of seven, and for adult basic education. It is dispersed in a lump sum to the district and the district, in turn, allocates those funds as needed. The amount available for the total program for 1999-2000 is $5.7 million, but DOE has indicated that it can not separately estimate the amount available for children ages 0-5. A local contribution, either cash or in-kind, must be 10% of the total cost.

The 1999 Legislature appropriated $750,000 from General Revenue for the **Home Instructional Program for Preschool Youngsters (HIPPY)** program. HIPPY is a national organization that collaborates with state and local agencies to assist parents in teaching their three-to-five-year-old child by concentrating on "parent friendly" training and technical support. The program's emphasis includes: at-home parent training two times a month, cognitively based activity packets, role playing and bi-monthly parent group meetings and involvement. Families participating in HIPPY consist of single parent households in diverse, ethnic populations that live at or below the poverty level.

The GAA for 1999-2000 includes funding for the **Pre-K Handicapped Information System**, which operates through the Florida Diagnostic and Learning Resources System to track children who are defined as potentially disabled or at risk, and to serve as a coordination and planning system. A total of $74,623 of General Revenue is provided to fund this system.

While the Department of Health is the lead agency for **IDEA, Part C (Infants and Toddlers)**, DOE receives $100,000 from DOH to support a position to assist the districts in the implementation of this program. These funds are not appropriated through the GAA; they are found in DOE's Projects, Contracts and Grants budget entity.

Other Readiness Programs in Education

Source of Funds	1999-2000
General Revenue	$82,205,324
Local FEFP	$55,270,000
IDEA, Part B	$37,650,839
IDEA, Part C	$100,000
ESEA Title I, Part B	$5,744,440
Total	$180,970,603

Infants and Toddlers Program (DOH)

DOH is the lead agency for the IDEA Part C Infants and Toddlers Early Intervention Program and expects to receive $18.4 million during FY 1999-2000 for the program. This program also received $16.6 million from General Revenue, $1 million from tobacco settlement funds, and $.3 million from third party collections.

Federal regulations require participating states to maintain a fiscal effort at least at the level prior to grant application. The state must also ensure the provision of all required services and supports for eligible children regardless of the availability of funds. Additionally, General Revenue funds must be available to meet state Medicaid match requirements for Medicaid early intervention. Part C funds can only be used to provide medical service and support to infants, toddlers, and their families who are eligible and enrolled in the Part C program under DOH's Children and Medical Services (CMS) Early Intervention Program.

The CMS Infants and Toddlers Early Intervention Program is a coordination of effort program that acts as a payor of last resort. Locally, programs coordinate with all other potential funding sources/programs that might provide/pay for services and support for Part C infants and toddlers. As long as those programs have separate funding, those programs may determine the level of support provided for Part C services. If funding were combined, the state's commitment to the federal entitlement could consume all other funding sources.

DOH is concerned that including funds appropriated for the CMS Infants and Toddlers Early Intervention Program in a School Readiness Trust Fund could place the coalitions in a situation in which funds earmarked to support other 0-5 programs had to be redirected to ensure that the state met the entitlement requirements under the Part C program.

Infants and Toddlers Program (DOH)

Source of Funds	1999-2000
General Revenue	$16,658,921
Tobacco Settlement	$1,000,000
Third Party Collections	$334,159
IDEA Part B	$1,238,009
IDEA Part C	$17,114,280
Total	$36,345,369

Summary Chart
(Includes local funds)

Program	1999-2000
Head Start	$191.0 m.
Child Care - WAGES	$158.8 m.
Child Care - Working Poor	$193.2 m.
PreKindergarten (PreK)	$97.0 m.
Migrant PreK	$3.3 m.
Florida First Start	$3.0 m.
Regional Specialists	$0 .4 m.
Coalition Incentive Grants	$2.1 m.
Coalition Incentive Grants, and Partnership staff (EOG)	$1.1 m.
PreK with Disabilities	$122.9 m.
Teen Parent Program	$13.8 m.
IDEA, Part B (DOE)	$19.5 m.
IDEA, Part B (Pre-School)	$18.2 m.
Even Start Family Literacy (only part of this total is for children under age 5)	$5.7 m.
HIPPY	$0.75 m.
PreK Handicapped Information System	$0.1 m.
IDEA Part C (DOE)	$0.1 m.
Infants & Toddlers (DOH)	$36.3 m.
Total	$867.3 m.

Issues that need to be taken into consideration:

1. Would the merger of funding streams into a single trust fund provide additional flexibility for the coalitions in the use of funds?

Each of these programs exists to meet an identified need, and requirements are delineated in law and/or rule. Funds have to be expended in accordance with these requirements. If additional flexibility is desired, the requirements would have to be changed. The value of meeting specific needs identified by Congress and/or the Florida Legislature would have to be weighed against the value of providing additional flexibility to local coalitions.

2. Would the merger of funds provide better coordination between programs?

Through policies and standards, the Partnership for School Readiness will ensure coordination. Chapter 99-357, L.O.F., gives it "responsibility for adopting and maintaining coordinated programmatic, administrative, and fiscal policies and standards for all school readiness programs..." Merging the funding streams may assist the Partnership in ensuring coordination.

3. Would the merger decrease the amount of Education funds appropriated?

No. Education readiness funds can still be appropriated in the Department of Education's budget, with an appropriation category showing the funds are being transferred to the Partnership, which is administratively located in the Governor's Office. When the percentage of state funds going to Education is calculated, these readiness funds would be included.

4. Would the merger of funding streams affect the oversight responsibilities of state agencies?

There is a great deal of uncertainty in the field because so many details have yet to be worked out. One of those is the monitoring requirements. Will agency staff still be accountable for program compliance, although they will no longer be in control of allocating funds if the funds are merged into a single trust fund under the Partnership?

RECOMMENDATIONS

1. To provide a more complete picture of the funding available for readiness programs, all flow-through funding related to school readiness currently in DOE's Projects, Contracts, and Grants budget should be appropriated through the General Appropriations Act. This would include funding for the federal Individuals with Disabilities Education Act (IDEA), Parts B and C, and the Even Start Family Literacy program.

2. Create a School Readiness Trust Fund. Funds for all appropriate state readiness programs should be transferred to the School Readiness Trust Fund to be allocated by the partnership to the coalitions, unless agencies can document significant problems that would occur with the transfer. "Appropriate" programs would not include DOH's Infants and Toddlers program since

the primary focus of that program is to provide medical services. It appears that the Even Start Family Literacy program may not be an appropriate program to transfer, since readiness is only one subset of that program. Further review needs to be conducted to identify additional concerns about transfers.

3. Since Head Start funds can not be appropriated by the Legislature, coordination with that program in some areas may be problematic. If coordination with Head Start can not be accomplished under present conditions, a coalition should consider requesting the Governor to apply for a waiver which would allow the coalitions to administer the local Head Start programs, thus ensuring coordination with other programs. Federal law would need to be changed to allow the possibility of such a waiver.

COMMITTEE(S) INVOLVED IN REPORT ***(Contact first committee for more information.)***
Committee on Fiscal Policy, 404 South Monroe Street, Tallahassee, FL 32399-1100, (850) 487-5140 SunCom 277-5140
Committee on Budget
Committee on Education

MEMBER OVERSIGHT
Senators Anna Cowin and Jim King