

MAR 15 2005
Place On Calendar

HOUSE FILE 761
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HF 675)

Passed House, Date 3-29-05 Passed Senate, Date _____
Vote: Ayes 89 Nays 11 Vote: Ayes _____ Nays _____
Approved 6-6-05

A BILL FOR

1 An Act relating to early childhood programs available through the
2 community empowerment initiative.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 761

1 Section 1. Section 28.4, Code 2005, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 13. With the assistance of the state
4 departments represented on the Iowa empowerment board and the
5 community empowerment office, develop and implement
6 requirements for community empowerment areas and the
7 administrators of the programs listed in section 28.10 to
8 annually report to the public regarding the results produced
9 by the community empowerment initiative and by the programs.
10 Supporting information shall also be required to be made
11 available with the report, including but not limited to the
12 methodology applied to identify the results, a copy of any
13 form utilized, background data used in developing the report,
14 and other information to assist a reader in assessing the
15 quality and accuracy of the data provided by the report.

16 NEW SUBSECTION. 14. With the assistance of the state
17 departments represented on the Iowa empowerment board and the
18 community empowerment office, develop and implement an
19 internet-based system providing a single point of contact for
20 use by a parent in accessing the community empowerment area
21 programs and state programs listed in section 28.10 that are
22 available in the parent's area. The system shall provide
23 capacity for a community empowerment area to implement an
24 internet site or internet page for that area in lieu of a
25 statewide site or page.

26 Sec. 2. NEW SECTION. 28.10 COLOCATION OF STATE EARLY
27 CHILDHOOD STAFF -- LEGISLATIVE FINDINGS AND INTENT.

28 1. FINDINGS AND INTENT. The state of Iowa provides
29 funding, support, and technical assistance for programs
30 directed to children from birth to age five utilizing a number
31 of separate funding streams and state agencies. For early
32 childhood programs, the community empowerment initiative has
33 been instrumental in improving coordination and collaboration
34 between the funding streams and state agencies by empowering
35 Iowans to assume a leadership role at the community level.

1 The general assembly finds that collocating the administrative
2 staff associated with various state agency early childhood
3 programs will further enhance the degree of collaboration and
4 efficiency. It is the intent of the general assembly that at
5 an appropriate time, the programs and associated agency staff
6 listed in this section will be consolidated under the
7 authority of the Iowa empowerment board.

8 2. COMMUNITY EMPOWERMENT OFFICE. The community
9 empowerment office of the department of management shall
10 establish an office site to colocate the programs and staff
11 listed in this section. The colocation effort shall be
12 completed by the close of the fiscal year that begins on July
13 1, 2005.

14 3. PROGRAMS AND AGENCIES IDENTIFIED. The state
15 administrative offices for the following programs and the
16 departmental administrative staff associated with the programs
17 shall be relocated to the office site established by the
18 community empowerment office:

19 a. The following programs and associated staff under the
20 authority of the department of education:

21 (1) Center-based special education programs.

22 (2) The child portion of the child and adult care food
23 program.

24 (3) The early childhood network operated by the department
25 of education and area education agencies.

26 (4) The early childhood special education program.

27 (5) The early head start and head start programs.

28 (6) The even start family literacy program.

29 (7) Iowa shared visions preschool programs for children
30 ages three to five years, implemented under the auspices of
31 the child development coordinating council.

32 (8) Iowa shared visions parent support programs
33 implemented under the auspices of the child development
34 coordinating council.

35 (9) The school ready children grant program implemented

1 under the community empowerment initiative.

2 b. The following programs and associated staff under the
3 authority of the department of human services:

4 (1) Child abuse prevention grants.

5 (2) Early childhood programs grants implemented under the
6 community empowerment initiative.

7 (3) Child care programs implemented under chapter 237A.

8 (4) Community-based family resource programs.

9 (5) The promoting safe and stable families grant program.

10 c. The following programs and associated staff under the
11 authority of the Iowa department of public health:

12 (1) Child health programs.

13 (2) The childhood immunization program.

14 (3) The childhood lead poisoning prevention program
15 implemented pursuant to section 135.101.

16 (4) The community-based family resource and support grant
17 program funded through the federal administration for children
18 and families, United States department of health and human
19 services.

20 (5) The healthy child care Iowa program.

21 (6) The healthy opportunities for parents to experience
22 success-healthy families Iowa (HOPES-HFI) program implemented
23 under section 135.106.

24 Sec. 3. FEDERAL COORDINATION INITIATIVE. If the
25 opportunity is offered by the federal government, the Iowa
26 empowerment board and the state agencies represented on the
27 board shall apply for Iowa to participate in a head start
28 pilot program designed to promote coordination of state head
29 start, preschool, and child care programs into a comprehensive
30 early childhood system.

31 EXPLANATION

32 This bill relates to early childhood programs available
33 through the community empowerment initiative.

34 Code section 28.4, relating to the duties of the Iowa
35 empowerment board, is amended. The board is directed to

1 implement requirements for community empowerment areas and the
2 programs listed in the bill to annually report to the public
3 regarding the results produced by the community empowerment
4 initiative and by the programs. In addition, the board is
5 required to develop and implement an internet-based system
6 providing a single point of contact for use by a parent to
7 access the community empowerment area and state programs
8 available in the parent's area.

9 New Code section 28.10 directs the community empowerment
10 office in the department of management to establish office
11 space to physically colocate the state administrative offices
12 for the programs listed in the bill and the departmental
13 administrative staff associated with those programs. The
14 process of colocation is required to be completed by the close
15 of fiscal year 2005-2006. The programs are administered by
16 the departments of education, human services, and public
17 health. The bill states legislative intent to consolidate the
18 programs under the authority of the Iowa empowerment board at
19 an appropriate time.

20 If the opportunity is offered by the federal government,
21 the Iowa empowerment board and the state agencies represented
22 on the board (departments of economic development, education,
23 human services, and public health) are directed to apply for
24 Iowa to participate in a head start pilot program designed to
25 promote coordination of state head start, preschool, and child
26 care programs into a comprehensive early childhood system.

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HOUSE FILE 761

H-1182

1 Amend House File 761 as follows:

2 1. Page 3, by inserting after line 23 the
3 following:

4 "Sec. _____. Section 237A.30, Code 2005, is amended
5 by striking the section and inserting in lieu thereof
6 the following:

7 237A.30 VOLUNTARY CHILD CARE QUALITY RATING
8 SYSTEM.

9 1. The department shall work with the community
10 empowerment office of the department of management
11 established in section 28.3 and the state child care
12 advisory council in designing and implementing a
13 voluntary quality rating system for each provider type
14 of child care facility.

15 2. The criteria utilized for the rating system may
16 include but are not limited to any of the following:
17 facility type; provider staff experience, education,
18 training, and credentials; facility director education
19 and training; an environmental rating score or other
20 direct assessment environmental methodology; national
21 accreditation; facility history of compliance with law
22 and rules; child-to-staff ratio; curriculum, including
23 the extent to which the curriculum focuses on the
24 stages of child development and on child outcomes;
25 business practices; staff retention rates; evaluation
26 of staff members and program practices; staff
27 compensation and benefit practices; provider and staff
28 membership in professional early childhood
29 organizations; and parental involvement with the
30 facility.

31 3. A facility's quality rating may be included on
32 the internet page and in the consumer information
33 provided by the department pursuant to section 237A.25
34 and shall be identified in the child care provider
35 referrals made by child care resource and referral
36 service grantees under section 237A.26.

37 Sec. _____. PHASED IMPLEMENTATION.

38 1. Effective July 1, 2005, the department of human
39 services shall no longer accept applications for the
40 gold seal quality designation for child care providers
41 under section 237A.30, Code 2005. However, if a child
42 care provider has been awarded the designation prior
43 to July 1, 2005, the designation may continue to be
44 utilized for that provider until the designated period
45 of nationally recognized accreditation for which the
46 gold seal designation was awarded has ended.

47 2. The department of human services shall commence
48 implementation of the voluntary child care quality
49 rating system under section 237A.30, as amended by
50 this Act, by awarding ratings beginning on or after

H-1182

1 January 1, 2006. The department may modify
2 implementation of the rating system and the rating
3 system itself as necessary to conform to the funding
4 made available for the rating system for the fiscal
5 year beginning July 1, 2005."

6 2. Title page, line 1, by inserting before the
7 word "early" the following: "children's programs by
8 collocating".

9 3. Title page, line 2, by inserting after the
10 word "initiative" the following: "and requiring the
11 department of human services to develop and implement
12 a voluntary child care quality rating system".

13 4. By renumbering as necessary.

By TYMESON of Madison

UPMEYER of Hancock

FOEGE of Linn

PETERSEN of Polk

HEATON of Henry

HOUSE FILE 761

H-1184

1 Amend House File 761 as follows:

2 1. Page 1, by inserting after line 25 the
3 following:

4 "NEW SUBSECTION. 15. With extensive community
5 involvement, annually submit to the governor and
6 general assembly policy recommendations for assisting
7 a parent in providing full-time care of the parent's
8 child in the family home during the period of the
9 child's life from birth through age five."

10 2. Page 1, line 26, by striking the words and
11 figure "NEW SECTION. 28.10".

12 3. Page 2, by striking lines 8 through 18 and
13 inserting the following:

14 "2. COMMUNITY EMPOWERMENT OFFICE. The community
15 empowerment office of the department of management
16 shall develop a plan to physically or virtually
17 colocate the state administrative offices of the
18 programs listed in this section and the associated
19 state administrative staff. The plan shall be
20 presented to the chairpersons and ranking members of
21 the committees on human resources of the senate and
22 the house of representatives on or before January 16,
23 2006.

24 3. PROGRAMS AND AGENCIES IDENTIFIED. The plan
25 developed by the community empowerment office pursuant
26 to subsection 2 shall address the colocation of the
27 state administrative offices and associated state
28 administrative staff for all of the following
29 programs:"

30 4. Page 3, by inserting after line 23 the
31 following:

32 "d. Other programs that provide support to
33 children from birth through age five and the families
34 of such children."

35 5. Page 3, by striking lines 24 and 25 and
36 inserting the following:

37 "Sec. ____ . FEDERAL COORDINATION INITIATIVE. If an
38 opportunity is offered by the federal government and
39 participation in the opportunity would not adversely
40 affect head start programs in Iowa, the Iowa".

41 6. By renumbering as necessary.

By TYMESON of Madison
HEATON of Henry
UPMEYER of Hancock

H-1184 FILED MARCH 24, 2005

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 761 - Early Childhood Policy (LSB 2948 HV)
Analyst: Robin Madison (Phone: (515) 281-5270) (robin.madison@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 761 requires the Community Empowerment Office to establish an office site where State programs directed to children from birth to age five will be located. The programs to be co-located are specified and include programs currently located in the Departments of Education, Human Services, and Public Health.

The Iowa Empowerment Board must require the Community Empowerment Areas and the administrators of the newly co-located early childhood programs to annually report to the public the results produced by their programs. Supporting information is to be made available with the report, including the methodology, the form utilized, and the background data.

The Board is also required to implement an Internet-based single point of contact for parents to access the Community Empowerment and other State-funded early childhood programs available in their area. The system must provide capacity for each Community Empowerment Area to implement its own web site or web page, in lieu of the statewide site or page.

The Bill requires the Iowa Empowerment Board and the agencies represented on the Board to apply for Iowa to participate in a Head Start pilot program, if offered by the federal government, designed to promote coordination of Head Start, preschool, and child care in a comprehensive early childhood system.

Background

The local Community Empowerment Area boards are currently permitted to retain 3.0% of State funds and 5.0% of federal funds for administrative purposes. This may not be adequate to meet the increased reporting requirements of House File 761.

The fiscal estimate addresses only the cost of physically co-locating the programs specified in the Bill. Some of the programs participate in federal funding received by their current departments, and it is not clear how that funding will be affected if the programs are removed from those departments. No attempt is made to estimate changes in program revenue or costs as a result of the co-location of programs.

Assumptions

5. It is assumed the programs to be co-located will become a division of an existing department that will provide administrative support such as accounting and clerical services. It is further assumed that the existing funding for support services will follow the programs.
6. The new division will consist of 55 staff from Department of Public Health, 16 from Department of Education, and 10 from Department of Human Services.
7. The new division's offices will be located on the Capitol complex in existing space. The new division will pay an annual association fee for office space, but their current departments will pay a reduced association fee. The net effect will be no impact to the State General Fund.
8. Existing office cubicles and furniture will be used, at a relocation cost of \$200 per person. Relocation of personal belongings and files will cost \$150 per person. Voice and data communication connections will cost \$450 per person.

9. Initial development of the single-point-of-contact web site will cost \$2,000, a one-time expense in FY 2006. Ongoing maintenance of the site will cost \$3,000 per year.
10. The Community Empowerment Office will require an additional FTE position for a data coordinator at a cost of \$68,000 for salary and benefits in FY 2006. A 4.0% increase in salary and benefits is assumed for FY 2007.

Fiscal Impact

The fiscal impact of HF 761 on the State General Fund is estimated to be \$138,000 in FY 2006 and \$74,000 in FY 2007.

Sources

Department of Management, Community Empowerment Office
Department of Administrative Services

/s/ Holly M. Lyons

March 22, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

HOUSE FILE 761
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HF 675)

(As Amended and Passed by the House March 29, 2005)

Re- Passed House, Date 5-11-05 Passed Senate, Date 5-5-05
Vote: Ayes 99 Nays 0 Vote: Ayes 50 Nays 0
Approved _____ Repassed 5-16-05
49-0

A BILL FOR

1 An Act relating to children's programs by collocating early
2 childhood programs available through the community empowerment
3 initiative and requiring the department of human services to
4 develop and implement a voluntary child care quality rating
5 system.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____
Deleted Language *

1 Section 1. Section 28.4, Code 2005, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 13. With the assistance of the state
4 departments represented on the Iowa empowerment board and the
5 community empowerment office, develop and implement
6 requirements for community empowerment areas and the
7 administrators of the programs listed in section 28.10 to
8 annually report to the public regarding the results produced
9 by the community empowerment initiative and by the programs.
10 Supporting information shall also be required to be made
11 available with the report, including but not limited to the
12 methodology applied to identify the results, a copy of any
13 form utilized, background data used in developing the report,
14 and other information to assist a reader in assessing the
15 quality and accuracy of the data provided by the report.

16 NEW SUBSECTION. 14. With the assistance of the state
17 departments represented on the Iowa empowerment board and the
18 community empowerment office, develop and implement an
19 internet-based system providing a single point of contact for
20 use by a parent in accessing the community empowerment area
21 programs and state programs listed in section 28.10 that are
22 available in the parent's area. The system shall provide
23 capacity for a community empowerment area to implement an
24 internet site or internet page for that area in lieu of a
25 statewide site or page.

26 NEW SUBSECTION. 15. With extensive community involvement,
27 annually submit to the governor and general assembly policy
28 recommendations for assisting a parent in providing full-time
29 care of the parent's child in the family home during the
30 period of the child's life from birth through age five.

* 31 Sec. 2. COLOCATION OF STATE EARLY CHILDHOOD STAFF --
32 LEGISLATIVE FINDINGS AND INTENT.

33 1. FINDINGS AND INTENT. The state of Iowa provides
34 funding, support, and technical assistance for programs
35 directed to children from birth to age five utilizing a number

1 of separate funding streams and state agencies. For early
2 childhood programs, the community empowerment initiative has
3 been instrumental in improving coordination and collaboration
4 between the funding streams and state agencies by empowering
5 Iowans to assume a leadership role at the community level.
6 The general assembly finds that collocating the administrative
7 staff associated with various state agency early childhood
8 programs will further enhance the degree of collaboration and
9 efficiency. It is the intent of the general assembly that at
10 an appropriate time, the programs and associated agency staff
11 listed in this section will be consolidated under the
12 authority of the Iowa empowerment board.

13 2. COMMUNITY EMPOWERMENT OFFICE. The community
14 empowerment office of the department of management shall
15 develop a plan to physically or virtually collocate the state
16 administrative offices of the programs listed in this section
17 and the associated state administrative staff. The plan shall
18 be presented to the chairpersons and ranking members of the
19 committees on human resources of the senate and the house of
20 representatives on or before January 16, 2006.

21 3. PROGRAMS AND AGENCIES IDENTIFIED. The plan developed
22 by the community empowerment office pursuant to subsection 2
23 shall address the collocation of the state administrative
24 offices and associated state administrative staff for all of
25 the following programs:

26 a. The following programs and associated staff under the
27 authority of the department of education:

- 28 (1) Center-based special education programs.
29 (2) The child portion of the child and adult care food
30 program.
31 (3) The early childhood network operated by the department
32 of education and area education agencies.
33 (4) The early childhood special education program.
34 (5) The early head start and head start programs.
35 (6) The even start family literacy program.

1 (7) Iowa shared visions preschool programs for children
2 ages three to five years, implemented under the auspices of
3 the child development coordinating council.

4 (8) Iowa shared visions parent support programs
5 implemented under the auspices of the child development
6 coordinating council.

7 (9) The school ready children grant program implemented
8 under the community empowerment initiative.

9 b. The following programs and associated staff under the
10 authority of the department of human services:

11 (1) Child abuse prevention grants.

12 (2) Early childhood programs grants implemented under the
13 community empowerment initiative.

14 (3) Child care programs implemented under chapter 237A.

15 (4) Community-based family resource programs.

16 (5) The promoting safe and stable families grant program.

17 c. The following programs and associated staff under the
18 authority of the Iowa department of public health:

19 (1) Child health programs.

20 (2) The childhood immunization program.

21 (3) The childhood lead poisoning prevention program
22 implemented pursuant to section 135.101.

23 (4) The community-based family resource and support grant
24 program funded through the federal administration for children
25 and families, United States department of health and human
26 services.

27 (5) The healthy child care Iowa program.

28 (6) The healthy opportunities for parents to experience
29 success-healthy families Iowa (HOPES-HFI) program implemented
30 under section 135.106.

31 d. Other programs that provide support to children from
32 birth through age five and the families of such children.

33 Sec. 3. Section 237A.30, Code 2005, is amended by striking
34 the section and inserting in lieu thereof the following:

35 237A.30 VOLUNTARY CHILD CARE QUALITY RATING SYSTEM.

1 1. The department shall work with the community
2 empowerment office of the department of management established
3 in section 28.3 and the state child care advisory council in
4 designing and implementing a voluntary quality rating system
5 for each provider type of child care facility.

6 2. The criteria utilized for the rating system may include
7 but are not limited to any of the following: facility type;
8 provider staff experience, education, training, and
9 credentials; facility director education and training; an
10 environmental rating score or other direct assessment
11 environmental methodology; national accreditation; facility
12 history of compliance with law and rules; child-to-staff
13 ratio; curriculum, including the extent to which the
14 curriculum focuses on the stages of child development and on
15 child outcomes; business practices; staff retention rates;
16 evaluation of staff members and program practices; staff
17 compensation and benefit practices; provider and staff
18 membership in professional early childhood organizations; and
19 parental involvement with the facility.

20 3. A facility's quality rating may be included on the
21 internet page and in the consumer information provided by the
22 department pursuant to section 237A.25 and shall be identified
23 in the child care provider referrals made by child care
24 resource and referral service grantees under section 237A.26.

25 Sec. 4. PHASED IMPLEMENTATION.

26 1. Effective July 1, 2005, the department of human
27 services shall no longer accept applications for the gold seal
28 quality designation for child care providers under section
29 237A.30, Code 2005. However, if a child care provider has
30 been awarded the designation prior to July 1, 2005, the
31 designation may continue to be utilized for that provider
32 until the designated period of nationally recognized
33 accreditation for which the gold seal designation was awarded
34 has ended.

35 2. The department of human services shall commence

1 implementation of the voluntary child care quality rating
2 system under section 237A.30, as amended by this Act, by
3 awarding ratings beginning on or after January 1, 2006. The
4 department may modify implementation of the rating system and
5 the rating system itself as necessary to conform to the
6 funding made available for the rating system for the fiscal
7 year beginning July 1, 2005.

8 Sec. 5. FEDERAL COORDINATION INITIATIVE. If an
9 opportunity is offered by the federal government and
10 participation in the opportunity would not adversely affect
11 head start programs in Iowa, the Iowa empowerment board and
12 the state agencies represented on the board shall apply for
13 Iowa to participate in a head start pilot program designed to
14 promote coordination of state head start, preschool, and child
15 care programs into a comprehensive early childhood system.

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Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 761 - Early Childhood Policy (LSB 2948 HV.1)

Analyst: Robin Madison (Phone: (515) 281-5270) (robin.madison@legis.state.ia.us)

Fiscal Note Version – As Amended and Passed By the House

Description

House File 761, as amended and passed by the House, requires the Community Empowerment Office to develop a plan to physically or virtually co-locate the administrative offices of State programs for children from birth to age five. The Bill specifies that the plan must address certain programs currently located in the Departments of Education, Human Services, and Public Health, as well as others that may be identified.

The Iowa Empowerment Board must require the Community Empowerment Areas and the administrators of the newly co-located early childhood programs to annually report to the public the results produced by their programs. Supporting information is to be made available with the report, including the methodology, the form utilized, and the background data.

The Board is also required to implement an Internet-based single point of contact for parents to access the Community Empowerment and other State-funded early childhood programs available in their area. The system must provide capacity for each Community Empowerment Area to implement its own web site or web page, in lieu of the statewide site or page.

The Iowa Empowerment Board is directed to submit annual policy recommendations to the Governor and the General Assembly for assisting parents in providing full-time at-home care for their children from birth through age five.

The Bill requires the Department of Human Services (DHS) to establish a voluntary Quality Rating System (QRS) for child care, with implementation to begin on or after January 1, 2006. The DHS may modify implementation of the QRS based on the level of funding made available for FY 2006. As of July 1, 2005, the DHS must no longer accept applications for the "Gold Seal" quality child care provider designation.

The Bill requires the Iowa Empowerment Board and the agencies represented on the Board to apply for Iowa to participate in a Head Start pilot program designed to promote coordination of Head Start, preschool, and child care in a comprehensive early childhood system, if such a pilot program is offered by the federal government and the program does not adversely affect Head Start programs in Iowa.

Background

The local Community Empowerment Area boards are currently permitted to retain 3.0% of State funds and 5.0% of federal funds for administrative purposes. This may not be adequate to meet the increased reporting requirements of House File 761.

The original fiscal estimate on the Bill, prior to amendment on the House floor, addressed the cost of physically co-locating the programs specified in the Bill. The Bill no longer requires physical co-location and permits virtual co-location, which would cost significantly less. Because the extent of physical co-location that would be undertaken as a result of the enactment of HF 761 is unknown, it is not possible to estimate the costs of co-location. It is assumed the costs would not be significant.

In 1999, the General Assembly established a two-tier quality rating system for child care centers and homes. The first tier consisted of the registration of child development homes and the licensing of child care centers. The second tier consisted of the "Gold Seal" Program that recognized providers who achieved national accreditation and maintained compliance with regulation through the provision of monetary awards. According to the DHS, less than 1.0% of the 6,000 registered child development homes and less than 11.0% of the 1,500 licensed child care centers were "Gold Seal" recipients as of December 2004 due to the high expense required to attain accreditation and a lack of incentive or low reward for doing so.

In 2003, the General Assembly requested that the State Child Care Advisory Council convene a work group to study quality ratings from other states and make recommendations for Iowa. The work group recommended a voluntary QRS that would raise the quality of child care, increase the number of children in high-quality child care settings, and educate parents regarding quality in child care. After considering these recommendations, the 2004 General Assembly directed the DHS, in partnership with other agencies and organizations, to submit a plan by December 2004 for the implementation of a voluntary QRS in SF 2298 (FY 2005 Omnibus Appropriations Act).

Assumptions

1. Initial development of the single-point-of-contact web site will cost \$2,000, a one-time expense in FY 2006. Ongoing maintenance of the site will cost \$3,000 per year.
2. The Community Empowerment Office will require an additional FTE position for a data coordinator at a cost of \$68,000 for salary and benefits in FY 2006. A 4.0% increase in salary and benefits is assumed for FY 2007.
3. Most, if not all, of the co-location of programs will be of a virtual nature, rather than physical. The costs, therefore, will not be significant.
4. Cost projections for the Quality Rating System are based on the components for a QRS set forth in the required plan submitted in December 2004; however, the DHS will design the QRS within the parameters of available funds.
5. Costs associated with the development of the design of the QRS will begin on July 1, 2005, and costs associated with implementation will begin on January 1, 2006.
6. It is unknown how many of the 7,500 regulated child care providers will participate in the voluntary QRS.
7. It is estimated that there will be an increase in administrative and support costs to contract for Project Managers that will develop, review, and process rating certificates and associated data.
8. It is estimated that there will be increased costs associated with marketing the QRS, creating public awareness, and developing a communications plan that will provide information to parents, providers, and the public, which will include web-based information.
9. It is estimated that there will be increased costs associated with providing support to providers through five Child Care Center Specialists. These Specialists will be employed in Child Care Resource and Referral or other community-based agencies to provide technical assistance and follow-up for providers who complete training, environmental ratings, or self-assessments.
10. It is estimated that there will be increased costs to support the development and completion of an Environmental Rating Scale and to observe and score providers.
11. It is estimated that there will be increased costs for train-the-trainer and provider training on the use of Environmental Rating Scales for self-assessment.

12. It is estimated there will be increased costs to provide bonuses for providers who achieve a level two or above. This assumes that 45 providers (the equivalent of those that currently have the "Gold Seal" designation) would receive a bonus of approximately \$2,200 each in the first year.

Fiscal Impact

The fiscal impact of HF 761, as amended and passed by the House, on the State General Fund is estimated to be \$973,000 in FY 2006 and \$1.4 million in FY 2007. The table below provides a breakdown for the utilization of the estimated increase in expenditures:

<u>Anticipated Cost Increases</u>	<u>FY 2006</u>	<u>FY 2007</u>
Empowerment Web Site & Data Coord.	\$ 73,000	\$ 74,000
Project Management & Support	150,000	300,000
Marketing & Public Awareness	50,000	100,000
Child Care Center Specialists	250,000	250,000
Environ. Rating Scale Development & Observ.	150,000	300,000
Train-the-Trainer & Provider Training	200,000	200,000
Provider Bonuses	100,000	200,000
Total	\$ 973,000	\$ 1,424,000

Sources

Department of Management, Community Empowerment Office
Department of Human Services

/s/ Holly M. Lyons

April 11, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

S-3276

1 Amend House File 761, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "DIVISION I

6 IOWA EMPOWERMENT BOARD

7 Section 1. Section 28.2, subsection 3, Code 2005,
8 is amended to read as follows:

9 3. To achieve the initial set of desired results,
10 the initiative's primary focus shall first be on the
11 efforts of the state and communities to work together
12 to improve the efficiency and effectiveness of early
13 care, education, health, and human services provided
14 to families with children from birth through age five
15 years.

16 Sec. 2. Section 28.3, subsections 1 and 2, Code
17 2005, are amended to read as follows:

18 1. An Iowa empowerment board is created to
19 facilitate state and community efforts involving
20 community empowerment areas, including strategic
21 planning, funding identification, and guidance, and to
22 promote collaboration among state and local early
23 care, education, health, and human services programs.

24 2. The Iowa board shall consist of eighteen voting
25 members with thirteen citizen members and five state
26 agency members. The five state agency members shall
27 be the directors of the following departments:
28 economic development, education, human rights, human
29 services, and public health. The thirteen citizen
30 members shall be appointed by the governor, subject to
31 confirmation by the senate. The governor's
32 appointments of citizen members shall be made in a
33 manner so that each of the state's congressional
34 districts is represented by two citizen members and so
35 that all the appointments as a whole reflect the
36 ethnic, cultural, social, and economic diversity of
37 the state. ~~The governor's appointees shall be~~
38 ~~selected from individuals nominated by community~~
39 ~~empowerment area boards. The nominations shall~~
40 ~~reflect the range of interests represented on the~~
41 ~~community boards so that the~~ The governor is able to
42 shall appoint one or more members each for early care,
43 education, health, human services, business, faith,
44 and public interests. At least one of the citizen
45 members shall be a service consumer or the parent of a
46 service consumer. Terms of office of all citizen
47 members are three years. A vacancy on the board shall
48 be filled in the same manner as the original
49 appointment for the balance of the unexpired term.

50 Sec. 3. Section 28.3, subsection 5, Code 2005, is

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1 amended to read as follows:

2 5. A community empowerment assistance team or
3 teams of state agency representatives shall be
4 designated to provide technical assistance and other
5 support to community empowerment areas and for the
6 board's efforts to address early care, education,
7 health, and human services. A technical assistance
8 system shall be developed using local representatives
9 of the state agencies represented on the Iowa board
10 and other state agencies and individuals involved with
11 local community empowerment areas early care,
12 education, health, and human services. ~~The technical~~
13 ~~assistance shall be available in at least three levels~~
14 ~~of support as follows:~~

15 ~~a. Support to areas experienced in operating an~~
16 ~~innovation zone or decategorization project with an~~
17 ~~extensive record of success in collaboration between~~
18 ~~education, health, or human services interests.~~

19 ~~b. Support to areas experienced in operating an~~
20 ~~innovation zone or decategorization project.~~

21 ~~c. Support to areas forming an initial community~~
22 ~~empowerment area with no previous experience operating~~
23 ~~an innovation zone or decategorization project.~~

24 Sec. 4. Section 28.3, subsection 6, paragraph b,
25 Code 2005, is amended to read as follows:

26 b. In addition, a community empowerment office is
27 established as a division of the department of
28 management to provide a center for facilitation,
29 communication, and coordination for community
30 empowerment activities and funding and for improvement
31 of the early care, education, health, and human
32 services systems. Staffing for the community
33 empowerment office shall be provided by a facilitator
34 appointed by the governor, subject to confirmation by
35 the senate, and who serves at the pleasure of the
36 governor. A deputy and support staff may be
37 designated, subject to appropriation made for this
38 purpose. The facilitator shall submit reports to the
39 governor, the Iowa board, and the general assembly.
40 The facilitator shall provide primary staffing to the
41 board, coordinate state technical assistance
42 activities and implementation of the technical
43 assistance system, and other communication and
44 coordination functions to move authority and decision-
45 making responsibility from the state to communities
46 and individuals.

47 Sec. 5. Section 28.3, Code 2005, is amended by
48 adding the following new subsection:

49 NEW SUBSECTION. 6A. The director of the
50 department of management shall appoint an early care

1 coordinator to coordinate efforts to improve early
2 care of young children. The coordinator shall work
3 with the community empowerment initiative and with the
4 shared visions program and other efforts to address
5 child development that are provided under the auspices
6 of the child development coordinating council under
7 chapter 256A. The coordinator shall serve as a member
8 of the community empowerment assistance team. The
9 coordinator's duties shall include but are not limited
10 to all of the following:

11 a. Developing and disseminating measures for
12 assessing the outcomes produced by the programs and
13 other efforts of the department of education and the
14 community empowerment initiative to improve early care
15 of young children, including but not limited to shared
16 visions and other programs provided under the auspices
17 of the child development coordinating council, high-
18 quality preschool programs, head start programs, and
19 school ready children grant programs. The initial
20 measures utilized shall be the individual growth and
21 development indicators developed by the early
22 childhood research institute on measuring growth and
23 development or other measures of high quality to be
24 authorized by law.

25 b. Collecting, interpreting, and redisseminating
26 data collected from the measures for assessing
27 outcomes under paragraph "a". Factors subject to
28 interpretation may include area demographics, relative
29 expenditures, collaboration between programs in an
30 area, and other factors impacting the outcomes
31 produced by an individual program.

32 c. Annually issuing a report to the governor and
33 general assembly regarding the outcomes produced by
34 individual programs.

35 Sec. 6. Section 28.4, subsection 4, Code 2005, is
36 amended to read as follows:

37 4. Identify boards, commissions, committees, and
38 other bodies in state government with overlapping and
39 similar purposes which contribute to redundancy and
40 fragmentation in early care, education, health, and
41 human services programs provided to the public. The
42 board shall also make recommendations and provide an
43 annually updated strategic plan to the governor and
44 general assembly as appropriate for increasing
45 coordination between these bodies, for eliminating
46 bureaucratic duplication, for consolidation where
47 appropriate, and for improving the efficiency of
48 working with federally mandated bodies, for
49 integration of services and service quality functions
50 to achieve improved results, and for integration of

1 state-administered funding streams directed to
2 community empowerment areas and other community-based
3 efforts for providing early care, education, health,
4 and human services.

5 Sec. 7. Section 28.4, subsection 12, Code 2005, is
6 amended by striking the subsection and inserting in
7 lieu thereof the following:

8 12. Integrate statewide quality standards and
9 results indicators adopted by other boards and
10 commissions into the Iowa empowerment board's funding
11 requirements for investments in early care, education,
12 health, and human services.

13 Sec. 8. Section 28.4, Code 2005, is amended by
14 adding the following new subsection:

15 NEW SUBSECTION. 13. With the assistance of the
16 state departments represented on the Iowa empowerment
17 board and the community empowerment office, develop
18 and implement requirements for community empowerment
19 areas and the state administrators of programs
20 providing early care or early care services to
21 annually report to the public and the early care
22 coordinator regarding the results produced by the
23 community empowerment initiative and by the programs.
24 Source data shall be made available to the early care
25 coordinator.

26 Sec. 9. Section 28.5, subsection 1, Code 2005, is
27 amended to read as follows:

28 1. The purpose of a community empowerment area is
29 to enable local citizens to lead collaborative efforts
30 involving early care, education, health, and human
31 services programs on behalf of the children, families,
32 and other citizens residing in the area. Leadership
33 functions may include but are not limited to strategic
34 planning for and oversight and managing of such
35 programs and the funding made available to the
36 community empowerment area for such programs from
37 federal, state, local, and private sources. The
38 initial focus of the purpose is to improve results for
39 families with young children.

40 Sec. 10. Section 28.6, subsection 1, paragraph a,
41 Code 2005, is amended to read as follows:

42 a. Community empowerment area functions shall be
43 performed under the authority of a community
44 empowerment area board. A majority of the members of
45 a community board shall be elected officials and
46 members of the public who are not employed by a
47 provider of services to or for the community board.
48 At least one member shall be a service consumer or the
49 parent of a service consumer. Terms of office of
50 community board members shall be not more than three

1 years and the terms shall be staggered. The
2 membership of a community empowerment area board shall
3 include members with early care, education, health,
4 human services, business, faith, and public interests.

5 Sec. 11. Section 28.8, subsection 5, paragraph a,
6 Code 2005, is amended to read as follows:

7 a. A school ready children grant shall be awarded
8 to a community board for a three-year period, with
9 annual payments made to the community board. The Iowa
10 empowerment board may grant an extension from the
11 award date and any application deadlines based upon
12 the award date, to allow for a later implementation
13 date in the initial year in which a community board
14 submits a comprehensive school ready grant plan to the
15 Iowa empowerment board. However, receipt of continued
16 funding is subject to submission of the required
17 annual report and the Iowa board's determination that
18 the community board is measuring, through the use of
19 performance and results indicators developed by the
20 Iowa board with input from community boards, progress
21 toward and is achieving the desired results identified
22 in the grant plan. If progress is not measured
23 through the use of performance and results indicators
24 toward achieving the identified results, that grant
25 shall not receive any increase in funding from the
26 state and the Iowa board may request a plan of
27 corrective action or may withdraw grant funding.

28 Sec. 12. Section 28.8, subsection 5, paragraph c,
29 unnumbered paragraph 1, Code 2005, is amended to read
30 as follows:

31 A community board's readiness shall be ascertained
32 by evidence of successful collaboration among public
33 or private early care, education, ~~human services~~, or
34 health, or human services interests or a documented
35 program design evincing a strong likelihood of leading
36 to a successful collaboration between these interests.
37 Other criteria which may be used by the Iowa board to
38 ascertain readiness and to determine funding amounts
39 include one or more of the following:

40 Sec. 13. Section 28.8, subsection 5, Code 2005, is
41 amended by adding the following new paragraph:

42 NEW PARAGRAPH. e. The Iowa empowerment board
43 shall establish and implement limits on the
44 carryforward of school ready children grant funding
45 that has been identified by the department of
46 management as being an unreasonably high amount,
47 including provision for redistribution or other
48 redirection of the funding.

49 Sec. 14. NEW SECTION. 28.10 EARLY CHILDHOOD AND
50 EARLY CARE.

1 1. The Iowa empowerment board shall provide for
2 the operation of an internet webpage for purposes of
3 widely distributing early childhood and early care
4 information provided by the departments represented on
5 the board and the public and private agencies
6 addressing early childhood and early care issues.

7 2. Information provided on the internet webpage
8 shall include but is not limited to all of the
9 following:

10 a. The early learning standards for children ages
11 three to five proposed by the early learning standards
12 group created pursuant to federal child care and
13 development block grant requirements and with
14 assistance from the Iowa child care and early
15 education network, department of education, department
16 of human services, Iowa head start association, and
17 Iowa state university of science and technology, as
18 integrated with standards and recommendations issued
19 by the United States department of education regarding
20 early childhood cognitive development and learning and
21 preschool and research-based standards for high-
22 quality early care, including but not limited to the
23 practices identified by the institute of education
24 sciences of the United States department of education.
25 As early learning standards are identified in law, the
26 proposed standards posted on the webpage shall be
27 replaced with the standards identified in law.

28 b. A link to a special webpage directed to
29 parents, including parent-specific information on
30 early childhood and early care, information regarding
31 the tuition tax credit for early childhood development
32 expenses under section 422.12, and links to other
33 resources available on the internet and from other
34 sources.

35 c. Program standards for early childhood or early
36 care that have been approved by state agencies.

37 3. The Iowa empowerment board shall include
38 information regarding the extent and frequency of
39 usage of the webpage or webpages in the board's annual
40 report to the governor and general assembly.

41 Sec. 15. NEW SECTION. 279.60 KINDERGARTEN
42 ASSESSMENT.

43 Each school district shall administer the dynamic
44 indicators of basic early literacy skills kindergarten
45 benchmark assessment to every kindergarten student
46 enrolled in the district not later than October 1.
47 The school district shall also collect information
48 from each parent, guardian, or legal custodian of a
49 kindergarten student enrolled in the district,
50 including but not limited to whether the student

1 attended preschool, factors identified by the early
2 care coordinator pursuant to section 28.3, and other
3 demographic factors. Each school district shall
4 report the results of the assessment and the preschool
5 information collected to the department of education
6 in the manner prescribed by the department not later
7 than January 1 of that school year. The early care
8 coordinator appointed pursuant to section 28.3 shall
9 have access to the raw data. The department shall
10 review the information submitted pursuant to this
11 section and shall submit its findings and
12 recommendations annually in a report to the governor,
13 the general assembly, the Iowa empowerment board, and
14 the community empowerment area boards.

DIVISION II

CHILD CARE QUALITY RATING

17 Sec. 16. Section 237A.30, Code 2005, is amended by
18 striking the section and inserting in lieu thereof the
19 following:

20 237A.30 CHILD CARE QUALITY RATING SYSTEM.

21 1. The department shall work with the community
22 empowerment office of the department of management
23 established in section 28.3 and the state child care
24 advisory council in designing and implementing a
25 quality rating system for each provider type of child
26 care facility.

27 2. The quality rating system shall be voluntary
28 and composed of multiple ratings based upon the rating
29 criteria adopted for the system. The initial system
30 shall provide for five levels; however, the department
31 may periodically revise the system to change the
32 number of levels and make other changes to improve the
33 system. The department shall identify the period for
34 which a rating is awarded and the means by which a
35 rating may be withdrawn or modified.

36 3. The criteria utilized for the rating system may
37 include but are not limited to any of the following:
38 facility type; provider staff experience, education,
39 training, and credentials; facility director education
40 and training; an environmental rating score or other
41 direct assessment environmental methodology; national
42 accreditation; facility history of compliance with law
43 and rules; child-to-staff ratio; curriculum, including
44 the extent to which the curriculum focuses on the
45 stages of child development and on child outcomes;
46 business practices; staff retention rates; evaluation
47 of staff members and program practices; staff
48 compensation and benefit practices; provider and staff
49 membership in professional early childhood
50 organizations; and parental involvement with the

1 facility.

2 4. The department may directly administer or
3 contract for the administration of the quality rating
4 system. A facility's quality rating may be included
5 on the internet page and in the consumer information
6 provided by the department pursuant to section 237A.25
7 and shall be identified in the child care provider
8 referrals made by child care resource and referral
9 service grantees under section 237A.26.

10 5. For reimbursement paid under the state child
11 care assistance program established in section
12 237A.13, the department may implement a reimbursement
13 rate methodology applicable to child care facilities
14 participating in the rating system in which the
15 reimbursement rate varies based upon the rating of a
16 facility. A reimbursement rate methodology applicable
17 to child care facilities shall not cause a child care
18 facility to receive a lower reimbursement rate than
19 was paid under the prior methodology. In addition, as
20 part of the quality rating system, the department may
21 pay an achievement bonus to providers that are awarded
22 a quality rating.

23 Sec. 17. PHASED IMPLEMENTATION.

24 1. Effective July 1, 2005, the department of human
25 services shall no longer accept applications for the
26 gold seal quality designation for child care providers
27 under section 237A.30, Code 2005. However, if a child
28 care provider has been awarded the designation prior
29 to July 1, 2005, the designation may continue to be
30 utilized for that provider until the designated period
31 of nationally recognized accreditation for which the
32 gold seal designation was awarded has ended.

33 2. The department of human services shall commence
34 implementation of the child care quality rating system
35 under section 237A.30, as amended by this division of
36 this Act, by awarding ratings beginning on or after
37 January 1, 2006. The department may modify
38 implementation of the rating system and the rating
39 system itself as necessary to conform to the funding
40 made available for the rating system for the fiscal
41 year beginning July 1, 2005.

42 DIVISION III

43 EARLY CHILDHOOD TAX CREDIT

44 Sec. 18. Section 422.12, subsection 2, Code 2005,
45 is amended to read as follows:

46 2. a. A tuition credit equal to twenty-five
47 percent of the first one thousand dollars which the
48 taxpayer has paid to others for each dependent in
49 grades kindergarten through twelve, for tuition and
50 textbooks of each dependent in attending an elementary

1 or secondary school situated in Iowa, which school is
2 accredited or approved under section 256.11, which is
3 not operated for profit, and which adheres to the
4 provisions of the federal Civil Rights Act of 1964 and
5 chapter 216.

6 (1) As used in this ~~subsection~~ paragraph "a",
7 "textbooks" means books and other instructional
8 materials and equipment used in elementary and
9 secondary schools in teaching only those subjects
10 legally and commonly taught in public elementary and
11 secondary schools in this state and does not include
12 instructional books and materials used in the teaching
13 of religious tenets, doctrines, or worship, the
14 purpose of which is to inculcate those tenets,
15 doctrines, or worship. "Textbooks" includes books or
16 materials used for extracurricular activities
17 including sporting events, musical or dramatic events,
18 speech activities, driver's education, or programs of
19 a similar nature. ~~Notwithstanding any other~~
20 ~~provision, all other credits allowed under this~~
21 ~~section and section 422.12B shall be deducted before~~
22 ~~the tuition credit under this subsection. The~~
23 ~~department, when conducting an audit of a taxpayer's~~
24 ~~return, shall also audit the tuition tax credit~~
25 ~~portion of the tax return.~~

26 (2) As used in this ~~subsection~~ paragraph "a",
27 "tuition" means any charges for the expenses of
28 personnel, buildings, equipment and materials other
29 than textbooks, and other expenses of elementary or
30 secondary schools which relate to the teaching only of
31 those subjects legally and commonly taught in public
32 elementary and secondary schools in this state and
33 which do not relate to the teaching of religious
34 tenets, doctrines, or worship, the purpose of which is
35 to inculcate those tenets, doctrines, or worship.
36 "Tuition" includes those expenses which relate to
37 extracurricular activities including sporting events,
38 musical or dramatic events, speech activities,
39 driver's education, or programs of a similar nature.

40 b. In addition to the tuition credit authorized in
41 paragraph "a", a tuition credit equal to twenty-five
42 percent of the first one thousand dollars which the
43 taxpayer has paid to others for each dependent ages
44 three through five for early childhood development
45 expenses. As used in this subsection, "early
46 childhood development expenses" means services
47 provided to the dependent by a preschool, as defined
48 in section 237A.1, materials, and other activities as
49 follows:

50 (1) Books that improve child development,

1 including textbooks, music books, art books, teacher's
2 editions, and reading books.

3 (2) Instructional materials required to be used in
4 a child development or educational lesson activity,
5 including but not limited to paper, notebooks,
6 pencils, and art supplies.

7 (3) Lesson plans and curricula.

8 (4) Child development and educational activities
9 outside the home, including drama, art, music, and
10 museum activities, and the entrance fees for such
11 activities, but not including food or lodging,
12 membership fees, or other nonacademic expenses.

13 "Early childhood development expenses" does not
14 include services, materials, or activities for the
15 teaching of religious tenets, doctrines, or worship,
16 the purpose of which is to inculcate those tenets,
17 doctrines, or worship.

18 c. Each taxpayer intending to claim a credit under
19 paragraph "b" shall apply for the credit by filing a
20 notice with the department by January 21 following the
21 end of the tax year to which the credit is applicable.
22 The notice shall provide supporting documentation as
23 required by the department. The department shall
24 compute the total amount of credits contained in the
25 notices received by the department. The total amount
26 of credits that may be approved for any fiscal year
27 for purposes of paragraph "b" is limited to five
28 million dollars. If tax credits under paragraph "b"
29 exceed this limit, the amount of credit available to
30 each taxpayer shall be prorated. The department shall
31 notify the taxpayer of the amount of the taxpayer's
32 credit by February 28 following the deadline for
33 receipt of the notice.

34 d. Notwithstanding any other provision, all other
35 credits allowed under this section and section 422.12B
36 shall be deducted before the tuition credits under
37 this subsection. The department, when conducting an
38 audit of a taxpayer's return, shall also audit the
39 tuition tax credit portion of the tax return.

40 Sec. 19. APPLICABILITY DATE. This division of
41 this Act applies to tax years beginning on or after
42 January 1, 2006."

43 2. Title page, by striking lines 1 through 5 and
44 inserting the following: "An Act relating to
45 improvement of the early care, child care services,
46 education, health, and human services systems under
47 the oversight of the departments of education and
48 human services, the Iowa empowerment board, and the
49 child development coordinating council, expanding the
50 tuition and textbook tax credit, and providing an

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1 applicability date."

2 3. By renumbering as necessary.

By FRANK B. WOOD
NANCY BOETTGER

BRIAN SCHOENJAHN
DAVE MULDER

S-3276 FILED MAY 5, 2005
ADOPTED

EIGHTY-FIRST GENERAL ASSEMBLY
2005 REGULAR SESSION
DAILY
HOUSE CLIP SHEET

MAY 10, 2005

SENATE AMENDMENT TO
HOUSE FILE 761

H-1634

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H-1634

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37 designated, subject to appropriation made for this
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44 general assembly as appropriate for increasing
45 coordination between these bodies, for eliminating
46 bureaucratic duplication, for consolidation where
47 appropriate, and for improving the efficiency of
48 working with federally mandated bodies, for
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4 and human services.

5 Sec. 7. Section 28.4, subsection 12, Code 2005, is
6 amended by striking the subsection and inserting in
7 lieu thereof the following:

8 12. Integrate statewide quality standards and
9 results indicators adopted by other boards and
10 commissions into the Iowa empowerment board's funding
11 requirements for investments in early care, education,
12 health, and human services.

13 Sec. 8. Section 28.4, Code 2005, is amended by
14 adding the following new subsection:

15 NEW SUBSECTION. 13. With the assistance of the
16 state departments represented on the Iowa empowerment
17 board and the community empowerment office, develop
18 and implement requirements for community empowerment
19 areas and the state administrators of programs
20 providing early care or early care services to
21 annually report to the public and the early care
22 coordinator regarding the results produced by the
23 community empowerment initiative and by the programs.
24 Source data shall be made available to the early care
25 coordinator.

26 Sec. 9. Section 28.5, subsection 1, Code 2005, is
27 amended to read as follows:

28 1. The purpose of a community empowerment area is
29 to enable local citizens to lead collaborative efforts
30 involving early care, education, health, and human
31 services programs on behalf of the children, families,
32 and other citizens residing in the area. Leadership
33 functions may include but are not limited to strategic
34 planning for and oversight and managing of such
35 programs and the funding made available to the
36 community empowerment area for such programs from
37 federal, state, local, and private sources. The
38 initial focus of the purpose is to improve results for
39 families with young children.

40 Sec. 10. Section 28.6, subsection 1, paragraph a,
41 Code 2005, is amended to read as follows:

42 a. Community empowerment area functions shall be
43 performed under the authority of a community
44 empowerment area board. A majority of the members of
45 a community board shall be elected officials and
46 members of the public who are not employed by a
47 provider of services to or for the community board.
48 At least one member shall be a service consumer or the
49 parent of a service consumer. Terms of office of
50 community board members shall be not more than three

1 years and the terms shall be staggered. The
2 membership of a community empowerment area board shall
3 include members with early care, education, health,
4 human services, business, faith, and public interests.

5 Sec. 11. Section 28.8, subsection 5, paragraph a,
6 Code 2005, is amended to read as follows:

7 a. A school ready children grant shall be awarded
8 to a community board for a three-year period, with
9 annual payments made to the community board. The Iowa
10 empowerment board may grant an extension from the
11 award date and any application deadlines based upon
12 the award date, to allow for a later implementation
13 date in the initial year in which a community board
14 submits a comprehensive school ready grant plan to the
15 Iowa empowerment board. However, receipt of continued
16 funding is subject to submission of the required
17 annual report and the Iowa board's determination that
18 the community board is measuring, through the use of
19 performance and results indicators developed by the
20 Iowa board with input from community boards, progress
21 toward and is achieving the desired results identified
22 in the grant plan. If progress is not measured
23 through the use of performance and results indicators
24 toward achieving the identified results, that grant
25 shall not receive any increase in funding from the
26 state and the Iowa board may request a plan of
27 corrective action or may withdraw grant funding.

28 Sec. 12. Section 28.8, subsection 5, paragraph c,
29 unnumbered paragraph 1, Code 2005, is amended to read
30 as follows:

31 A community board's readiness shall be ascertained
32 by evidence of successful collaboration among public
33 or private early care, education, ~~human services, or~~
34 health, or human services interests or a documented
35 program design evincing a strong likelihood of leading
36 to a successful collaboration between these interests.
37 Other criteria which may be used by the Iowa board to
38 ascertain readiness and to determine funding amounts
39 include one or more of the following:

40 Sec. 13. Section 28.8, subsection 5, Code 2005, is
41 amended by adding the following new paragraph:

42 NEW PARAGRAPH. e. The Iowa empowerment board
43 shall establish and implement limits on the
44 carryforward of school ready children grant funding
45 that has been identified by the department of
46 management as being an unreasonably high amount,
47 including provision for redistribution or other
48 redirection of the funding.

49 Sec. 14. NEW SECTION. 28.10 EARLY CHILDHOOD AND
50 EARLY CARE.

1 1. The Iowa empowerment board shall provide for
2 the operation of an internet webpage for purposes of
3 widely distributing early childhood and early care
4 information provided by the departments represented on
5 the board and the public and private agencies
6 addressing early childhood and early care issues.

7 2. Information provided on the internet webpage
8 shall include but is not limited to all of the
9 following:

10 a. The early learning standards for children ages
11 three to five proposed by the early learning standards
12 group created pursuant to federal child care and
13 development block grant requirements and with
14 assistance from the Iowa child care and early
15 education network, department of education, department
16 of human services, Iowa head start association, and
17 Iowa state university of science and technology, as
18 integrated with standards and recommendations issued
19 by the United States department of education regarding
20 early childhood cognitive development and learning and
21 preschool and research-based standards for high-
22 quality early care, including but not limited to the
23 practices identified by the institute of education
24 sciences of the United States department of education.
25 As early learning standards are identified in law, the
26 proposed standards posted on the webpage shall be
27 replaced with the standards identified in law.

28 b. A link to a special webpage directed to
29 parents, including parent-specific information on
30 early childhood and early care, information regarding
31 the tuition tax credit for early childhood development
32 expenses under section 422.12, and links to other
33 resources available on the internet and from other
34 sources.

35 c. Program standards for early childhood or early
36 care that have been approved by state agencies.

37 3. The Iowa empowerment board shall include
38 information regarding the extent and frequency of
39 usage of the webpage or webpages in the board's annual
40 report to the governor and general assembly.

41 Sec. 15. NEW SECTION. 279.60 KINDERGARTEN
42 ASSESSMENT.

43 Each school district shall administer the dynamic
44 indicators of basic early literacy skills kindergarten
45 benchmark assessment to every kindergarten student
46 enrolled in the district not later than October 1.
47 The school district shall also collect information
48 from each parent, guardian, or legal custodian of a
49 kindergarten student enrolled in the district,
50 including but not limited to whether the student

1 attended preschool, factors identified by the early
2 care coordinator pursuant to section 28.3, and other
3 demographic factors. Each school district shall
4 report the results of the assessment and the preschool
5 information collected to the department of education
6 in the manner prescribed by the department not later
7 than January 1 of that school year. The early care
8 coordinator appointed pursuant to section 28.3 shall
9 have access to the raw data. The department shall
10 review the information submitted pursuant to this
11 section and shall submit its findings and
12 recommendations annually in a report to the governor,
13 the general assembly, the Iowa empowerment board, and
14 the community empowerment area boards.

DIVISION II

CHILD CARE QUALITY RATING

15
16
17 Sec. 16. Section 237A.30, Code 2005, is amended by
18 striking the section and inserting in lieu thereof the
19 following:

20 237A.30 CHILD CARE QUALITY RATING SYSTEM.

21 1. The department shall work with the community
22 empowerment office of the department of management
23 established in section 28.3 and the state child care
24 advisory council in designing and implementing a
25 quality rating system for each provider type of child
26 care facility.

27 2. The quality rating system shall be voluntary
28 and composed of multiple ratings based upon the rating
29 criteria adopted for the system. The initial system
30 shall provide for five levels; however, the department
31 may periodically revise the system to change the
32 number of levels and make other changes to improve the
33 system. The department shall identify the period for
34 which a rating is awarded and the means by which a
35 rating may be withdrawn or modified.

36 3. The criteria utilized for the rating system may
37 include but are not limited to any of the following:
38 facility type; provider staff experience, education,
39 training, and credentials; facility director education
40 and training; an environmental rating score or other
41 direct assessment environmental methodology; national
42 accreditation; facility history of compliance with law
43 and rules; child-to-staff ratio; curriculum, including
44 the extent to which the curriculum focuses on the
45 stages of child development and on child outcomes;
46 business practices; staff retention rates; evaluation
47 of staff members and program practices; staff
48 compensation and benefit practices; provider and staff
49 membership in professional early childhood
50 organizations; and parental involvement with the

1 facility.

2 4. The department may directly administer or
3 contract for the administration of the quality rating
4 system. A facility's quality rating may be included
5 on the internet page and in the consumer information
6 provided by the department pursuant to section 237A.25
7 and shall be identified in the child care provider
8 referrals made by child care resource and referral
9 service grantees under section 237A.26.

10 5. For reimbursement paid under the state child
11 care assistance program established in section
12 237A.13, the department may implement a reimbursement
13 rate methodology applicable to child care facilities
14 participating in the rating system in which the
15 reimbursement rate varies based upon the rating of a
16 facility. A reimbursement rate methodology applicable
17 to child care facilities shall not cause a child care
18 facility to receive a lower reimbursement rate than
19 was paid under the prior methodology. In addition, as
20 part of the quality rating system, the department may
21 pay an achievement bonus to providers that are awarded
22 a quality rating.

23 Sec. 17. PHASED IMPLEMENTATION.

24 1. Effective July 1, 2005, the department of human
25 services shall no longer accept applications for the
26 gold seal quality designation for child care providers
27 under section 237A.30, Code 2005. However, if a child
28 care provider has been awarded the designation prior
29 to July 1, 2005, the designation may continue to be
30 utilized for that provider until the designated period
31 of nationally recognized accreditation for which the
32 gold seal designation was awarded has ended.

33 2. The department of human services shall commence
34 implementation of the child care quality rating system
35 under section 237A.30, as amended by this division of
36 this Act, by awarding ratings beginning on or after
37 January 1, 2006. The department may modify
38 implementation of the rating system and the rating
39 system itself as necessary to conform to the funding
40 made available for the rating system for the fiscal
41 year beginning July 1, 2005.

42 DIVISION III

43 EARLY CHILDHOOD TAX CREDIT

44 Sec. 18. Section 422.12, subsection 2, Code 2005,
45 is amended to read as follows:

46 2. a. A tuition credit equal to twenty-five
47 percent of the first one thousand dollars which the
48 taxpayer has paid to others for each dependent in
49 grades kindergarten through twelve, for tuition and
50 textbooks of each dependent in attending an elementary

1 or secondary school situated in Iowa, which school is
2 accredited or approved under section 256.11, which is
3 not operated for profit, and which adheres to the
4 provisions of the federal Civil Rights Act of 1964 and
5 chapter 216.

6 (1) As used in this subsection paragraph "a",
7 "textbooks" means books and other instructional
8 materials and equipment used in elementary and
9 secondary schools in teaching only those subjects
10 legally and commonly taught in public elementary and
11 secondary schools in this state and does not include
12 instructional books and materials used in the teaching
13 of religious tenets, doctrines, or worship, the
14 purpose of which is to inculcate those tenets,
15 doctrines, or worship. "Textbooks" includes books or
16 materials used for extracurricular activities
17 including sporting events, musical or dramatic events,
18 speech activities, driver's education, or programs of
19 a similar nature. ~~Notwithstanding any other~~
20 ~~provision, all other credits allowed under this~~
21 ~~section and section 422.12B shall be deducted before~~
22 ~~the tuition credit under this subsection. The~~
23 ~~department, when conducting an audit of a taxpayer's~~
24 ~~return, shall also audit the tuition tax credit~~
25 ~~portion of the tax return.~~

26 (2) As used in this subsection paragraph "a",
27 "tuition" means any charges for the expenses of
28 personnel, buildings, equipment and materials other
29 than textbooks, and other expenses of elementary or
30 secondary schools which relate to the teaching only of
31 those subjects legally and commonly taught in public
32 elementary and secondary schools in this state and
33 which do not relate to the teaching of religious
34 tenets, doctrines, or worship, the purpose of which is
35 to inculcate those tenets, doctrines, or worship.
36 "Tuition" includes those expenses which relate to
37 extracurricular activities including sporting events,
38 musical or dramatic events, speech activities,
39 driver's education, or programs of a similar nature.

40 b. In addition to the tuition credit authorized in
41 paragraph "a", a tuition credit equal to twenty-five
42 percent of the first one thousand dollars which the
43 taxpayer has paid to others for each dependent ages
44 three through five for early childhood development
45 expenses. As used in this subsection, "early
46 childhood development expenses" means services
47 provided to the dependent by a preschool, as defined
48 in section 237A.1, materials, and other activities as
49 follows:

50 (1) Books that improve child development,

1 including textbooks, music books, art books, teacher's
2 editions, and reading books.

3 (2) Instructional materials required to be used in
4 a child development or educational lesson activity,
5 including but not limited to paper, notebooks,
6 pencils, and art supplies.

7 (3) Lesson plans and curricula.

8 (4) Child development and educational activities
9 outside the home, including drama, art, music, and
10 museum activities, and the entrance fees for such
11 activities, but not including food or lodging,
12 membership fees, or other nonacademic expenses.

13 "Early childhood development expenses" does not
14 include services, materials, or activities for the
15 teaching of religious tenets, doctrines, or worship,
16 the purpose of which is to inculcate those tenets,
17 doctrines, or worship.

18 c. Each taxpayer intending to claim a credit under
19 paragraph "b" shall apply for the credit by filing a
20 notice with the department by January 21 following the
21 end of the tax year to which the credit is applicable.
22 The notice shall provide supporting documentation as
23 required by the department. The department shall
24 compute the total amount of credits contained in the
25 notices received by the department. The total amount
26 of credits that may be approved for any fiscal year
27 for purposes of paragraph "b" is limited to five
28 million dollars. If tax credits under paragraph "b"
29 exceed this limit, the amount of credit available to
30 each taxpayer shall be prorated. The department shall
31 notify the taxpayer of the amount of the taxpayer's
32 credit by February 28 following the deadline for
33 receipt of the notice.

34 d. Notwithstanding any other provision, all other
35 credits allowed under this section and section 422.12B
36 shall be deducted before the tuition credits under
37 this subsection. The department, when conducting an
38 audit of a taxpayer's return, shall also audit the
39 tuition tax credit portion of the tax return.

40 Sec. 19. APPLICABILITY DATE. This division of
41 this Act applies to tax years beginning on or after
42 January 1, 2006."

43 2. Title page, by striking lines 1 through 5 and
44 inserting the following: "An Act relating to
45 improvement of the early care, child care services,
46 education, health, and human services systems under
47 the oversight of the departments of education and
48 human services, the Iowa empowerment board, and the
49 child development coordinating council, expanding the
50 tuition and textbook tax credit, and providing an

HOUSE FILE 761

H-1639

1 Amend the Senate amendment, H-1634, to House File
2 761, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 8, by inserting after line 43 the
5 following:

6 "Sec. ____ . Section 422.12, unnumbered paragraph 1,
7 Code 2005, is amended to read as follows:

8 There Except as otherwise provided in subsection 2,
9 paragraph "b", there shall be deducted from but not to
10 exceed the tax, after the same shall have been
11 computed as provided in this division, the following:"

12 2. Page 10, by striking lines 29 and 30 and
13 inserting the following: "exceed this limit the
14 taxpayers that shall receive the full amount of the
15 credit shall be determined under the procedures
16 established by rule of the department. The remaining
17 taxpayers shall receive their credits for the
18 subsequent fiscal year, subject to the maximum credit
19 limitation. The department shall".

20 3. Page 10, by inserting before line 34, the
21 following:

22 "cc. Any credit under paragraph "b" that is in
23 excess of the taxpayer's tax liability shall be
24 refunded. In lieu of claiming a refund, the taxpayer
25 may elect to have the overpayment shown on the
26 taxpayer's final, completed return credited to the tax
27 liability for the following tax year."

28 4. By renumbering as necessary.

By HOGG of Linn

H-1639 FILED MAY 10, 2005

HOUSE FILE 761

H-1642

1 Amend the Senate amendment, H-1634, to House File
2 761, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 6, by striking lines 43 through 45 and
5 inserting the following:

6 "Each school district shall administer diagnostic
7 assessments for measuring reading accuracy and fluency
8 skills, including but not limited to phonemic
9 awareness, oral reading ability, and comprehension
10 skills, to every kindergarten student".

By WINCKLER of Scott

H-1642 FILED MAY 10, 2005

HOUSE FILE 761

H-1643

1 Amend the Senate amendment, H-1634, to House File
2 761, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 8, by inserting after line 41 the
5 following:

6 "Sec. ____ . IPERS COVERAGE STUDY. The Iowa public
7 employees' retirement system (IPERS) shall consult
8 with the department of human services and others to
9 study how persons providing child care at a child care
10 facility that is licensed or registered under chapter
11 237A or that is provided under the direction of a
12 school district can be covered under IPERS. IPERS
13 shall report to the governor and general assembly on
14 or before December 16, 2005, with findings and
15 recommendations from the study."

16 2. By renumbering as necessary.

By PETERSEN of Polk

H-1643 FILED MAY 10, 2005

HOUSE FILE 761

H-1644

1 Amend the Senate amendment, H-1634, to House File
2 761, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 8, by inserting after line 41 the
5 following:

6 "Sec. ____ . HAWK-I COVERAGE STUDY. The department
7 of human services and the hawk-i board shall study how
8 persons providing child care at a child care facility
9 that is licensed or registered under chapter 237A or
10 that is provided under the direction of a school
11 district, and the persons' family members, can be
12 covered under the hawk-i program. The department and
13 the hawk-i board shall report to the governor and
14 general assembly on or before December 16, 2005, with
15 findings and recommendations from the study."

16 2. By renumbering as necessary.

By PETERSEN of Polk

H-1644 FILED MAY 10, 2005

HOUSE FILE 761

H-1646

1 Amend the Senate amendment, H-1634, to House File
2 761, as amended, passed, and reprinted by the House,
3 as follows:

4 1. By striking page 6, line 41 through page 7,
5 line 14.

6 2. By renumbering as necessary.

By SMITH of Marshall

H-1646 FILED MAY 10, 2005

HOUSE FILE 761

H-1647

1 Amend the Senate amendment, H-1634, to House File
2 761, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 8, by inserting after line 41 the
5 following:

6 "Sec. ____ . CHILD DEVELOPMENT EDUCATION FORGIVABLE
7 LOAN PROGRAM STUDY. The department of education and
8 the college student aid commission shall conduct a
9 study of the need for implementing a forgivable loan
10 program for child development students who after
11 graduation provide high-quality child care, preschool,
12 or child development services in areas of the state
13 where there is a shortage of these services. The
14 department and commission shall report to the governor
15 and general assembly on or before December 16, 2005,
16 with findings and recommendations from the study."

17 2. By renumbering as necessary.

By MASCHER of Johnson

H-1647 FILED MAY 10, 2005

HOUSE FILE 761

H-1648

1 Amend the Senate amendment, H-1634, to House File
2 761, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 7, by inserting after line 14 the
5 following:

6 "Sec. ____ . COLOCATION OF STATE EARLY CHILDHOOD
7 STAFF PLAN. The community empowerment office of the
8 department of management shall develop a plan to
9 physically or virtually collocate the state
10 administrative offices of the state programs directed
11 to children from birth to age five and the associated
12 state administrative staff. The plan shall be
13 presented to the chairpersons and ranking members of
14 the committees on human resources of the senate and
15 the house of representatives on or before January 16,
16 2006."

17 2. By renumbering as necessary.

By SMITH of Marshall

H-1648 FILED MAY 10, 2005

HOUSE FILE 761

H-1649

1 Amend the Senate amendment, H-1634, to House File
2 761, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 7, by inserting after line 16 the
5 following:

6 "Sec. _____. Section 237A.1, subsections 6 and 7,
7 Code 2005, are amended to read as follows:

8 6. "Child care home" means a person or program
9 providing child care to ~~five~~ two or fewer children at
10 any one time that is not registered to provide child
11 care under this chapter, as authorized under section
12 237A.3.

13 7. "Child development home" means a person or
14 program registered under section 237A.3A that may
15 provide child care to ~~six~~ three or more children at
16 any one time.

17 Sec. _____. Section 237A.3, subsection 1, Code 2005,
18 is amended to read as follows:

19 1. A person or program providing child care to
20 ~~five~~ two children or fewer at any one time is a child
21 care home provider and is not required to register
22 under section 237A.3A as a child development home.
23 However, the person or program may register as a child
24 development home.

25 Sec. _____. Section 237A.4, Code 2005, is amended to
26 read as follows:

27 237A.4 INSPECTION AND EVALUATION.

28 1. The department shall make periodic inspections
29 of licensed centers to ensure compliance with
30 licensing requirements provided in this chapter, and
31 the local boards of health may make periodic
32 inspections of licensed centers to ensure compliance
33 with health-related licensing requirements provided in
34 this chapter. The department may inspect records
35 maintained by a licensed center and may inquire into
36 matters concerning these centers and the persons in
37 charge. The department shall require that the center
38 be inspected by the state fire marshal or a designee
39 for compliance with rules relating to fire safety
40 before a license is granted or renewed.

41 2. The department or a designee shall visit each
42 registered child development home to conduct an on-
43 site inspection within two months of the child
44 development home's initial registration and shall
45 conduct an on-site inspection of each child
46 development home at least every eighteen months
47 following the initial visit. The department or a
48 designee may periodically visit registered child
49 development homes for the purpose of evaluation of an
50 inquiry into matters concerning compliance with rules

H-1649

1 adopted under section 237A.12. Evaluation of child
2 development homes under this section may include
3 consultative services provided pursuant to section
4 237A.6."
5 2. By renumbering as necessary.

By SHOULTZ of Black Hawk
JOCHUM of Dubuque

H-1649 FILED MAY 10, 2005

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 761 - Early Childhood Policy (LSB 2948 HV.2)

Analyst: Robin Madison (Phone: (515) 281-5270) (robin.madison@legis.state.ia.us)

Fiscal Note Version – As Amended and Passed By the Senate

Description

House File 761, as amended and passed by the Senate, adds the term "early care" to Chapter 28, Code of Iowa, pertaining to the Iowa Empowerment Board, and makes changes to the appointment process for the Board. The requirements for the Board's technical assistance system are broadened to address early care, education, health, and human services, beyond the Community Empowerment Areas.

The Bill requires the Director of the Department of Management to appoint an Early Care Coordinator to work with Community Empowerment, Shared Visions, and other efforts addressing child development. The Coordinator is required to issue an annual report to the Governor and the General Assembly.

The Bill adds to the duties of the Iowa Empowerment Board, requiring the Board to:

- Provide an annually updated strategic plan to the Governor and the General Assembly that addresses, among other things, the integration of state-administered funding streams directed to community-based early care, education, health, and human services.
- Integrate statewide quality standards and results indicators adopted by other boards and commissions into the Board's requirements.
- Develop and implement requirements for early care programs to annually report results to the public and the Early Care Coordinator.

House File 761, as amended and passed by the Senate, requires Community Empowerment Areas to measure progress through the use of performance and results indicators in order to receive any increase in State funding. The Bill authorizes the Empowerment Board to establish and implement limits on the carry-forward of School Ready Grant funding.

The Bill requires the Iowa Empowerment Board to provide for the operation of an Internet web page to provide information to the public regarding early learning standards, program standards for early care, and parent-specific information on early childhood and early care, the early childhood tuition tax credit, and other resources available.

The Bill requires each school district to annually administer the Dynamic Indicators of Basic Early Literacy Skills (DIBELS) kindergarten benchmark assessment to every kindergarten student enrolled not later than October 1.

The Bill requires the Department of Human Services (DHS) to establish a voluntary Quality Rating System (QRS) for child care, with implementation to begin on or after January 1, 2006. The DHS may modify implementation of the QRS based on the level of funding made available for FY 2006. As of July 1, 2005, the DHS must no longer accept applications for the "Gold Seal" quality child care provider designation.

The Bill establishes a tuition tax credit equal to 25.0% of the first \$1,000 a taxpayer has paid to others for each dependent ages 3 through 5 for early childhood development expenses, including preschool services.

Assumptions

1. Initial development of a web site will cost \$2,000, a one-time expense in FY 2006. Ongoing maintenance of the site will cost \$3,000 per year.
2. The Department of Management will require an additional FTE position for an Early Care Coordinator at a cost of \$68,000 for salary and benefits in FY 2006. A 4.0% increase in salary and benefits is assumed for FY 2007.
3. The statewide cost of administering the DIBELS assessment to all kindergartners annually is \$15,000 in FY 2006 for training and \$37,000 annually for analysis and reporting services. These costs will be paid by local school districts.
4. Cost projections for the Quality Rating System are based on the components for a QRS set forth in the required plan submitted in December 2004; however, the DHS will design the QRS within the parameters of available funds.
5. Costs associated with the development of the design of the QRS will begin on July 1, 2005, and costs associated with implementation will begin on January 1, 2006.
6. It is unknown how many of the 7,500 regulated child care providers will participate in the voluntary QRS.
7. It is estimated that there will be an increase in administrative and support costs to contract for Project Managers that will develop, review, and process rating certificates and associated data.
8. It is estimated that there will be increased costs associated with marketing the QRS, creating public awareness, and developing a communications plan that will provide information to parents, providers, and the public, which will include web-based information.
9. It is estimated that there will be increased costs associated with providing support to providers through five Child Care Center Specialists. These Specialists will be employed in Child Care Resource and Referral or other community-based agencies to provide technical assistance and follow-up for providers who complete training, environmental ratings, or self-assessments.
10. It is estimated that there will be increased costs to support the development and completion of an Environmental Rating Scale and to observe and score providers.
11. It is estimated that there will be increased costs for train-the-trainer and provider training on the use of Environmental Rating Scales for self-assessment.
12. It is estimated there will be increased costs to provide bonuses for providers who achieve a level two or above. This assumes that 45 providers (the equivalent of those that currently have the "Gold Seal" designation) would receive a bonus of approximately \$2,200 each in the first year.
13. The early childhood tuition tax credit is capped at \$5.0 million per year, and applications can be submitted until January 21, 2007. Assuming the credit is issued before July 1, the impact in FY 2007 and subsequent years will be a maximum of \$5.0 million annually.

Fiscal Impact

The fiscal impact of HF 761, as amended and passed by the Senate, on the State General Fund is estimated to be \$973,000 in FY 2006 and \$6.4 million in FY 2007. The table below provides a breakdown for the utilization of the estimated increase in expenditures:

Anticipated Cost Increases	FY 2006	FY 2007
Web Site & Early Care Coord.	\$ 73,000	\$ 74,000
Tuition Tax Credit	0	5,000,000
Quality Rating System:		
Project Management & Support	150,000	300,000
Marketing & Public Awareness	50,000	100,000
Child Care Center Specialists	250,000	250,000
Environ. Rating Scale Development & Observ.	150,000	300,000
Train-the-Trainer & Provider Training	200,000	200,000
Provider Bonuses	100,000	200,000
Total	\$ 973,000	\$ 6,424,000

In addition, local school districts will experience an increase in costs related to the DIBELS assessment, with a statewide impact of \$52,000 in FY 2006 and \$37,000 in FY 2007.

Sources

Department of Management, Community Empowerment Office
Department of Human Services

Dennis C Prouty

May 10, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

**EIGHTY-FIRST GENERAL ASSEMBLY
2005 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

MAY 12, 2005

HOUSE FILE 761

H-1693

1 Amend the Senate amendment, H-1634, to House File
2 761, as amended, passed, and reprinted by the House,
3 as follows:

4 1. By striking page 1, line 3, through page 11,
5 line 2, and inserting the following:

6 "_____. By striking everything after the enacting
7 clause and inserting the following:

8 "DIVISION I

9 IOWA EMPOWERMENT BOARD

10 Sec. _____. Section 28.1, Code 2005, is amended by
11 adding the following new subsection:

12 NEW SUBSECTION. 3A. "Early care", "early care
13 services", or "early care system" means the programs,
14 services, support, or other assistance made available
15 to a parent or other person who is involved with
16 addressing the health and education needs of a child
17 from birth through age five. "Early care", "early
18 care services", or "early care system" includes but is
19 not limited to public and private efforts and formal
20 and informal settings.

21 Sec. _____. Section 28.2, subsection 3, Code 2005,
22 is amended to read as follows:

23 3. To achieve the initial set of desired results,
24 the initiative's primary focus shall first be on the
25 efforts of the state and communities to work together
26 to improve the efficiency and effectiveness of early
27 care, education, health, and human services provided
28 to families with children from birth through age five
29 years.

30 Sec. _____. Section 28.3, subsections 1 and 2, Code
31 2005, are amended to read as follows:

32 1. An Iowa empowerment board is created to
33 facilitate state and community efforts involving
34 community empowerment areas, including strategic
35 planning, funding identification, and guidance, and to
36 promote collaboration among state and local early
37 care, education, health, and human services programs.

38 2. The Iowa board shall consist of eighteen voting
39 members with thirteen citizen members and five state
40 agency members. The five state agency members shall
41 be the directors of the following departments:

42 economic development, education, human rights, human
43 services, and public health. The thirteen citizen
44 members shall be appointed by the governor, subject to
45 confirmation by the senate. The governor's
46 appointments of citizen members shall be made in a
47 manner so that each of the state's congressional
48 districts is represented by two citizen members and so
49 that all the appointments as a whole reflect the
50 ethnic, cultural, social, and economic diversity of

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1 the state. The governor's appointees shall be
2 selected from individuals nominated by community
3 empowerment area boards. The nominations shall
4 reflect the range of interests represented on the
5 community boards so that the governor is able to
6 appoint one or more members each for early care,
7 education, health, human services, business, faith,
8 and public interests. At least one of the citizen
9 members shall be a service consumer or the parent of a
10 service consumer. Terms of office of all citizen
11 members are three years. A vacancy on the board shall
12 be filled in the same manner as the original
13 appointment for the balance of the unexpired term.

14 Sec. _____. Section 28.3, subsection 5, Code 2005,
15 is amended to read as follows:

16 5. A community empowerment assistance team or
17 teams of state agency representatives shall be
18 designated to provide technical assistance and other
19 support to community empowerment areas and for the
20 board's efforts to address early care, education,
21 health, and human services. A technical assistance
22 system shall be developed using local representatives
23 of the state agencies represented on the Iowa board
24 and other state agencies and individuals involved with
25 local ~~community empowerment areas~~ early care,
26 education, health, and human services. ~~The technical~~
27 ~~assistance shall be available in at least three levels~~
28 ~~of support as follows:~~

29 ~~a. Support to areas experienced in operating an~~
30 ~~innovation zone or decategorization project with an~~
31 ~~extensive record of success in collaboration between~~
32 ~~education, health, or human services interests.~~

33 ~~b. Support to areas experienced in operating an~~
34 ~~innovation zone or decategorization project.~~

35 ~~c. Support to areas forming an initial community~~
36 ~~empowerment area with no previous experience operating~~
37 ~~an innovation zone or decategorization project.~~

38 Sec. _____. Section 28.3, subsection 6, paragraph b,
39 Code 2005, is amended to read as follows:

40 b. In addition, a community empowerment office is
41 established as a division of the department of
42 management to provide a center for facilitation,
43 communication, and coordination for community
44 empowerment activities and funding and for improvement
45 of the early care, education, health, and human
46 services systems. Staffing for the community
47 empowerment office shall be provided by a facilitator
48 or coordinator appointed by the governor, subject to
49 confirmation by the senate, and who serves at the
50 pleasure of the governor. A deputy and support staff

1 may be designated, subject to appropriation made for
2 this purpose. The facilitator or coordinator shall
3 submit reports to the governor, the Iowa board, and
4 the general assembly. The facilitator shall provide
5 primary staffing to the board, coordinate state
6 technical assistance activities and implementation of
7 the technical assistance system, and other
8 communication and coordination functions to move
9 authority and decision-making responsibility from the
10 state to communities and individuals.

11 Sec. ____ . Section 28.3, Code 2005, is amended by
12 adding the following new subsection:

13 NEW SUBSECTION. 6A. The director of the
14 department of management shall designate early care
15 staff, as part of the community empowerment
16 initiative, to provide coordination and other support
17 to the state's early care system. The early care
18 staff shall work with the state and local components
19 of the community empowerment initiative, shared
20 visions programs funded under chapter 256A, and other
21 public and private efforts to improve the early care
22 system. The early care staff duties shall include but
23 are not limited to the following:

24 a. Providing support to the public and private
25 stakeholders who are involved with the early care
26 system, acting to strengthen the early care system,
27 and developing accountability measures for early care
28 efforts.

29 b. Developing and disseminating accountability
30 measures for assessing the outcomes produced by the
31 department of education, the community empowerment
32 initiative, and other publicly funded efforts to
33 improve early care of young children, including but
34 not limited to shared visions and other programs
35 provided under the auspices of the child development
36 coordinating council, high-quality preschool programs,
37 head start programs, and school ready children grant
38 programs. The initial measures utilized shall be the
39 individual growth and development indicators developed
40 by the early childhood research institute on measuring
41 growth and development or other measures of high
42 quality to be authorized by law.

43 c. Collecting, interpreting, and redisseminating
44 data collected from the measures for assessing
45 outcomes under paragraph "b". Factors subject to
46 interpretation may include area demographics, relative
47 expenditures, collaboration between programs in an
48 area, and other factors impacting the outcomes
49 produced by an individual program.

50 d. Annually providing information to the governor

1 and general assembly regarding the outcomes produced
2 by individual programs. The information shall be
3 included in the Iowa empowerment board's annual
4 report.

5 Sec. _____. Section 28.4, subsection 4, Code 2005,
6 is amended to read as follows:

7 4. Identify boards, commissions, committees, and
8 other bodies in state government with overlapping and
9 similar purposes which contribute to redundancy and
10 fragmentation in early care, education, health, and
11 human services programs provided to the public. The
12 board shall also make recommendations and provide an
13 annually updated strategic plan to the governor and
14 general assembly as appropriate for increasing
15 coordination between these bodies, for eliminating
16 bureaucratic duplication, for consolidation where
17 appropriate, ~~and~~ for improving the efficiency of
18 working with federally mandated bodies, for
19 integration of services and service quality functions
20 to achieve improved results, and for integration of
21 state-administered funding streams directed to
22 community empowerment areas and other community-based
23 efforts for providing early care, education, health,
24 and human services.

25 Sec. _____. Section 28.4, subsection 12, paragraph
26 d, Code 2005, is amended to read as follows:

27 d. The Iowa empowerment board shall regularly make
28 information available identifying community
29 empowerment funding and funding distributed ~~through~~
30 ~~the funding streams listed under this paragraph "d" to~~
31 communities for purposes of the early care system. It
32 is the intent of the general assembly that the
33 community empowerment area boards and the
34 administrators of the early care programs located
35 within the community empowerment areas that are
36 supported by ~~the listed funding streams~~ public funding
37 shall fully cooperate with one another ~~on or before~~
38 ~~the indicated fiscal years~~, in order to avoid
39 duplication, enhance efforts, combine planning, and
40 take other steps to best utilize the funding to meet
41 the needs of the families in the areas. The community
42 empowerment area boards and the program administrators
43 shall annually submit a report concerning such efforts
44 to the community empowerment office. If a community
45 empowerment area is receiving a school ready children
46 grant, this report shall be an addendum to the annual
47 report required under section 28.8. The state
48 community empowerment facilitator or coordinator shall
49 compile and summarize the reports which shall be
50 submitted to the governor, general assembly, and Iowa

1 board. ~~The funding streams shall include all of the~~
2 ~~following:~~

3 ~~(1) Moneys for the healthy opportunities for~~
4 ~~parents to experience success--healthy families Iowa~~
5 ~~program under section 135.106 by the fiscal year~~
6 ~~beginning July 1, 2000, and ending June 30, 2001.~~

7 ~~(2) Moneys for parent education appropriated in~~
8 ~~section 279.51 and distributed through the child~~
9 ~~development coordinating council, by the fiscal year~~
10 ~~beginning July 1, 2000, and ending June 30, 2001.~~

11 ~~(3) Moneys for the preschool children at risk~~
12 ~~program appropriated in section 279.51 and distributed~~
13 ~~through the child development coordinating council, by~~
14 ~~the fiscal year beginning July 1, 2001, and ending~~
15 ~~June 30, 2002.~~

16 ~~(4) Moneys for home visitation and parent support~~
17 ~~annually appropriated to the department of human~~
18 ~~services and distributed or expended through child~~
19 ~~abuse prevention grants and the family preservation~~
20 ~~program, by the fiscal year beginning July 1, 2000,~~
21 ~~and ending June 30, 2001.~~

22 Sec. _____. Section 28.4, Code 2005, is amended by
23 adding the following new subsections:

24 NEW SUBSECTION. 13. Integrate statewide quality
25 standards and results indicators adopted by other
26 boards and commissions into the Iowa empowerment
27 board's funding requirements for investments in early
28 care, education, health, and human services.

29 NEW SUBSECTION. 14. With the assistance of the
30 state departments represented on the Iowa empowerment
31 board and the community empowerment office, develop
32 and implement requirements for community empowerment
33 areas and the state administrators of programs
34 providing early care or early care services to
35 annually report to the public and the early care
36 coordinator regarding the results produced by the
37 community empowerment initiative and by the programs.
38 Source data shall be made available to the early care
39 coordinator.

40 Sec. _____. Section 28.5, subsection 1, Code 2005,
41 is amended to read as follows:

42 1. The purpose of a community empowerment area is
43 to enable local citizens to lead collaborative efforts
44 involving early care, education, health, and human
45 services programs on behalf of the children, families,
46 and other citizens residing in the area. Leadership
47 functions may include but are not limited to strategic
48 planning for and oversight and managing of such
49 programs and the funding made available to the
50 community empowerment area for such programs from

1 federal, state, local, and private sources. The
2 initial focus of the purpose is to improve results for
3 families with young children.

4 Sec. _____. Section 28.6, subsection 1, paragraph a,
5 Code 2005, is amended to read as follows:

6 a. Community empowerment area functions shall be
7 performed under the authority of a community
8 empowerment area board. A majority of the members of
9 a community board shall be elected officials and
10 members of the public who are not employed by a
11 provider of services to or for the community board.
12 At least one member shall be a service consumer or the
13 parent of a service consumer. Terms of office of
14 community board members shall be not more than three
15 years and the terms shall be staggered. The
16 membership of a community empowerment area board shall
17 include members with early care, education, health,
18 human services, business, faith, and public interests.

19 Sec. _____. Section 28.8, subsection 5, paragraph a,
20 Code 2005, is amended to read as follows:

21 a. A school ready children grant shall be awarded
22 to a community board for a three-year period, with
23 annual payments made to the community board. The Iowa
24 empowerment board may grant an extension from the
25 award date and any application deadlines based upon
26 the award date, to allow for a later implementation
27 date in the initial year in which a community board
28 submits a comprehensive school ready grant plan to the
29 Iowa empowerment board. However, receipt of continued
30 funding is subject to submission of the required
31 annual report and the Iowa board's determination that
32 the community board is measuring, through the use of
33 performance and results indicators developed by the
34 Iowa board with input from community boards, progress
35 toward and is achieving the desired results identified
36 in the grant plan. If progress is not measured
37 through the use of performance and results indicators
38 toward achieving the identified results, the Iowa
39 board may request a plan of corrective action,
40 withhold any increase in funding, or ~~may~~ withdraw
41 grant funding.

42 Sec. _____. Section 28.8, subsection 5, paragraph c,
43 unnumbered paragraph 1, Code 2005, is amended to read
44 as follows:

45 A community board's readiness shall be ascertained
46 by evidence of successful collaboration among public
47 or private early care, education, ~~human services~~, or
48 health, or human services interests or a documented
49 program design evincing a strong likelihood of leading
50 to a successful collaboration between these interests.

1 Other criteria which may be used by the Iowa board to
2 ascertain readiness and to determine funding amounts
3 include one or more of the following:

4 Sec. ____ . Section 28.8, subsection 5, Code 2005,
5 is amended by adding the following new paragraph:

6 NEW PARAGRAPH. e. The Iowa empowerment board
7 shall identify and apply limitations on the
8 carryforward of school ready children grant funding.
9 The limitations shall address an unusually high
10 percentage of a grant being carried forward, the
11 number of years a grant has been carried forward which
12 shall not exceed three years, and other objective
13 criteria. The limitations shall make allowances for
14 special circumstances such as the carryforward of
15 funding that is designated for a particular purpose
16 and is scheduled in the grant plan. The board may
17 provide for redistribution or other redirection of the
18 funding that meets the criteria.

19 Sec. ____ . NEW SECTION. 28.10 EARLY CARE --
20 INTERNET WEBPAGE.

21 1. The Iowa empowerment board shall provide for
22 the operation of an internet webpage for purposes of
23 widely distributing early care information provided by
24 the departments represented on the board and the
25 public and private agencies addressing the early care
26 system.

27 2. Information provided on the internet webpage
28 shall include but is not limited to all of the
29 following:

30 a. The early learning standards for children ages
31 three to five proposed by the early learning standards
32 group created pursuant to federal child care and
33 development block grant requirements and with
34 assistance from the Iowa child care and early
35 education network, department of education, department
36 of human services, Iowa head start association, and
37 Iowa state university of science and technology, as
38 prepared with consideration of the standards and
39 recommendations issued by the United States department
40 of education regarding early childhood cognitive
41 development and learning and preschool and research-
42 based standards for high-quality early care, including
43 but not limited to the practices identified by the
44 institute of education sciences of the United States
45 department of education. As early learning standards
46 are identified in law, the proposed standards posted
47 on the webpage shall be replaced with the standards
48 identified in law.

49 b. A link to a special webpage directed to
50 parents, including parent-specific information on

1 early care, information regarding the early childhood
2 development credits under section 422.12C, and links
3 to other resources available on the internet and from
4 other sources.

5 c. Program standards for early care that have been
6 approved by state agencies.

7 d. A single point of contact for use by a parent
8 in accessing the community empowerment area programs
9 and early care programs that are available in the
10 parent's area.

11 3. The Iowa empowerment board shall include
12 information regarding the extent and frequency of
13 usage of the webpage or webpages in the board's annual
14 report to the governor and general assembly.

15 Sec. ____ . NEW SECTION. 279.60 KINDERGARTEN
16 ASSESSMENT.

17 Each school district shall administer the dynamic
18 indicators of basic early literacy skills kindergarten
19 benchmark assessment or other kindergarten benchmark
20 assessment adopted by the department of education in
21 consultation with the Iowa empowerment board to every
22 kindergarten student enrolled in the district not
23 later than October 1. The school district shall also
24 collect information from each parent, guardian, or
25 legal custodian of a kindergarten student enrolled in
26 the district, including but not limited to whether the
27 student attended preschool, factors identified by the
28 early care staff pursuant to section 28.3, and other
29 demographic factors. Each school district shall
30 report the results of the assessment and the preschool
31 information collected to the department of education
32 in the manner prescribed by the department not later
33 than January 1 of that school year. The early care
34 staff designated pursuant to section 28.3 shall have
35 access to the raw data. The department shall review
36 the information submitted pursuant to this section and
37 shall submit its findings and recommendations annually
38 in a report to the governor, the general assembly, the
39 Iowa empowerment board, and the community empowerment
40 area boards.

41 Sec. ____ . EARLY CARE AND CHILD CARE PROVIDER
42 INCENTIVES. The Iowa empowerment board shall conduct
43 a study of incentives that can be made available to
44 persons who provide early care, as defined in section
45 28.1, as amended in this Act, and child care,
46 including but not limited to providers of child care
47 regulated by the department of human services or the
48 department of education, preschools, head start
49 programs, and other persons who have no or limited
50 benefit packages and provide services to children.

1 The incentives studied shall include but are not
2 limited to forgivable loans for higher education
3 expenses, health care benefits, and retirement
4 benefits. The board shall report to the governor and
5 general assembly on or before December 16, 2005, with
6 findings, recommendations, and a fiscal analysis of
7 options.

8 Sec. _____. EARLY CARE INTEGRATION PLAN. The
9 community empowerment office of the department of
10 management, with the assistance of the departments
11 represented on the Iowa empowerment board, shall
12 develop a plan to integrate the efforts of the state
13 agency staff who have job functions directed to the
14 early care system, as defined in section 28.1, as
15 amended in this Act. The plan shall be submitted to
16 the chairpersons and ranking members of the committees
17 on human resources and education of the senate and the
18 house of representatives on or before December 16,
19 2006.

20 Sec. _____. IMPLEMENTATION OF INTERNET WEBPAGE. The
21 internet webpage required pursuant to section 28.10,
22 as enacted by this Act, shall be implemented on or
23 before March 1, 2006.

24 DIVISION II

25 CHILD CARE QUALITY RATING

26 Sec. _____. Section 237A.30, Code 2005, is amended
27 by striking the section and inserting in lieu thereof
28 the following:

29 237A.30 VOLUNTARY CHILD CARE QUALITY RATING
30 SYSTEM.

31 1. The department shall work with the community
32 empowerment office of the department of management
33 established in section 28.3 and the state child care
34 advisory council in designing and implementing a
35 voluntary quality rating system for each provider type
36 of child care facility.

37 2. The criteria utilized for the rating system may
38 include but are not limited to any of the following:
39 facility type; provider staff experience, education,
40 training, and credentials; facility director education
41 and training; an environmental rating score or other
42 direct assessment environmental methodology; national
43 accreditation; facility history of compliance with law
44 and rules; child-to-staff ratio; curriculum, including
45 the extent to which the curriculum focuses on the
46 stages of child development and on child outcomes;
47 business practices; staff retention rates; evaluation
48 of staff members and program practices; staff
49 compensation and benefit practices; provider and staff
50 membership in professional early childhood

1 organizations; and parental involvement with the
2 facility.

3 3. A facility's quality rating may be included on
4 the internet page and in the consumer information
5 provided by the department pursuant to section 237A.25
6 and shall be identified in the child care provider
7 referrals made by child care resource and referral
8 service grantees under section 237A.26.

9 Sec. ____ . PHASED IMPLEMENTATION.

10 1. Effective July 1, 2005, the department of human
11 services shall no longer accept applications for the
12 gold seal quality designation for child care providers
13 under section 237A.30, Code 2005. However, if a child
14 care provider has been awarded the designation prior
15 to July 1, 2005, the designation may continue to be
16 utilized for that provider until the designated period
17 of nationally recognized accreditation for which the
18 gold seal designation was awarded has ended.

19 2. The department of human services shall commence
20 implementation of the voluntary child care quality
21 rating system under section 237A.30, as amended by
22 this Act, by awarding ratings beginning on or after
23 January 1, 2006. The department may modify
24 implementation of the rating system and the rating
25 system itself as necessary to conform to the funding
26 made available for the rating system for the fiscal
27 year beginning July 1, 2005.

28 Sec. ____ . FEDERAL COORDINATION INITIATIVE. If an
29 opportunity is offered by the federal government and
30 the department of management, in consultation with the
31 relevant state agency directors and the Iowa head
32 start association, has determined that participation
33 in the opportunity would not adversely affect head
34 start programs in Iowa, the Iowa empowerment board and
35 the state agencies represented on the board shall
36 apply for Iowa to participate in a head start pilot
37 program designed to promote coordination of state head
38 start, preschool, and child care programs into a
39 comprehensive early childhood system.

40 DIVISION III

41 EARLY CHILDHOOD DEVELOPMENT TAX CREDIT

42 Sec. ____ . Section 422.12C, subsection 1, paragraph
43 f, Code 2005, is amended to read as follows:

44 f. For a taxpayer with net income of forty
45 thousand dollars or more, ~~zero~~ but less than forty-
46 five thousand dollars, thirty percent.

47 Sec. ____ . Section 422.12C, subsection 1, Code
48 2005, is amended by adding the following new
49 paragraph:

50 NEW PARAGRAPH. g. For a taxpayer with net income

1 of forty-five thousand dollars or more, zero percent.
2 Sec. _____. Section 422.12C, Code 2005, is amended
3 by adding the following new subsection:
4 NEW SUBSECTION. 1A. a. In lieu of the child and
5 dependent care credit authorized in subsection 1, a
6 taxpayer may claim an early childhood development tax
7 credit equal to twenty-five percent of the first one
8 thousand dollars which the taxpayer has paid to others
9 for each dependent, as defined in the Internal Revenue
10 Code, ages three through five for early childhood
11 development expenses. In determining the amount of
12 early childhood development expenses, such expenses
13 paid during November and December of the previous tax
14 year shall be considered paid in the tax year for
15 which the tax credit is claimed. This credit is
16 available to a taxpayer whose net income is less than
17 forty-five thousand dollars. If the early childhood
18 development tax credit is claimed for a tax year, the
19 taxpayer and the taxpayer's spouse shall not claim the
20 child and dependent care credit under subsection 1.
21 As used in this subsection, "early childhood
22 development expenses" means services provided to the
23 dependent by a preschool, as defined in section
24 237A.1, materials, and other activities as follows:
25 (1) Books that improve child development,
26 including textbooks, music books, art books, teacher's
27 editions, and reading books.
28 (2) Instructional materials required to be used in
29 a child development or educational lesson activity,
30 including but not limited to paper, notebooks,
31 pencils, and art supplies.
32 (3) Lesson plans and curricula.
33 (4) Child development and educational activities
34 outside the home, including drama, art, music, and
35 museum activities, and the entrance fees for such
36 activities, but not including food or lodging,
37 membership fees, or other nonacademic expenses.
38 "Early childhood development expenses" does not
39 include services, materials, or activities for the
40 teaching of religious tenets, doctrines, or worship,
41 the purpose of which is to inculcate those tenets,
42 doctrines, or worship.
43 b. Each taxpayer intending to claim a credit under
44 this subsection shall apply, on forms provided by the
45 department, for the credit by filing a notice with the
46 department no later than November 1 of the tax year to
47 which the credit is applicable. The notice shall
48 provide supporting documentation as required by the
49 department. The department shall compute the total
50 amount of credits contained in the notices received by

1 the department. The total amount of credits that may
2 be approved for any fiscal year for purposes of this
3 subsection is limited to two million five hundred
4 thousand dollars. If tax credits under this
5 subsection exceed this limit, each taxpayer shall
6 receive a pro rata amount of the credit as determined
7 by the department. The department shall notify the
8 taxpayer of the amount of the taxpayer's credit no
9 later than January 1 following the deadline for
10 receipt of the notice.

11 Sec. _____. Section 422.12C, subsection 3, Code
12 2005, is amended to read as follows:

13 3. Married taxpayers who have filed joint federal
14 returns electing to file separate returns or to file
15 separately on a combined return form must determine
16 the child and dependent care credit under subsection 1
17 or the early childhood development tax credit under
18 subsection 1A based upon their combined net income and
19 allocate the total credit amount to each spouse in the
20 proportion that each spouse's respective net income
21 bears to the total combined net income. Nonresidents
22 or part-year residents of Iowa must determine their
23 Iowa child and dependent care credit in the ratio of
24 their Iowa source net income to their all source net
25 income. Nonresidents or part-year residents who are
26 married and elect to file separate returns or to file
27 separately on a combined return form must allocate the
28 Iowa child and dependent care credit between the
29 spouses in the ratio of each spouse's Iowa source net
30 income to the combined Iowa source net income of the
31 taxpayers.

32 Sec. _____. APPLICABILITY DATE. This division of
33 this Act applies to tax years beginning on or after
34 January 1, 2006."

35 2. Title page, by striking lines 1 through 5 and
36 inserting the following: "An Act relating to
37 improvement of the early care, child care services,
38 education, health, and human services systems,
39 revising the child and dependent care tax credit,
40 creating an early childhood development tax credit,
41 and providing an applicability date."

42 3. By renumbering as necessary.

By TYMESON of Madison
HEATON of Henry
HOGG of Linn

KAUFMANN of Cedar
PETERSEN of Polk
UPMEYER of Hancock

H-1693 FILED MAY 11, 2005

ADOPTED

HOUSE AMENDMENT TO SENATE AMENDMENT TO
HOUSE FILE 761

S-3320

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14 Sec. _____. Section 28.3, subsection 5, Code 2005,
15 is amended to read as follows:

16 5. A community empowerment assistance team or
17 teams of state agency representatives shall be
18 designated to provide technical assistance and other
19 support to community empowerment areas and for the
20 board's efforts to address early care, education,
21 health, and human services. A technical assistance
22 system shall be developed using local representatives
23 of the state agencies represented on the Iowa board
24 and other state agencies and individuals involved with
25 local ~~community empowerment areas~~ early care,
26 education, health, and human services. ~~The technical~~
27 ~~assistance shall be available in at least three levels~~
28 ~~of support as follows:~~

29 ~~a. Support to areas experienced in operating an~~
30 ~~innovation zone or decategorization project with an~~
31 ~~extensive record of success in collaboration between~~
32 ~~education, health, or human services interests.~~

33 ~~b. Support to areas experienced in operating an~~
34 ~~innovation zone or decategorization project.~~

35 ~~c. Support to areas forming an initial community~~
36 ~~empowerment area with no previous experience operating~~
37 ~~an innovation zone or decategorization project.~~

38 Sec. _____. Section 28.3, subsection 6, paragraph b,
39 Code 2005, is amended to read as follows:

40 b. In addition, a community empowerment office is
41 established as a division of the department of
42 management to provide a center for facilitation,
43 communication, and coordination for community
44 empowerment activities and funding and for improvement
45 of the early care, education, health, and human
46 services systems. Staffing for the community
47 empowerment office shall be provided by a facilitator
48 or coordinator appointed by the governor, subject to
49 confirmation by the senate, and who serves at the
50 pleasure of the governor. A deputy and support staff

1 may be designated, subject to appropriation made for
2 this purpose. The facilitator or coordinator shall
3 submit reports to the governor, the Iowa board, and
4 the general assembly. The facilitator shall provide
5 primary staffing to the board, coordinate state
6 technical assistance activities and implementation of
7 the technical assistance system, and other
8 communication and coordination functions to move
9 authority and decision-making responsibility from the
10 state to communities and individuals.

11 Sec. _____. Section 28.3, Code 2005, is amended by
12 adding the following new subsection:

13 NEW SUBSECTION. 6A. The director of the
14 department of management shall designate early care
15 staff, as part of the community empowerment
16 initiative, to provide coordination and other support
17 to the state's early care system. The early care
18 staff shall work with the state and local components
19 of the community empowerment initiative, shared
20 visions programs funded under chapter 256A, and other
21 public and private efforts to improve the early care
22 system. The early care staff duties shall include but
23 are not limited to the following:

24 a. Providing support to the public and private
25 stakeholders who are involved with the early care
26 system, acting to strengthen the early care system,
27 and developing accountability measures for early care
28 efforts.

29 b. Developing and disseminating accountability
30 measures for assessing the outcomes produced by the
31 department of education, the community empowerment
32 initiative, and other publicly funded efforts to
33 improve early care of young children, including but
34 not limited to shared visions and other programs
35 provided under the auspices of the child development
36 coordinating council, high-quality preschool programs,
37 head start programs, and school ready children grant
38 programs. The initial measures utilized shall be the
39 individual growth and development indicators developed
40 by the early childhood research institute on measuring
41 growth and development or other measures of high
42 quality to be authorized by law.

43 c. Collecting, interpreting, and redisseminating
44 data collected from the measures for assessing
45 outcomes under paragraph "b". Factors subject to
46 interpretation may include area demographics, relative
47 expenditures, collaboration between programs in an
48 area, and other factors impacting the outcomes
49 produced by an individual program.

50 d. Annually providing information to the governor

1 and general assembly regarding the outcomes produced
2 by individual programs. The information shall be
3 included in the Iowa empowerment board's annual
4 report.

5 Sec. _____. Section 28.4, subsection 4, Code 2005,
6 is amended to read as follows:

7 4. Identify boards, commissions, committees, and
8 other bodies in state government with overlapping and
9 similar purposes which contribute to redundancy and
10 fragmentation in early care, education, health, and
11 human services programs provided to the public. The
12 board shall also make recommendations and provide an
13 annually updated strategic plan to the governor and
14 general assembly as appropriate for increasing
15 coordination between these bodies, for eliminating
16 bureaucratic duplication, for consolidation where
17 appropriate, ~~and~~ for improving the efficiency of
18 working with federally mandated bodies, for
19 integration of services and service quality functions
20 to achieve improved results, and for integration of
21 state-administered funding streams directed to
22 community empowerment areas and other community-based
23 efforts for providing early care, education, health,
24 and human services.

25 Sec. _____. Section 28.4, subsection 12, paragraph
26 d, Code 2005, is amended to read as follows:

27 d. The Iowa empowerment board shall regularly make
28 information available identifying community
29 empowerment funding and funding distributed ~~through~~
30 ~~the funding streams listed under this paragraph "d" to~~
31 communities for purposes of the early care system. It
32 is the intent of the general assembly that the
33 community empowerment area boards and the
34 administrators of the early care programs located
35 within the community empowerment areas that are
36 supported by ~~the listed funding streams~~ public funding
37 shall fully cooperate with one another ~~on or before~~
38 ~~the indicated fiscal years~~, in order to avoid
39 duplication, enhance efforts, combine planning, and
40 take other steps to best utilize the funding to meet
41 the needs of the families in the areas. The community
42 empowerment area boards and the program administrators
43 shall annually submit a report concerning such efforts
44 to the community empowerment office. If a community
45 empowerment area is receiving a school ready children
46 grant, this report shall be an addendum to the annual
47 report required under section 28.8. The state
48 community empowerment facilitator or coordinator shall
49 compile and summarize the reports which shall be
50 submitted to the governor, general assembly, and Iowa

1 board. ~~The funding streams shall include all of the~~
2 ~~following:~~

3 ~~-(1) Moneys for the healthy opportunities for~~
4 ~~parents to experience success--healthy families Iowa~~
5 ~~program under section 135.106 by the fiscal year~~
6 ~~beginning July 1, 2000, and ending June 30, 2001.~~

7 ~~-(2) Moneys for parent education appropriated in~~
8 ~~section 279.51 and distributed through the child~~
9 ~~development coordinating council, by the fiscal year~~
10 ~~beginning July 1, 2000, and ending June 30, 2001.~~

11 ~~-(3) Moneys for the preschool children at risk~~
12 ~~program appropriated in section 279.51 and distributed~~
13 ~~through the child development coordinating council, by~~
14 ~~the fiscal year beginning July 1, 2001, and ending~~
15 ~~June 30, 2002.~~

16 ~~-(4) Moneys for home visitation and parent support~~
17 ~~annually appropriated to the department of human~~
18 ~~services and distributed or expended through child~~
19 ~~abuse prevention grants and the family preservation~~
20 ~~program, by the fiscal year beginning July 1, 2000,~~
21 ~~and ending June 30, 2001.~~

22 Sec. _____. Section 28.4, Code 2005, is amended by
23 adding the following new subsections:

24 NEW SUBSECTION. 13. Integrate statewide quality
25 standards and results indicators adopted by other
26 boards and commissions into the Iowa empowerment
27 board's funding requirements for investments in early
28 care, education, health, and human services.

29 NEW SUBSECTION. 14. With the assistance of the
30 state departments represented on the Iowa empowerment
31 board and the community empowerment office, develop
32 and implement requirements for community empowerment
33 areas and the state administrators of programs
34 providing early care or early care services to
35 annually report to the public and the early care
36 coordinator regarding the results produced by the
37 community empowerment initiative and by the programs.
38 Source data shall be made available to the early care
39 coordinator.

40 Sec. _____. Section 28.5, subsection 1, Code 2005,
41 is amended to read as follows:

42 1. The purpose of a community empowerment area is
43 to enable local citizens to lead collaborative efforts
44 involving early care, education, health, and human
45 services programs on behalf of the children, families,
46 and other citizens residing in the area. Leadership
47 functions may include but are not limited to strategic
48 planning for and oversight and managing of such
49 programs and the funding made available to the
50 community empowerment area for such programs from

1 federal, state, local, and private sources. The
2 initial focus of the purpose is to improve results for
3 families with young children.

4 Sec. _____. Section 28.6, subsection 1, paragraph a,
5 Code 2005, is amended to read as follows:

6 a. Community empowerment area functions shall be
7 performed under the authority of a community
8 empowerment area board. A majority of the members of
9 a community board shall be elected officials and
10 members of the public who are not employed by a
11 provider of services to or for the community board.
12 At least one member shall be a service consumer or the
13 parent of a service consumer. Terms of office of
14 community board members shall be not more than three
15 years and the terms shall be staggered. The

16 membership of a community empowerment area board shall
17 include members with early care, education, health,
18 human services, business, faith, and public interests.

19 Sec. _____. Section 28.8, subsection 5, paragraph a,
20 Code 2005, is amended to read as follows:

21 a. A school ready children grant shall be awarded
22 to a community board for a three-year period, with
23 annual payments made to the community board. The Iowa
24 empowerment board may grant an extension from the
25 award date and any application deadlines based upon
26 the award date, to allow for a later implementation
27 date in the initial year in which a community board
28 submits a comprehensive school ready grant plan to the
29 Iowa empowerment board. However, receipt of continued
30 funding is subject to submission of the required
31 annual report and the Iowa board's determination that
32 the community board is measuring, through the use of
33 performance and results indicators developed by the
34 Iowa board with input from community boards, progress
35 toward and is achieving the desired results identified
36 in the grant plan. If progress is not measured
37 through the use of performance and results indicators
38 toward achieving the identified results, the Iowa
39 board may request a plan of corrective action,
40 withhold any increase in funding, or ~~may~~ withdraw
41 grant funding.

42 Sec. _____. Section 28.8, subsection 5, paragraph c,
43 unnumbered paragraph 1, Code 2005, is amended to read
44 as follows:

45 A community board's readiness shall be ascertained
46 by evidence of successful collaboration among public
47 or private early care, education, ~~human services~~, or
48 health, or human services interests or a documented
49 program design evincing a strong likelihood of leading
50 to a successful collaboration between these interests.

1 Other criteria which may be used by the Iowa board to
2 ascertain readiness and to determine funding amounts
3 include one or more of the following:

4 Sec. _____. Section 28.8, subsection 5, Code 2005,
5 is amended by adding the following new paragraph:
6 NEW PARAGRAPH. e. The Iowa empowerment board
7 shall identify and apply limitations on the
8 carryforward of school ready children grant funding.
9 The limitations shall address an unusually high
10 percentage of a grant being carried forward, the
11 number of years a grant has been carried forward which
12 shall not exceed three years, and other objective
13 criteria. The limitations shall make allowances for
14 special circumstances such as the carryforward of
15 funding that is designated for a particular purpose
16 and is scheduled in the grant plan. The board may
17 provide for redistribution or other redirection of the
18 funding that meets the criteria.

19 Sec. _____. NEW SECTION. 28.10 EARLY CARE --
20 INTERNET WEBPAGE.

21 1. The Iowa empowerment board shall provide for
22 the operation of an internet webpage for purposes of
23 widely distributing early care information provided by
24 the departments represented on the board and the
25 public and private agencies addressing the early care
26 system.

27 2. Information provided on the internet webpage
28 shall include but is not limited to all of the
29 following:

30 a. The early learning standards for children ages
31 three to five proposed by the early learning standards
32 group created pursuant to federal child care and
33 development block grant requirements and with
34 assistance from the Iowa child care and early
35 education network, department of education, department
36 of human services, Iowa head start association, and
37 Iowa state university of science and technology, as
38 prepared with consideration of the standards and
39 recommendations issued by the United States department
40 of education regarding early childhood cognitive
41 development and learning and preschool and research-
42 based standards for high-quality early care, including
43 but not limited to the practices identified by the
44 institute of education sciences of the United States
45 department of education. As early learning standards
46 are identified in law, the proposed standards posted
47 on the webpage shall be replaced with the standards
48 identified in law.

49 b. A link to a special webpage directed to
50 parents, including parent-specific information on

1 early care, information regarding the early childhood
2 development credits under section 422.12C, and links
3 to other resources available on the internet and from
4 other sources.

5 c. Program standards for early care that have been
6 approved by state agencies.

7 d. A single point of contact for use by a parent
8 in accessing the community empowerment area programs
9 and early care programs that are available in the
10 parent's area.

11 3. The Iowa empowerment board shall include
12 information regarding the extent and frequency of
13 usage of the webpage or webpages in the board's annual
14 report to the governor and general assembly.

15 Sec. ____ . NEW SECTION. 279.60 KINDERGARTEN
16 ASSESSMENT.

17 Each school district shall administer the dynamic
18 indicators of basic early literacy skills kindergarten
19 benchmark assessment or other kindergarten benchmark
20 assessment adopted by the department of education in
21 consultation with the Iowa empowerment board to every
22 kindergarten student enrolled in the district not
23 later than October 1. The school district shall also
24 collect information from each parent, guardian, or
25 legal custodian of a kindergarten student enrolled in
26 the district, including but not limited to whether the
27 student attended preschool, factors identified by the
28 early care staff pursuant to section 28.3, and other
29 demographic factors. Each school district shall
30 report the results of the assessment and the preschool
31 information collected to the department of education
32 in the manner prescribed by the department not later
33 than January 1 of that school year. The early care
34 staff designated pursuant to section 28.3 shall have
35 access to the raw data. The department shall review
36 the information submitted pursuant to this section and
37 shall submit its findings and recommendations annually
38 in a report to the governor, the general assembly, the
39 Iowa empowerment board, and the community empowerment
40 area boards.

41 Sec. ____ . EARLY CARE AND CHILD CARE PROVIDER
42 INCENTIVES. The Iowa empowerment board shall conduct
43 a study of incentives that can be made available to
44 persons who provide early care, as defined in section
45 28.1, as amended in this Act, and child care,
46 including but not limited to providers of child care
47 regulated by the department of human services or the
48 department of education, preschools, head start
49 programs, and other persons who have no or limited
50 benefit packages and provide services to children.

1 The incentives studied shall include but are not
2 limited to forgivable loans for higher education
3 expenses, health care benefits, and retirement
4 benefits. The board shall report to the governor and
5 general assembly on or before December 16, 2005, with
6 findings, recommendations, and a fiscal analysis of
7 options.

8 Sec. _____. EARLY CARE INTEGRATION PLAN. The
9 community empowerment office of the department of
10 management, with the assistance of the departments
11 represented on the Iowa empowerment board, shall
12 develop a plan to integrate the efforts of the state
13 agency staff who have job functions directed to the
14 early care system, as defined in section 28.1, as
15 amended in this Act. The plan shall be submitted to
16 the chairpersons and ranking members of the committees
17 on human resources and education of the senate and the
18 house of representatives on or before December 16,
19 2006.

20 Sec. _____. IMPLEMENTATION OF INTERNET WEBPAGE. The
21 internet webpage required pursuant to section 28.10,
22 as enacted by this Act, shall be implemented on or
23 before March 1, 2006.

24 DIVISION II

25 CHILD CARE QUALITY RATING

26 Sec. _____. Section 237A.30, Code 2005, is amended
27 by striking the section and inserting in lieu thereof
28 the following:

29 237A.30 VOLUNTARY CHILD CARE QUALITY RATING
30 SYSTEM.

31 1. The department shall work with the community
32 empowerment office of the department of management
33 established in section 28.3 and the state child care
34 advisory council in designing and implementing a
35 voluntary quality rating system for each provider type
36 of child care facility.

37 2. The criteria utilized for the rating system may
38 include but are not limited to any of the following:
39 facility type; provider staff experience, education,
40 training, and credentials; facility director education
41 and training; an environmental rating score or other
42 direct assessment environmental methodology; national
43 accreditation; facility history of compliance with law
44 and rules; child-to-staff ratio; curriculum, including
45 the extent to which the curriculum focuses on the
46 stages of child development and on child outcomes;
47 business practices; staff retention rates; evaluation
48 of staff members and program practices; staff
49 compensation and benefit practices; provider and staff
50 membership in professional early childhood

1 organizations; and parental involvement with the
2 facility.

3 3. A facility's quality rating may be included on
4 the internet page and in the consumer information
5 provided by the department pursuant to section 237A.25
6 and shall be identified in the child care provider
7 referrals made by child care resource and referral
8 service grantees under section 237A.26.

9 Sec. _____. PHASED IMPLEMENTATION.

10 1. Effective July 1, 2005, the department of human
11 services shall no longer accept applications for the
12 gold seal quality designation for child care providers
13 under section 237A.30, Code 2005. However, if a child
14 care provider has been awarded the designation prior
15 to July 1, 2005, the designation may continue to be
16 utilized for that provider until the designated period
17 of nationally recognized accreditation for which the
18 gold seal designation was awarded has ended.

19 2. The department of human services shall commence
20 implementation of the voluntary child care quality
21 rating system under section 237A.30, as amended by
22 this Act, by awarding ratings beginning on or after
23 January 1, 2006. The department may modify
24 implementation of the rating system and the rating
25 system itself as necessary to conform to the funding
26 made available for the rating system for the fiscal
27 year beginning July 1, 2005.

28 Sec. _____. FEDERAL COORDINATION INITIATIVE. If an
29 opportunity is offered by the federal government and
30 the department of management, in consultation with the
31 relevant state agency directors and the Iowa head
32 start association, has determined that participation
33 in the opportunity would not adversely affect head
34 start programs in Iowa, the Iowa empowerment board and
35 the state agencies represented on the board shall
36 apply for Iowa to participate in a head start pilot
37 program designed to promote coordination of state head
38 start, preschool, and child care programs into a
39 comprehensive early childhood system.

40 DIVISION III

41 EARLY CHILDHOOD DEVELOPMENT TAX CREDIT

42 Sec. _____. Section 422.12C, subsection 1, paragraph
43 f, Code 2005, is amended to read as follows:

44 f. For a taxpayer with net income of forty
45 thousand dollars or more, ~~zero~~ but less than forty-
46 five thousand dollars, thirty percent.

47 Sec. _____. Section 422.12C, subsection 1, Code
48 2005, is amended by adding the following new
49 paragraph:

50 NEW PARAGRAPH. g. For a taxpayer with net income

1 of forty-five thousand dollars or more, zero percent.
2 Sec. ____ . Section 422.12C, Code 2005, is amended
3 by adding the following new subsection:
4 NEW SUBSECTION. 1A. a. In lieu of the child and
5 dependent care credit authorized in subsection 1, a
6 taxpayer may claim an early childhood development tax
7 credit equal to twenty-five percent of the first one
8 thousand dollars which the taxpayer has paid to others
9 for each dependent, as defined in the Internal Revenue
10 Code, ages three through five for early childhood
11 development expenses. In determining the amount of
12 early childhood development expenses, such expenses
13 paid during November and December of the previous tax
14 year shall be considered paid in the tax year for
15 which the tax credit is claimed. This credit is
16 available to a taxpayer whose net income is less than
17 forty-five thousand dollars. If the early childhood
18 development tax credit is claimed for a tax year, the
19 taxpayer and the taxpayer's spouse shall not claim the
20 child and dependent care credit under subsection 1.
21 As used in this subsection, "early childhood
22 development expenses" means services provided to the
23 dependent by a preschool, as defined in section
24 237A.1, materials, and other activities as follows:
25 (1) Books that improve child development,
26 including textbooks, music books, art books, teacher's
27 editions, and reading books.
28 (2) Instructional materials required to be used in
29 a child development or educational lesson activity,
30 including but not limited to paper, notebooks,
31 pencils, and art supplies.
32 (3) Lesson plans and curricula.
33 (4) Child development and educational activities
34 outside the home, including drama, art, music, and
35 museum activities, and the entrance fees for such
36 activities, but not including food or lodging,
37 membership fees, or other nonacademic expenses.
38 "Early childhood development expenses" does not
39 include services, materials, or activities for the
40 teaching of religious tenets, doctrines, or worship,
41 the purpose of which is to inculcate those tenets,
42 doctrines, or worship.
43 b. Each taxpayer intending to claim a credit under
44 this subsection shall apply, on forms provided by the
45 department, for the credit by filing a notice with the
46 department no later than November 1 of the tax year to
47 which the credit is applicable. The notice shall
48 provide supporting documentation as required by the
49 department. The department shall compute the total
50 amount of credits contained in the notices received by

1 the department. The total amount of credits that may
2 be approved for any fiscal year for purposes of this
3 subsection is limited to two million five hundred
4 thousand dollars. If tax credits under this
5 subsection exceed this limit, each taxpayer shall
6 receive a pro rata amount of the credit as determined
7 by the department. The department shall notify the
8 taxpayer of the amount of the taxpayer's credit no
9 later than January 1 following the deadline for
10 receipt of the notice.

11 Sec. _____. Section 422.12C, subsection 3, Code
12 2005, is amended to read as follows:

13 3. Married taxpayers who have filed joint federal
14 returns electing to file separate returns or to file
15 separately on a combined return form must determine
16 the child and dependent care credit under subsection 1
17 or the early childhood development tax credit under
18 subsection 1A based upon their combined net income and
19 allocate the total credit amount to each spouse in the
20 proportion that each spouse's respective net income
21 bears to the total combined net income. Nonresidents
22 or part-year residents of Iowa must determine their
23 Iowa child and dependent care credit in the ratio of
24 their Iowa source net income to their all source net
25 income. Nonresidents or part-year residents who are
26 married and elect to file separate returns or to file
27 separately on a combined return form must allocate the
28 Iowa child and dependent care credit between the
29 spouses in the ratio of each spouse's Iowa source net
30 income to the combined Iowa source net income of the
31 taxpayers.

32 Sec. _____. APPLICABILITY DATE. This division of
33 this Act applies to tax years beginning on or after
34 January 1, 2006."

35 2. Title page, by striking lines 1 through 5 and
36 inserting the following: "An Act relating to
37 improvement of the early care, child care services,
38 education, health, and human services systems,
39 revising the child and dependent care tax credit,
40 creating an early childhood development tax credit,
41 and providing an applicability date."

42 3. By renumbering as necessary.

RECEIVED FROM THE HOUSE

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 761 - Early Childhood Policy (LSB 2948 HV.3)

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Fiscal Note Version – As Amended and Passed By the House

Description

House File 761, as amended and passed by the House, adds the term “early care” to Chapter 28, Code of Iowa, pertaining to the Iowa Empowerment Board. The requirements for the Board’s technical assistance system are broadened to address early care, education, health, and human services, beyond the Community Empowerment Areas.

The Bill adds to the duties of the Iowa Empowerment Board, requiring the Board to:

- Provide an annually updated strategic plan to the Governor and the General Assembly that addresses, among other things, the integration of state-administered funding streams directed to community-based early care, education, health, and human services.
- Integrate statewide quality standards and results indicators adopted by other boards and commissions into the Board’s requirements.
- Develop and implement requirements for early care programs to annually report results to the public and the Early Care Coordinator.

The Bill also broadens the responsibility of the Board to identify available funding by striking references to specific funding streams and expanding it to include all public funding for purposes of the early care system.

House File 761, as amended and passed by the Senate, requires Community Empowerment Areas to measure progress through the use of performance and results indicators or face sanctions that may include the requirement of a plan of corrective action, the withholding of any funding increase, or the withdrawal of School Ready Grant funding. The Bill authorizes the Empowerment Board to establish and implement limits on the carry-forward of School Ready Grant funding.

The Bill requires the Iowa Empowerment Board to provide for the operation of an Internet web page to provide information to the public regarding early learning standards, program standards for early care, and parent-specific information on early childhood and early care, the early childhood development tax credit, and other resources available. The web page must serve as a single-point-of-contact for parents to access information on early care programs available in their area. The web page must be implemented by March 1, 2006.

The Bill requires each school district to annually administer the Dynamic Indicators of Basic Early Literacy Skills (DIBELS) kindergarten benchmark assessment to every kindergarten student enrolled not later than October 1.

The Bill requires the Board to conduct a study of possible incentives for providers of early care and submit a report to the Governor and General Assembly by December 16, 2005, including a fiscal analysis of the options.

The Bill requires the Community Empowerment Office to develop a plan to integrate the efforts of State agency staff whose job functions are directed to the early care system. The plan must be submitted to the Chairpersons and Ranking Members of the House and Senate Human Resources and Education Committees by December 16, 2006.

The Bill requires the Department of Human Services (DHS) to establish a voluntary Quality Rating System (QRS) for child care, with implementation to begin on or after January 1, 2006. The DHS may modify implementation of the QRS based on the level of funding made available for FY 2006. As of July 1, 2005, the DHS must no longer accept applications for the "Gold Seal" quality child care provider designation.

The Bill directs the Iowa Empowerment Board and other State agencies to apply for Iowa to participate in a Head Start pilot program designed to promote coordination of Head Start, preschool and child care programs, if the federal government offers such a pilot program.

The Bill expands the existing Child and Dependent Care Tax Credit, which is currently available to taxpayers with net income below \$40,000, by providing a credit of 30.0% to a taxpayer with net income of \$40,000 but less than \$45,000. The Bill also establishes an Early Childhood Development Tax Credit, available in lieu of the Child and Dependent Care Tax Credit, equal to 25.0% of the first \$1,000 a taxpayer has paid to others for each dependent ages 3 through 5 for early childhood development expenses, including preschool services.

Assumptions

1. Initial development of a web site will cost \$2,000, a one-time expense in FY 2006. Ongoing maintenance of the site will cost \$3,000 per year.
2. The statewide cost of administering the DIBELS assessment to all kindergartners annually is \$15,000 in FY 2006 for training and \$37,000 annually for analysis and reporting services. These costs will be paid by local school districts.
3. Cost projections for the Quality Rating System are based on the components for a QRS set forth in the required plan submitted in December 2004; however, the DHS will design the QRS within the parameters of available funds.
4. Costs associated with the development of the design of the QRS will begin on July 1, 2005, and costs associated with implementation will begin on January 1, 2006.
5. It is unknown how many of the 7,500 regulated child care providers will participate in the voluntary QRS.
6. It is estimated that there will be an increase in administrative and support costs to contract for Project Managers that will develop, review, and process rating certificates and associated data.
7. It is estimated that there will be increased costs associated with marketing the QRS, creating public awareness, and developing a communications plan that will provide information to parents, providers, and the public, which will include web-based information.
8. It is estimated that there will be increased costs associated with providing support to providers through five Child Care Center Specialists. These Specialists will be employed in Child Care Resource and Referral or other community-based agencies to provide technical assistance and follow-up for providers who complete training, environmental ratings, or self-assessments.
9. It is estimated that there will be increased costs to support the development and completion of an Environmental Rating Scale and to observe and score providers.
10. It is estimated that there will be increased costs for train-the-trainer and provider training on the use of Environmental Rating Scales for self-assessment.
11. It is estimated there will be increased costs to provide bonuses for providers who achieve a level two or above. This assumes that 45 providers (the equivalent of those that currently have the "Gold Seal" designation) would receive a bonus of approximately \$2,200 each in the first year.
12. The expansion of the Child and Dependent Care Tax Credit will reduce General Fund revenues by \$2.3 million annually, beginning in FY 2007.
13. The early childhood tuition tax credit is capped at \$2.5 million per year, and applications can be submitted until January 21, 2007. Assuming the credit is issued before July 1, the impact in FY 2007 and subsequent years will be a maximum of \$2.5 million annually.

Fiscal Impact

The fiscal impact of HF 761, as amended and passed by the House, on the State General Fund is estimated to be \$905,000 in FY 2006 and \$6.2 million in FY 2007. The table below provides a breakdown for the utilization of the estimated increase in expenditures:

<u>Anticipated Cost Increases</u>	<u>FY 2006</u>	<u>FY 2007</u>
Web Site	\$ 5,000	\$ 3,000
Child and Dependent Care Tax Credit	0	2,300,000
Tuition Tax Credit	0	2,500,000
Quality Rating System:		
Project Management & Support	150,000	300,000
Marketing & Public Awareness	50,000	100,000
Child Care Center Specialists	250,000	250,000
Environ. Rating Scale Development & Observ.	150,000	300,000
Train-the-Trainer & Provider Training	200,000	200,000
Provider Bonuses	100,000	200,000
Total	\$ 905,000	\$ 6,153,000

In addition, local school districts will experience an increase in costs related to the DIBELS assessment, with a statewide impact of \$52,000 in FY 2006 and \$37,000 in FY 2007.

Sources

Department of Management, Community Empowerment Office
 Department of Human Services
 Department of Education

/s/ Holly M. Lyons

May 13, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

HOUSE FILE 761

AN ACT

RELATING TO IMPROVEMENT OF THE EARLY CARE, CHILD CARE SERVICES, EDUCATION, HEALTH, AND HUMAN SERVICES SYSTEMS, REVISING THE CHILD AND DEPENDENT CARE TAX CREDIT, CREATING AN EARLY CHILDHOOD DEVELOPMENT TAX CREDIT, AND PROVIDING AN APPLICABILITY DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

IOWA EMPOWERMENT BOARD

Section 1. Section 28.1, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. "Early care", "early care services", or "early care system" means the programs, services, support, or other assistance made available to a parent or other person who is involved with addressing the health and education needs of a child from birth through age five. "Early care", "early care services", or "early care system" includes but is not limited to public and private efforts and formal and informal settings.

Sec. 2. Section 28.2, subsection 3, Code 2005, is amended to read as follows:

3. To achieve the initial set of desired results, the initiative's primary focus shall first be on the efforts of the state and communities to work together to improve the efficiency and effectiveness of early care, education, health,

and human services provided to families with children from birth through age five years.

Sec. 3. Section 28.3, subsections 1 and 2, Code 2005, are amended to read as follows:

1. An Iowa empowerment board is created to facilitate state and community efforts involving community empowerment areas, including strategic planning, funding identification, and guidance, and to promote collaboration among state and local early care, education, health, and human services programs.

2. The Iowa board shall consist of eighteen voting members with thirteen citizen members and five state agency members. The five state agency members shall be the directors of the following departments: economic development, education, human rights, human services, and public health. The thirteen citizen members shall be appointed by the governor, subject to confirmation by the senate. The governor's appointments of citizen members shall be made in a manner so that each of the state's congressional districts is represented by two citizen members and so that all the appointments as a whole reflect the ethnic, cultural, social, and economic diversity of the state. The governor's appointees shall be selected from individuals nominated by community empowerment area boards. The nominations shall reflect the range of interests represented on the community boards so that the governor is able to appoint one or more members each for early care, education, health, human services, business, faith, and public interests. At least one of the citizen members shall be a service consumer or the parent of a service consumer. Terms of office of all citizen members are three years. A vacancy on the board shall be filled in the same manner as the original appointment for the balance of the unexpired term.

Sec. 4. Section 28.3, subsection 5, Code 2005, is amended to read as follows:

5. A community empowerment assistance team or teams of state agency representatives shall be designated to provide technical assistance and other support to community empowerment areas and for the board's efforts to address early care, education, health, and human services. A technical assistance system shall be developed using local representatives of the state agencies represented on the Iowa board and other state agencies and individuals involved with local ~~community-empowerment-areas~~ early care, education, health, and human services. ~~The technical assistance shall be available in at least three levels of support as follows:~~

~~a. Support to areas experienced in operating an innovation zone or decategorization project with an extensive record of success in collaboration between education, health, or human services interests.~~

~~b. Support to areas experienced in operating an innovation zone or decategorization project.~~

~~c. Support to areas forming an initial community empowerment area with no previous experience operating an innovation zone or decategorization project.~~

Sec. 5. Section 28.3, subsection 6, paragraph b, Code 2005, is amended to read as follows:

b. In addition, a community empowerment office is established as a division of the department of management to provide a center for facilitation, communication, and coordination for community empowerment activities and funding and for improvement of the early care, education, health, and human services systems. Staffing for the community empowerment office shall be provided by a facilitator or coordinator appointed by the governor, subject to confirmation by the senate, and who serves at the pleasure of the governor. A deputy and support staff may be designated, subject to appropriation made for this purpose. The facilitator or coordinator shall submit reports to the governor, the Iowa board, and the general assembly. The facilitator shall

provide primary staffing to the board, coordinate state technical assistance activities and implementation of the technical assistance system, and other communication and coordination functions to move authority and decision-making responsibility from the state to communities and individuals.

Sec. 6. Section 28.3, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 6A. The director of the department of management shall designate early care staff, as part of the community empowerment initiative, to provide coordination and other support to the state's early care system. The early care staff shall work with the state and local components of the community empowerment initiative, shared visions programs funded under chapter 256A, and other public and private efforts to improve the early care system. The early care staff duties shall include but are not limited to the following:

a. Providing support to the public and private stakeholders who are involved with the early care system, acting to strengthen the early care system, and developing accountability measures for early care efforts.

b. Developing and disseminating accountability measures for assessing the outcomes produced by the department of education, the community empowerment initiative, and other publicly funded efforts to improve early care of young children, including but not limited to shared visions and other programs provided under the auspices of the child development coordinating council, high-quality preschool programs, head start programs, and school ready children grant programs. The initial measures utilized shall be the individual growth and development indicators developed by the early childhood research institute on measuring growth and development or other measures of high quality to be authorized by law.

c. Collecting, interpreting, and redisseminating data collected from the measures for assessing outcomes under paragraph "b". Factors subject to interpretation may include area demographics, relative expenditures, collaboration between programs in an area, and other factors impacting the outcomes produced by an individual program.

d. Annually providing information to the governor and general assembly regarding the outcomes produced by individual programs. The information shall be included in the Iowa empowerment board's annual report.

Sec. 7. Section 28.4, subsection 4, Code 2005, is amended to read as follows:

4. Identify boards, commissions, committees, and other bodies in state government with overlapping and similar purposes which contribute to redundancy and fragmentation in early care, education, health, and human services programs provided to the public. The board shall also make recommendations and provide an annually updated strategic plan to the governor and general assembly as appropriate for increasing coordination between these bodies, for eliminating bureaucratic duplication, for consolidation where appropriate, and for improving the efficiency of working with federally mandated bodies, for integration of services and service quality functions to achieve improved results, and for integration of state-administered funding streams directed to community empowerment areas and other community-based efforts for providing early care, education, health, and human services.

Sec. 8. Section 28.4, subsection 12, paragraph d, Code 2005, is amended to read as follows:

d. The Iowa empowerment board shall regularly make information available identifying community empowerment funding and funding distributed through the funding streams listed under this paragraph "d" to communities for purposes of the early care system. It is the intent of the general

assembly that the community empowerment area boards and the administrators of the early care programs located within the community empowerment areas that are supported by the ~~listed funding streams~~ public funding shall fully cooperate with one another ~~on or before the indicated fiscal years,~~ in order to avoid duplication, enhance efforts, combine planning, and take other steps to best utilize the funding to meet the needs of the families in the areas. The community empowerment area boards and the program administrators shall annually submit a report concerning such efforts to the community empowerment office. If a community empowerment area is receiving a school ready children grant, this report shall be an addendum to the annual report required under section 28.8. The state community empowerment facilitator or coordinator shall compile and summarize the reports which shall be submitted to the governor, general assembly, and Iowa board. ~~The funding streams shall include all of the following:~~

~~(1)--Moneys for the healthy opportunities for parents to experience success--healthy families Iowa program under section 135.106 by the fiscal year beginning July 17, 2000, and ending June 30, 2001;~~

~~(2)--Moneys for parent education appropriated in section 279.51 and distributed through the child development coordinating council, by the fiscal year beginning July 17, 2000, and ending June 30, 2001;~~

~~(3)--Moneys for the preschool children at risk program appropriated in section 279.51 and distributed through the child development coordinating council, by the fiscal year beginning July 17, 2001, and ending June 30, 2002;~~

~~(4)--Moneys for home visitation and parent support annually appropriated to the department of human services and distributed or expended through child abuse prevention grants and the family preservation program, by the fiscal year beginning July 17, 2000, and ending June 30, 2001;~~

Sec. 9. Section 28.4, Code 2005, is amended by adding the following new subsections:

NEW SUBSECTION. 13. Integrate statewide quality standards and results indicators adopted by other boards and commissions into the Iowa empowerment board's funding requirements for investments in early care, education, health, and human services.

NEW SUBSECTION. 14. With the assistance of the state departments represented on the Iowa empowerment board and the community empowerment office, develop and implement requirements for community empowerment areas and the state administrators of programs providing early care or early care services to annually report to the public and the early care coordinator regarding the results produced by the community empowerment initiative and by the programs. Source data shall be made available to the early care coordinator.

Sec. 10. Section 28.5, subsection 1, Code 2005, is amended to read as follows:

1. The purpose of a community empowerment area is to enable local citizens to lead collaborative efforts involving early care, education, health, and human services programs on behalf of the children, families, and other citizens residing in the area. Leadership functions may include but are not limited to strategic planning for and oversight and managing of such programs and the funding made available to the community empowerment area for such programs from federal, state, local, and private sources. The initial focus of the purpose is to improve results for families with young children.

Sec. 11. Section 28.6, subsection 1, paragraph a, Code 2005, is amended to read as follows:

a. Community empowerment area functions shall be performed under the authority of a community empowerment area board. A majority of the members of a community board shall be elected officials and members of the public who are not employed by a

provider of services to or for the community board. At least one member shall be a service consumer or the parent of a service consumer. Terms of office of community board members shall be not more than three years and the terms shall be staggered. The membership of a community empowerment area board shall include members with early care, education, health, human services, business, faith, and public interests.

Sec. 12. Section 28.8, subsection 5, paragraph a, Code 2005, is amended to read as follows:

a. A school ready children grant shall be awarded to a community board for a three-year period, with annual payments made to the community board. The Iowa empowerment board may grant an extension from the award date and any application deadlines based upon the award date, to allow for a later implementation date in the initial year in which a community board submits a comprehensive school ready grant plan to the Iowa empowerment board. However, receipt of continued funding is subject to submission of the required annual report and the Iowa board's determination that the community board is measuring, through the use of performance and results indicators developed by the Iowa board with input from community boards, progress toward and is achieving the desired results identified in the grant plan. If progress is not measured through the use of performance and results indicators toward achieving the identified results, the Iowa board may request a plan of corrective action, withhold any increase in funding, or may withdraw grant funding.

Sec. 13. Section 28.8, subsection 5, paragraph c, unnumbered paragraph 1, Code 2005, is amended to read as follows:

A community board's readiness shall be ascertained by evidence of successful collaboration among public or private early care, education, ~~human-services~~, or health, or human services interests or a documented program design evincing a strong likelihood of leading to a successful collaboration

between these interests. Other criteria which may be used by the Iowa board to ascertain readiness and to determine funding amounts include one or more of the following:

Sec. 14. Section 28.8, subsection 5, Code 2005, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. The Iowa empowerment board shall identify and apply limitations on the carryforward of school ready children grant funding. The limitations shall address an unusually high percentage of a grant being carried forward, the number of years a grant has been carried forward which shall not exceed three years, and other objective criteria. The limitations shall make allowances for special circumstances such as the carryforward of funding that is designated for a particular purpose and is scheduled in the grant plan. The board may provide for redistribution or other redirection of the funding that meets the criteria.

Sec. 15. NEW SECTION. 28.10 EARLY CARE -- INTERNET WEBPAGE.

1. The Iowa empowerment board shall provide for the operation of an internet webpage for purposes of widely distributing early care information provided by the departments represented on the board and the public and private agencies addressing the early care system.

2. Information provided on the internet webpage shall include but is not limited to all of the following:

a. The early learning standards for children ages three to five proposed by the early learning standards group created pursuant to federal child care and development block grant requirements and with assistance from the Iowa child care and early education network, department of education, department of human services, Iowa head start association, and Iowa state university of science and technology, as prepared with consideration of the standards and recommendations issued by the United States department of education regarding early childhood cognitive development and learning and preschool and

research-based standards for high-quality early care, including but not limited to the practices identified by the institute of education sciences of the United States department of education. As early learning standards are identified in law, the proposed standards posted on the webpage shall be replaced with the standards identified in law.

b. A link to a special webpage directed to parents, including parent-specific information on early care, information regarding the early childhood development credits under section 422.12C, and links to other resources available on the internet and from other sources.

c. Program standards for early care that have been approved by state agencies.

d. A single point of contact for use by a parent in accessing the community empowerment area programs and early care programs that are available in the parent's area.

3. The Iowa empowerment board shall include information regarding the extent and frequency of usage of the webpage or webpages in the board's annual report to the governor and general assembly.

Sec. 16. NEW SECTION. 279.60 KINDERGARTEN ASSESSMENT.

Each school district shall administer the dynamic indicators of basic early literacy skills kindergarten benchmark assessment or other kindergarten benchmark assessment adopted by the department of education in consultation with the Iowa empowerment board to every kindergarten student enrolled in the district not later than October 1. The school district shall also collect information from each parent, guardian, or legal custodian of a kindergarten student enrolled in the district, including but not limited to whether the student attended preschool, factors identified by the early care staff pursuant to section 28.3, and other demographic factors. Each school district shall report the results of the assessment and the preschool

information collected to the department of education in the manner prescribed by the department not later than January 1 of that school year. The early care staff designated pursuant to section 28.3 shall have access to the raw data. The department shall review the information submitted pursuant to this section and shall submit its findings and recommendations annually in a report to the governor, the general assembly, the Iowa empowerment board, and the community empowerment area boards.

Sec. 17. EARLY CARE AND CHILD CARE PROVIDER INCENTIVES. The Iowa empowerment board shall conduct a study of incentives that can be made available to persons who provide early care, as defined in section 28.1, as amended in this Act, and child care, including but not limited to providers of child care regulated by the department of human services or the department of education, preschools, head start programs, and other persons who have no or limited benefit packages and provide services to children. The incentives studied shall include but are not limited to forgivable loans for higher education expenses, health care benefits, and retirement benefits. The board shall report to the governor and general assembly on or before December 16, 2005, with findings, recommendations, and a fiscal analysis of options.

Sec. 18. EARLY CARE INTEGRATION PLAN. The community empowerment office of the department of management, with the assistance of the departments represented on the Iowa empowerment board, shall develop a plan to integrate the efforts of the state agency staff who have job functions directed to the early care system, as defined in section 28.1, as amended in this Act. The plan shall be submitted to the chairpersons and ranking members of the committees on human resources and education of the senate and the house of representatives on or before December 16, 2006.

Sec. 19. IMPLEMENTATION OF INTERNET WEBPAGE. The internet webpage required pursuant to section 28.10, as enacted by this

Act, shall be implemented on or before March 1, 2006.

DIVISION II

CHILD CARE QUALITY RATING

Sec. 20. Section 237A.30, Code 2005, is amended by striking the section and inserting in lieu thereof the following:

237A.30 VOLUNTARY CHILD CARE QUALITY RATING SYSTEM.

1. The department shall work with the community empowerment office of the department of management established in section 28.3 and the state child care advisory council in designing and implementing a voluntary quality rating system for each provider type of child care facility.

2. The criteria utilized for the rating system may include but are not limited to any of the following: facility type; provider staff experience, education, training, and credentials; facility director education and training; an environmental rating score or other direct assessment environmental methodology; national accreditation; facility history of compliance with law and rules; child-to-staff ratio; curriculum, including the extent to which the curriculum focuses on the stages of child development and on child outcomes; business practices; staff retention rates; evaluation of staff members and program practices; staff compensation and benefit practices; provider and staff membership in professional early childhood organizations; and parental involvement with the facility.

3. A facility's quality rating may be included on the internet page and in the consumer information provided by the department pursuant to section 237A.25 and shall be identified in the child care provider referrals made by child care resource and referral service grantees under section 237A.26.

Sec. 21. PHASED IMPLEMENTATION.

1. Effective July 1, 2005, the department of human services shall no longer accept applications for the gold seal quality designation for child care providers under section

237A.30, Code 2005. However, if a child care provider has been awarded the designation prior to July 1, 2005, the designation may continue to be utilized for that provider until the designated period of nationally recognized accreditation for which the gold seal designation was awarded has ended.

2. The department of human services shall commence implementation of the voluntary child care quality rating system under section 237A.30, as amended by this Act, by awarding ratings beginning on or after January 1, 2006. The department may modify implementation of the rating system and the rating system itself as necessary to conform to the funding made available for the rating system for the fiscal year beginning July 1, 2005.

Sec. 22. FEDERAL COORDINATION INITIATIVE. If an opportunity is offered by the federal government and the department of management, in consultation with the relevant state agency directors and the Iowa head start association, has determined that participation in the opportunity would not adversely affect head start programs in Iowa, the Iowa empowerment board and the state agencies represented on the board shall apply for Iowa to participate in a head start pilot program designed to promote coordination of state head start, preschool, and child care programs into a comprehensive early childhood system.

DIVISION III

EARLY CHILDHOOD DEVELOPMENT TAX CREDIT

Sec. 23. Section 422.12C, subsection 1, paragraph f, Code 2005, is amended to read as follows:

f. For a taxpayer with net income of forty thousand dollars or more, ~~zero~~ but less than forty-five thousand dollars, thirty percent.

Sec. 24. Section 422.12C, subsection 1, Code 2005, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. For a taxpayer with net income of forty-five thousand dollars or more, zero percent.

Sec. 25. Section 422.12C, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. a. In lieu of the child and dependent care credit authorized in subsection 1, a taxpayer may claim an early childhood development tax credit equal to twenty-five percent of the first one thousand dollars which the taxpayer has paid to others for each dependent, as defined in the Internal Revenue Code, ages three through five for early childhood development expenses. In determining the amount of early childhood development expenses, such expenses paid during November and December of the previous tax year shall be considered paid in the tax year for which the tax credit is claimed. This credit is available to a taxpayer whose net income is less than forty-five thousand dollars. If the early childhood development tax credit is claimed for a tax year, the taxpayer and the taxpayer's spouse shall not claim the child and dependent care credit under subsection 1. As used in this subsection, "early childhood development expenses" means services provided to the dependent by a preschool, as defined in section 237A.1, materials, and other activities as follows:

- (1) Books that improve child development, including textbooks, music books, art books, teacher's editions, and reading books.
- (2) Instructional materials required to be used in a child development or educational lesson activity, including but not limited to paper, notebooks, pencils, and art supplies.
- (3) Lesson plans and curricula.
- (4) Child development and educational activities outside the home, including drama, art, music, and museum activities, and the entrance fees for such activities, but not including food or lodging, membership fees, or other nonacademic expenses.

"Early childhood development expenses" does not include services, materials, or activities for the teaching of religious tenets, doctrines, or worship, the purpose of which is to inculcate those tenets, doctrines, or worship.

b. Each taxpayer intending to claim a credit under this subsection shall apply, on forms provided by the department, for the credit by filing a notice with the department no later than November 1 of the tax year to which the credit is applicable. The notice shall provide supporting documentation as required by the department. The department shall compute the total amount of credits contained in the notices received by the department. The total amount of credits that may be approved for any fiscal year for purposes of this subsection is limited to two million five hundred thousand dollars. If tax credits under this subsection exceed this limit, each taxpayer shall receive a pro rata amount of the credit as determined by the department. The department shall notify the taxpayer of the amount of the taxpayer's credit no later than January 1 following the deadline for receipt of the notice.

Sec. 26. Section 422.12C, subsection 3, Code 2005, is amended to read as follows:

3. Married taxpayers who have filed joint federal returns electing to file separate returns or to file separately on a combined return form must determine the child and dependent care credit under subsection 1 or the early childhood development tax credit under subsection 1A based upon their combined net income and allocate the total credit amount to each spouse in the proportion that each spouse's respective net income bears to the total combined net income. Nonresidents or part-year residents of Iowa must determine their Iowa child and dependent care credit in the ratio of their Iowa source net income to their all source net income. Nonresidents or part-year residents who are married and elect to file separate returns or to file separately on a combined return form must allocate the Iowa child and dependent care

credit between the spouses in the ratio of each spouse's Iowa source net income to the combined Iowa source net income of the taxpayers.

Sec. 27. APPLICABILITY DATE. This division of this Act applies to tax years beginning on or after January 1, 2006.

CHRISTOPHER C. RANTS
Speaker of the House

JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 761, Eighty-first General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved 6/6, 2005

THOMAS J. VILSACK
Governor