

MAINE STATE LEGISLATURE

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BUSINESS ADVISORY COMMISSION ON QUALITY CHILD CARE
FINANCING

ESTABLISHED BY THE 119TH LEGISLATURE

SENATOR SUSAN W. LONGLEY, CHAIR

REPRESENTATIVE ZACHARY E. MATTHEWS, CHAIR

COMMISSION MEMBERSHIP:

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Business Advisory Commission on Quality Child Care Financing

Final Report to the

Joint Standing Committees on Education and Cultural Affairs,

Health and Human Services, and Business and Economic Development

January, 2000

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Executive Summary

The Business Advisory Commission on Quality Child Care Financing, created by Resolves 1999, Chapter 66, was charged with gathering information pertaining to quality child care and early education, the financing of quality child care and early education and economic development incentives available to encourage the development of quality child care and early education facilities and services. The commission was to analyze the effectiveness of economic development incentives available to encourage the development of quality child care and early education facilities and services in this State and in other states and countries.

The commission met four times over the fall of 1999 and developed this report with recommended legislation to be presented to the Joint Standing Committees on Business and Economic Development, Education and Cultural Affairs and Health and Human Services.

Through out this report the term *child care* is used as short hand to refer to a broad array of early care and education services including child care facilities, home child care providers, Head Start or public pre-kindergarten programs, nursery schools, school-age care and or other recreation programs, summer camps, as well as "informal" care provided by relatives, friends and neighbors. In short, child care is many things, and may include a range of services used by families to nurture and educate young children.

The recommendations of the commission fall into eight areas, accreditation, data collection, regional collaborations, wages, business involvement, technical support, facilities and tuition assistance. The commission makes the following recommendations in each of these areas:

Accreditation

1. Create a linked investment program through FAME and the Treasurer's office to improve the availability of affordable loans for the purchase or upgrade of facilities and equipment needed for accreditation. (Appendix C)
2. Continue and expand the pilot program at the Muskie School, using the centers undergoing accreditation through the pilot as mentors to other child care providers.

Data Collection

1. Present legislation to create a data collection Request For Proposals to identify opportunities, gaps and next steps, to be funding with an appropriation of \$50,000 in one time non-lapsing funds. Specifically the RFP should call for: (Appendix C)
 - State wide survey of child care rates;
 - child care worker wage and benefit information;
 - number of employees that are center based, home based and organized as non-profit entities;
 - number of child care "slots";
 - identify next steps to coordinate data systems; and
 - development of a methodology for a facilities survey.

2. Request the Economic Development Incentives Commission to assess the effectiveness of incentives for child care and report their findings to the business subcommittee of the Child Care Advisory Commission.
3. Ask the Maine Economic Growth Council to include child care as a economic development measure and establish benchmarks for early care and education.

Regional Collaborations

Request appropriation of \$90,000 to \$250,000 for three to five regional incentive grants of \$30,000 to \$50,000 each. These grants would encourage partnerships between at least three providers to model integration of administrative and business functions. The partnerships piloted would create replicable models to achieve economies of scale in combining administrative services including filing reports, efficient allocation of DHS subsidized child care slots, and consolidation of administrative processes such as payroll and insurance.

Wages

1. Through the RFP process discussed previously under Data Recommendations, collect comprehensive wage information.
2. Request the Business Sub-committee of the Child Care Advisory Council to pay special attention to this issue and develop recommendations on ways to increase wages as workers move towards accreditation.

Business Involvement

1. Create a Business Advisory sub-committee of the Child Care Advisory Council. This subcommittee would include:
 - Four representatives from private business, including at least one in banking;
 - A representative of Maine Revenue Services;
 - A member of the Access Coalition;
 - A child care provider;
 - A member of the Maine House of Representatives;
 - A member of the Maine State Senate; and
 - The Department of Economic and Community Development.

The committee would be tasked with:

- Monitoring the industry's progress towards accreditation;
 - Monitoring the effectiveness of child care tax credits;
 - Monitoring wage levels and suggesting changes, if appropriate, to improve the availability of employment based incentives; and
 - Designing a statewide business and child care conference with Maine Development Foundation and Access to identify opportunities and incorporate lessons learned from business involvement.
2. Request the Blaine House conference on Small Business include a workshop/session on child care.
 3. Request the Maine Development Foundation include a focus on child care issues in its follow-up conferences on the Measures of Growth.
 4. Request an appropriation of \$15,000 to fund the statewide business conference.

Technical Support

The Office of Child Care, Community Services will create a simple brochure outlining business support available and distribute this to providers applying for a license. The brochure will include contacts for more information.

Facilities

1. Request the State Fire Marshall Office make a presentation to the Joint Standing Committee on Education on fire code issues as they relate to school facilities.
2. Charge the Business Sub-Committee of the Child Care Advisory Council to continue to monitor facility improvements and financing options.

Tuition Assistance

The tuition assistance funding should be non-lapsing. The next biennial budget should appropriate \$75,000 per year in on-going funds to continue this tuition assistance program.

FINDINGS

Accreditation

The first session of the 119th legislature made major strides in expanding child care in Maine. The Start Me Right coalition brought forward several bills that addressed licensing and funding issues, and linked the importance of early childhood education with providing quality child care.

This package of legislation also created a definition for quality child care and created a refundable tax credit for businesses and individuals who invest in quality child care, and doubled the tax credit for families who enroll their children in quality child care.

Quality Child care is defined in **36 MRSA §5219-Q** as care provided at a child care site that meets minimum licensing standards and:

- A. Is accredited by an independent, nationally recognized program approved by the Department of Human Services, Office of Head Start and Child Care;
- B. Utilizes recognized quality indicators for child care services approved by the Department of Human Services, Office of Head Start and Child Care; and
- C. Includes provisions for parent and client input, a review of the provider's policies and procedures, a review of the provider's program records and an on-site program review.

The commission recognized the importance of providing quality child care and supported the goal of encouraging more providers to become accredited. However, they also recognized there were some significant hurdles to achieving that goal.

The accreditation process needed to meet the definition can take up to two years to complete. Cost estimates to meet accreditation requirements range from \$8,000 to \$40,000, depending on the upgrades needed for facilities and equipment. Major components of accreditation include:

- a.) Child Development Associate certification- 180 hours of training, usually a minimum of a year and a half to complete. The CDA program is currently offered mostly through the technical college system and is most available in southern Maine. Course work done through the technical colleges does provide twelve credits towards an associates degree. Last year a small scholarship fund was set up through the Teachers for Maine Program at FAME to assist with education costs.
- b.) Facility upgrades. This often includes plumbing and bathroom facilities, electrical upgrades and accessibility improvements. Child care programs are frequently not located in newer buildings so upgrading to meet accreditation standards can be very costly.

- c.) Equipment. Playground equipment as well as other equipment is often not up to national accreditation standards. These types of capital costs can be difficult to finance.

Currently 14 out of 3,300 providers meet the "quality child care" definition, and most of those are child care centers. To qualify for the expanded tax credits enacted in 1999, a provider must meet the requirements in this definition. This means that few people or businesses will be able to take advantage of the refundable tax credit when it takes effect January 1, 2001.

The University of Southern Maine's Muskie School of Public Service started a pilot project April 1, 1999 to assist nine contract centers with the accreditation process. It is hoped that all nine centers will meet accreditation requirements within two years. The Muskie School hopes to continue the project, using the first accredited centers as mentors to new providers going through accreditation.

Refundable tax credits enacted in the first session of the 119th provide additional incentives for people and businesses to invest in quality child care. The new incentives are flexible so that a business can invest in a community center, or other child care facilities or providers in a community. This could be a powerful tool to help finance child care programs and facilities.

Recommendations:

- 1. Create a linked investment program through FAME and the Treasurer's office to improve the availability of affordable loans for the purchase or upgrade of facilities and equipment needed for accreditation. (Appendix C)**
- 2. Continue and expand the pilot program at the Muskie School, using the centers undergoing accreditation through the pilot as mentors to other child care providers.**

Data Collection

Data currently collected is not adequate to accurately assess the availability, cost or quality of available child care services. This data is critical for federal and foundation grants and to determine the need for additional child care in a region.

Recommendation:

- 1. Present legislation to create a data collection Request For Proposals to identify opportunities, gaps and next steps, to be funding with an appropriation of \$50,000 in one time non-lapsing funds. Specifically the RFP should call for: (Appendix C)**
 - **State wide survey of child care rates;**
 - **child care worker wage and benefit information;**
 - **number of employees that are center based, home based and organized as non-profit entities;**
 - **number of child care "slots";**
 - **identify next steps to coordinate data systems; and**
 - **development of a methodology for a facilities survey.**

2. **Request the Economic Development Incentives Commission to assess the effectiveness of incentives for child care and report their findings to the business subcommittee of the Child Care Advisory Commission.**
3. **Ask the Maine Economic Growth Council to include child care as a economic development measure and establish benchmarks for early care and education.**

Regional Collaborations

Regional collaboration is one successful strategy to expand child care options. Regional collaborations exist in almost every region of the State though they have different structures in each. Regional collaborations can:

- 1.) Consolidate business or administrative functions into one entity allowing greater efficiencies
- 2.) Coordinate "slot" assignments, maximizing the use of subsidized child care
- 3.) Provide the technical expertise needed to respond to DHS proposals.
- 4.) Identify gaps and overlaps in services.
- 5.) Gather data about child care needs in a community
- 6.) Provide technical assistance to area providers
- 7.) Assess community needs and serve as a facilitator to bring communities together to address child care issues
- 8.) Engage broader community and business support

Recommendation:

Request appropriation of \$90,000 to \$250,000 for three to five regional incentive grants of \$30,000 to \$50,000 each. These grants would encourage partnerships between at least three providers to model integration of administrative and business functions. The partnerships piloted would create replicable models to achieve economies of scale in combining administrative services including filing reports, efficient allocation of DHS subsidized child care slots, and consolidation of administrative processes such as payroll and insurance. (Appendix C)

Wages

The attraction and retention of qualified workers is a growing issue in child care due to low wages. This presents what is known as the "tri-lema" of child care, the seemingly opposing needs of employing trained and qualified staff at competitive wages, providing a high quality service and facilities while maintaining affordability for families. For child care workers to pursue the education needed, and for the industry to attract and retain quality workers, wages need to increase. At the current time there is no accurate data on wage levels for providers in Maine, but the commission estimates that the average wage is below \$6.50 per hour.

Recommendation:

- 1.) **Through the RFP process discussed previously under Data Recommendations, collect comprehensive wage information.**

2.) Request the Business Sub-committee of the Child Care Advisory Council to pay special attention to this issue and develop recommendations on ways to increase wages as workers move towards accreditation.

Business Involvement

It makes good business sense to create healthy communities for children. Businesses can play a vital role as catalysts and facilitators in developing community-wide solutions to child care. They also bring an expertise in structuring services to meet particular community needs. To do this businesses must be asked to participate fully as a community member, not just as a potential funding source. Business owners and other community leaders need to be involved in identifying and developing solutions to the issues surrounding child care in their communities.

Because of the changing nature of employment opportunities in Maine, many citizens have multiple part-time jobs, or jobs with extended hours, both on weekdays and weekends. In this environment, childcare options must be available to fit the schedule of the parent, not the childcare providers. In an economy where employers are even providing "sign-up bonus" for employees, many options exist to create a win/win situation for both employees and employers.

Businesses do not need expertise to provide child care for their employees. By offering a location on site and covering associated overhead costs, businesses can contract with child care organizations to provide these services. Such facilities could maintain the hours that mirror those of their sponsoring business.

The federal Community Reinvestment Act creates an incentive for banks to invest in child care services. Outreach is needed to get them involved in these activities in their communities, and to make them aware of the benefits of providing loans, grants and technical assistance to child care providers.

Recommendations:

1.) Create a Business Advisory sub-committee of the Child Care Advisory Council. This subcommittee would include: (Appendix C)

- **Four representatives from private business, including at least one in banking;**
- **A representative of Maine Revenue Services;**
- **A member of the Access Coalition;**
- **A child care provider;**
- **A member of the Maine House of Representatives;**
- **A member of the Maine State Senate; and**
- **The Department of Economic and Community Development.**

The committee would be tasked with:

- **Monitoring the industry's progress towards accreditation;**
- **Monitoring the effectiveness of child care tax credits;**
- **Monitoring wage levels and suggesting changes, if appropriate, to improve the availability of employment based incentives; and**

- **Designing a statewide business and child care conference with Maine Development Foundation and Access to identify opportunities and incorporate lessons learned from business involvement.**
- 2.) Request the Blaine House conference on Small Business include a workshop/session on child care.**
 - 3.) Request the Maine Development Foundation include a focus on child care issues in its follow-up conferences on the Measures of Growth.**
 - 4.) Request an appropriation of \$15,000 to fund the statewide business conference. (Appendix C)**

Technical Support

There is a wealth of business support available – from business planning to financial programs to assistance with training. Most child care providers are unaware of this assistance and how to access it. These programs include:

- Governor’s Training Initiative – Reimburses a business for qualified training expenses. The business must pay at least 85% of the average wage for that occupation in that labor market. Child Care would potentially be eligible for this program, and it could help cover the costs for CDA training.
- Maine Quality Centers – provides specialized training for a minimum of 8 new full time employees . The Maine Quality Center will develop specialized programs for business that qualify.
- Business Equipment Tax Reimbursement – provides reimbursement of property taxes paid on qualifying new equipment.
- Employment Tax Increment Financing – Provide financing to businesses creating 15 new jobs with above average wages for that labor market. ETIF would probably only work for a large center who is expanding and hiring new employees.
- FAME programs – FAME can provide loan guarantees, up to 90% of a loan for credit worthy businesses – which can reduce the interest rate. Also created a new revolving loan program in REDRLP program this year specifically for child care providers.
- TIF – Statutory change this year specifically identifies quality child care as an allowable program cost. Municipalities can decide to use child care as an expense in the development of their program.
- The Community Development Block Grant program can provide assistance for the development of community centers for child care in the state’s non-entitlement communities. Portland, Lewiston/Auburn and Bangor receive direct allocations. Statewide funds uses are determined each year through a public hearing process. It is a competitive grant program that must meet the federal guidelines, including benefits to low and moderate income citizens.

Recommendations:

The Office of Child Care, Community Services will create a simple brochure outlining business support available and distribute this to providers applying for a license. The brochure will include contacts for more information.

Facilities

Many child care facilities are in older buildings that need upgrading to meet the guidelines required for accreditation. Creating partnerships with schools to provide before and after school care is made more difficult as school facilities are not required to meet the same fire code standard as child care facilities. Improving current facilities, and upgrading of school facilities to meet accreditation and fire code standards is a very expensive proposition.

In its first session, the 119th legislature created a revolving loan fund at FAME for child care facilities. The linked investment program under Recommendation #1 is another example of a financing program that can address these issues.

The Maine State Housing Authority is working to expand facilities for child care by giving "points" to developers who add amenities such as child care. MSHA is also working with FAME using housing and revolving business loan money to address facility deficiencies.

In addition, the Community Reinvestment Act, previously mentioned, is potential funding avenue for facility and equipment upgrades.

Recommendations:

- 1. Request the State Fire Marshall Office make a presentation to the Joint Standing Committee on Education on fire code issues as they relate to school facilities.**
- 2. Charge the Business Sub-Committee of the Child Care Advisory Council to continue to monitor facility improvements and financing options.**

Tuition Assistance

The Part II budget passed in June of 1999 funded a \$150,000 tuition assistance program to assist people earning their Child Development Associate certification (20-A MRSA c. 419D). These funds will lapse into the general fund if they are not expended by the end of this fiscal year. By June 30, it is estimated that \$75,000 will have been expended. Senator Longley has introduced a bill in this session to expand the list of courses that the fund can be used for, and request that the funds be made non-lapsing.

Recommendation

The tuition assistance funding should be non-lapsing. The next biennial budget should appropriate \$75,000 per year in on-going funds to continue this tuition assistance program.

Appendix A

CHAPTER 66

S.P. 486 - L.D. 1446

**Resolve, to Create the Business Advisory Commission on
Quality Child Care Financing**

Emergency preamble. Whereas, Acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, encouraging and providing financing for quality child care and early education services and facilities is vitally important to economic growth and the well-being of the citizens of this State; and

Whereas, it is therefore important that the Business Advisory Commission on Quality Child Care Financing established by this legislation be appointed and start its work before the expiration of the 90-day period in order to have sufficient time to complete its work before its reporting deadline; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1. Commission created. Resolved: That the Business Advisory Commission on Quality Child Care Financing, referred to in this resolve as the "commission," is created to examine the important issues of public policy regarding strategies to secure adequate financing of child care facilities and services in order to promote economic growth and the general welfare of the people of this State; and be it further

Sec. 2. Members. Resolved: That the commission consists of 12 members appointed as follows:

1. Two members of the Senate appointed by the President of the Senate, at least one of whom is a member of the minority party;

2. Two members of the House of Representatives appointed by the Speaker of the House, at least one of whom is a member of the minority party;

3. The Commissioner of Economic and Community Development, or the commissioner's designee;

4. The State Tax Assessor, or the State Tax Assessor's designee;

5. Five members of the public, representing business, education and child care interests, appointed as follows: one member representing business and one member

representing education, appointed by the President of the Senate; one member representing child care and one member representing business, appointed by the Speaker of the House; and one member representing business, appointed by the Governor; and

6. A representative from the child care licensing division of the Department of Human Services, appointed by the Commissioner of Human Services; and be it further

Sec. 3. Chairs. Resolved: That the first named Senate member is the Senate chair of the commission and the first named House of Representatives member is the House chair of the commission; and be it further

Sec. 4. Appointments; first meeting. Resolved: That appointments of the first members of the commission must be made no later than 30 days after the effective date of this section. The appointing authorities shall notify the Executive Director of the Legislative Council upon making their appointments. The chairs of the commission shall convene the first meeting of the commission no later than 60 days after the effective date of this section; and be it further

Sec. 5. Quorum. Resolved: That a quorum of the commission is 7 members, and the affirmative vote of at least 7 members of the commission is necessary to conduct business; and be it further

Sec. 6. Duties. Resolved: That the commission has the following duties:

1. Gathering information pertaining to quality child care and early education, the financing of quality child care and early education and economic development incentives available to encourage the development of quality child care and early education facilities and services; and

2. Analyzing the effectiveness of economic development incentives available to encourage the development of quality child care and early education facilities and services in this State and in other states and countries; and be it further

Sec. 7. Staffing. Resolved: That the Department of Economic and Community Development shall provide staff assistance to the commission. Upon request of the chairs of the commission the Legislative Council shall provide assistance with drafting any recommended legislation; and be it further

Sec. 8. Report. Resolved: That the commission shall submit its report no later than December 1, 1999 to the Commissioner of Economic and Community Development, the Commissioner of Education, the Commissioner of Human Services, the Joint Standing Committee on Business and Economic Development, the Joint Standing Committee on Education and Cultural Affairs and the Joint Standing Committee on Health and Human Services including the findings and recommendations of the commission and any proposed legislation regarding the development of quality child care facilities and services and economic development incentives to encourage the development of quality child care facilities and services. If the commission requires a limited extension of time to complete its report, it may apply to the Legislative Council, which may grant the extension; and be it further

Sec. 9. Compensation. Resolved: That legislative members of the commission are entitled to receive the legislative per diem and reimbursement of necessary expenses for their attendance at authorized meetings of the commission; and be it further

Sec. 10. Appropriation. Resolved: That the following funds are appropriated from the General Fund to carry out the purposes of this resolve.

1999-00

LEGISLATURE

**Business Advisory Commission
on Quality Child Care Financing**

Personal Services	\$660
All Other	1,100

Provides funds for the per diem and expenses of legislative members of the Business Advisory Commission on Quality Child Care Financing and to print the required report.

**LEGISLATURE
TOTAL**

\$1,760

Emergency clause. In view of the emergency cited in the preamble, this resolve takes effect when approved.

Appendix B

Commission membership:

Senate Chair

Senator Susan Longley
RR1 Box 1108
Liberty, ME 04949

Senator Jane Amero
444 Old Ocean House Road
Cape Elizabeth, ME 04107

Denis Mailhot
Community Development Office
Fleet Bank
35 Ash Street
Lewiston, ME 04240

Peter Godsoe
Norway Savings Bank
261 Main Street
Norway, ME 04268

Lee Parker
Bath/Brunswick Child Care
44 Water Street
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Christina Ward
Maine Revenue Services
24 State House Station
Augusta, ME 04333

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Peggy Schaffer - Staff
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59 State House Station
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House Chair

Representative Zachary Matthews ,
43 Smiley Street
Winslow, ME 04101

Representative Art Mayo
83 Green Street
Bath, ME 04530

Lisa Ayotte
Southern Kennebec Child Development Svc.
9 Higgons Street
Augusta, ME 04330

Julie Haskell
Maine General Health
6 East Chestnut Street
Augusta, ME 04330

Alan Brigham
Dept. of Economic & Community Development
59 State House Station
Augusta, ME 04333

Conrad Thibault
Child Care Licensing
11 State House Station
Augusta, ME 04333

Appendix C

Title: An Act to Implement Recommendations of the Business Advisory Commission on Quality Child Care Financing to Create a Child Care Business Advisory Committee and to Establish Child Care Grants

Be it enacted by the People of the State of Maine as follows:

PART A

Sec. A-1. 22 MRSA §3739, sub-§5-A is enacted to read:

5-A. Business advisory committee. In addition to its other duties, the council, through its Business Advisory Committee, shall explore ways of integrating child care services and business interests.

- A. As used in this subsection, unless the context otherwise indicates, “Committee” means the council’s Standing Business Advisory Committee.
- B. The committee is composed of 10 voting members made up as follows:
 - 1) Four representatives from business in the private sector, including at least one with a finance background, two appointed by the Speaker of the House and two appointed by the President of the Senate;
 - 2) One representative from Maine Revenue Services, appointed by the Governor;
 - 3) Two child care providers, at least one of whom is a private provider, one appointed by the Speaker of the House and one appointed by the President of the Senate;
 - 4) One small business advocate from the Department of Economic and Community Development, appointed by the Governor;
 - 5) One member of the Houses of Representatives, appointed by the Speaker of the House; and
 - 6) One member of the Senate, appointed by the President of the Senate.

Each member holds office until a successor is appointed and qualified, and any vacancy must be filled by appointment for the unexpired portion of the term.

- C. The committee shall:

- 1) Monitor the progress towards accreditation, including the accreditation of facilities;
- 2) Monitor the use of tax credits and the outcome of those credits;
- 3) Monitor wage levels and suggest changes, if needed, to improve the availability of employment based incentives;
- 4) Monitor job retention issues as they relate to investments in quality child care;
- 5) Examine ways the State can use advances from various revolving loan funds for childcare purposes;
- 6) Examine ways in which quality childcare advancements can be benchmarked; and
- 4) Design a statewide business and child care conference and encourage other statewide and regional business conferences to identify opportunities and incorporate lessons learned from business involvement in promoting quality child care.

D. Committee meetings must be held quarterly or as often as is necessary in the opinion of a majority of the committee. The chair shall designate the time and place of the meetings. A majority of the membership of the committee constitutes a quorum.

PART B

Sec. B-1. 22 MRSA §3740, sub-§3 is enacted to read as follows:

3. Collaboration grants. The Department of Human Services, Office of Child Care and Head Start shall, from funds authorized to the Department, make up to five grants to child care provider collaboratives. The purpose of the collaboration grants is to encourage administrative and financial efficiencies and to promote collaborations between private, non-profit and public sectors.

A. Grants must be made on a competitive basis according to rules adopted or amended by the Department of Human Services, Office of Child Care and Head Start. A single grant cannot be in excess of \$50,000.

B. Grants must be awarded to support the establishment of new regional collaboratives.

Sec. B-2. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2000-01

DEPARTMENT OF HUMAN SERVICES

Office of Child Care and Head Start

All Other \$250,000

Provides funds to the Office of Child Care and Head Start for grants to establish regional collaboratives among child care providers.

PART C

Sec. C-1. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2000-01

DEPARTMENT OF HUMAN SERVICES

Office of Child Care and Head Start

All Other \$50,000

Provides funds to the Department of Human Services, Office of Child Care and Head Start for a one-time competitive grant to a private entity to gather data on child care services in Maine including, market rate data information; wage range information and how wages impact provider relocation out of state; the number of employees that are center-based; the number of child care providers that are sole proprietorships; the current number of available child care slots; the necessary next steps to coordinate information systems; the ability of facilities to meet building and fire codes; the development of a methodology for a child care facilities survey; and the identification of areas where data is not currently being collected.

SUMMARY

This bill implements recommendations of the Business Advisory Commission on Quality Child Care Financing. It creates the Business Advisory Committee as a subcommittee of the Child Care Advisory Council; appropriates funds to the Department of Human Services, Office of Child Care and Head Start for grants to establish regional collaboratives of child care providers; and appropriates funds to the Department of Human Services, Office of Child Care and Head Start for a one-time competitive grant to a private entity to gather data on child care services in Maine.

Title: An Act to Create a Linked Investment Program for Quality Child Care Providers

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 5 MRSA §135 is amended to read:

§135. Deposit of state funds; limitations

The Treasurer of State may deposit the money, including trust funds of the State, in any of the banking institutions or trust companies or state or federal savings and loan associations or mutual savings banks organized under the laws of this State or in any national bank or banks or state or federal savings and loan associations located in the State, except as provided in chapter 161. Before making a deposit, the Treasurer of State must consider the rating of the banking institution, trust company, state or federal savings and loan association or mutual savings bank on its most recent assessment conducted pursuant to the federal Community Reinvestment Act, 12 United States Code, Section 2901. When there is excess money in the State Treasury that is not needed to meet current obligations, the Treasurer of State may invest, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services and with the consent of the Governor, those amounts in bonds, notes, certificates of indebtedness or other obligations of the United States and its agencies that mature not more than 24 months from the date of investment or in repurchase agreements secured by obligations of the United States and its agencies that mature within the succeeding 24 months, prime commercial paper, tax-exempt obligations, banker's acceptances or shares of an investment company registered under the federal Investment Company Act of 1940, whose shares are registered under the United States Securities Act of 1933, only if the investments of the investment company are limited to obligations of the United States or any agency or instrumentality, corporate or otherwise, of the United States or repurchase agreements secured by obligations of the United States or any agency or instrumentality, corporate or otherwise, of the United States. The Treasurer of State may participate in the securities loan market by loaning state-owned bonds, notes or certificates of indebtedness of the Federal Government, only if loans are fully collateralized by treasury bills or cash. The Treasurer of State shall seek competitive bids for investments except when, after a reasonable investigation, it appears that an investment of the desired maturity is procurable by the State from only one source. Interest earned on those investments of money must be credited to the respective funds, except that interest earned on investments of special revenue funds must be credited to the General Fund of the State. Effective July 1, 1995, interest earned on investments of the Highway Fund must be credited to the Highway Fund. Interest earned on funds of the Department of Inland Fisheries and Wildlife must be credited to the General Fund. Interest earned on funds of the Baxter State Park Authority must be credited to the Baxter State Park Fund. This section does not prevent the deposit for safekeeping or custodial care of the securities of the several funds of the State in banks or safe deposit companies in this State or any other state, nor the deposit of state funds required by the terms of custodial contracts or agreements negotiated in accordance with the laws of this State. All custodial contracts and agreements are subject to the approval of the Governor.

For the purpose of this section only, tax-exempt obligations and securities are limited exclusively to tax-exempt commercial paper and tax-exempt bonds maturing in less than 2 years.

No sum exceeding an amount equal to 25% of the capital, surplus and undivided profits of any trust company or national bank or a sum exceeding an amount equal to 25% of the reserve fund and undivided profit account of a mutual savings bank or state or federal savings and loan associations shall be on deposit therein at any one time. The restriction shall not apply to deposits subject to immediate withdrawal available to meet the payment of any bonded debts or interest or to pay current bills or expenses of the State. The restriction shall not apply to deposits which are secured by the pledge of certain securities as collateral, nor to deposits fully covered by insurance. Such collateral shall be in an amount equal to such deposit. The value of the securities so pledged shall be determined by the Treasurer of State on the basis of market value. The Treasurer of State shall review the value of securities pledged on January 2nd and July 2nd of each year. The collateral shall consist of securities in which savings banks may invest as provided in Title 9-B, chapter 55. The securities shall be held in a depository institution approved by the Treasurer of State and pledged to indemnify the State of Maine against any loss. Notice of such hypothecation at the time of deposit shall be given to the Treasurer of State by the depository institution and a copy of said notice shall be mailed to the State Department of Audit.

It is the intent of the Legislature that the Treasurer of State shall seek competitive bids whenever possible prior to the selection of investments under this section.

The Treasurer of State may deposit an amount not to exceed \$4,000,000 in each calendar year with responsible financial institutions authorized to do business in the State at a rate of return not more than 2% per year below the rate of return otherwise obtainable had the funds been invested with such financial institutions for a similar term, as determined by the treasurer, for periods not to exceed one year, provided that each such financial institution covenants with the treasurer as a condition of the deposit to loan an amount at least equal to the amount so deposited with the financial institution by the treasurer under this paragraph to agricultural enterprises located within the State for agricultural purposes. All the loans must be at interest rates which are below the interest rates the loans would have borne under existing market conditions and loan standards of the financial institution but for the deposit by the treasurer under this paragraph, and the interest rates must fully reflect the savings to the financial institution due to the reduced interest rate paid on the deposit. Notwithstanding any provisions of this section to the contrary, the treasurer shall not be obligated to seek competitive bids for investments or deposits pursuant to this paragraph. The Finance Authority of Maine shall provide assistance to the treasurer in implementing this paragraph. For purposes of this section, "agricultural enterprises" means a business involving cultivating soil, producing crops and raising livestock or their by-products. In adopting rules to implement this paragraph, the treasurer shall consider criteria targeting loans under the program to geographic areas of financial need and borrowers who are new entrants to agriculture, and may establish limits on deposits to any one financial institution and limits on deposits supporting loans to any one borrower.

The Treasurer of State may deposit an amount not to exceed \$4,000,000 in each calendar year with responsible financial institutions authorized to do business in the State at a rate of

return not more than 2% per year below the rate of return otherwise obtainable had the funds been invested with such financial institutions for a similar term, as determined by the treasurer, for periods not to exceed one year, provided that each such financial institution covenants with the treasurer as a condition of the deposit to loan an amount at least equal to the amount so deposited with the financial institution by the treasurer under this paragraph to commercial enterprises approved by the treasurer pursuant to this paragraph. All the loans shall be at interest rates which are below the interest rates the loans would have borne under existing market conditions and loan standards of the financial institution but for the deposit by the treasurer under this paragraph, and the interest rates shall fully reflect the savings to the financial institution due to the reduced interest rate paid on the deposit. Notwithstanding any provisions of this section to the contrary, the treasurer shall not be obligated to seek competitive bids for investments or deposits pursuant to this paragraph. The Finance Authority of Maine shall provide assistance to the treasurer in implementing this paragraph. For purposes of this paragraph, eligible commercial enterprises are for-profit businesses with 20 or fewer employees or annual sales of less than \$2,500,000, whose sales of services or products are primarily out of state or which are manufacturers, which are primarily owned and operated by Maine residents or by corporations which are primarily owned and operated by Maine residents, when the treasurer determines that not less than one job will be created or retained per \$20,000 of deposited funds. The maximum loan to any borrower for which a deposit may be applied under this paragraph is \$200,000, and businesses shall be eligible to receive subsidies pursuant to this paragraph for a maximum of an aggregate of 24 months. In adopting rules to implement this paragraph, the treasurer shall consider criteria targeting loans under the program to geographic areas of financial need, and may establish limits on deposits to any one financial institution, further limits on deposits supporting loans to any one borrower, and further restrictions on eligibility.

The Treasurer of State may deposit an amount not to exceed \$4,000,000 in each calendar year with responsible financial institutions authorized to do business in the State at a rate of return not more than 2% per year below the rate of return otherwise obtainable had the funds been invested with such financial institutions for a similar term, as determined by the treasurer, for periods not to exceed one year, provided that each such financial institution covenants with the treasurer as a condition of the deposit to loan an amount at least equal to the amount so deposited with the financial institution by the treasurer under this paragraph to quality child care providers approved by the treasurer pursuant to this paragraph. All the loans shall be at interest rates which are below the interest rates the loans would have borne under existing market conditions and loan standards of the financial institution but for the deposit by the treasurer under this paragraph, and the interest rates shall fully reflect the savings to the financial institution due to the reduced interest rate paid on the deposit. Notwithstanding any provisions of this section to the contrary, the treasurer shall not be obligated to seek competitive bids for investments or deposits pursuant to this paragraph. The Finance Authority of Maine shall provide assistance to the treasurer in implementing this paragraph. For purposes of this paragraph, quality child care providers has the meaning set forth in Title 36, section 5219-Q, subsection 1, when the treasurer determines that not less than one job will be created or retained per \$20,000 of deposited funds. The maximum loan to any borrower for which a deposit may be applied under this paragraph is \$200,000, and quality child care providers shall be eligible to receive subsidies pursuant to this paragraph for a maximum of an aggregate of 24 months. In adopting rules to implement this paragraph, the treasurer shall consider criteria targeting loans

under the program to geographic areas of financial need, and may establish limits on deposits to any one financial institution, further limits on deposits supporting loans to any one borrower, and further restrictions on eligibility.

SUMMARY

This bill implements one of the recommendations of the Business Advisory Commission on Quality Child Care Financing. It establishes a linked investment program for quality child care providers.

BUSINESS ADVISORY COMMISSION ON QUALITY CHILD CARE FINANCING

ESTABLISHED BY THE 119TH LEGISLATURE

Senator Susan Longley, Chair

Representative Zachary Matthews, Chair

Henry Bourgeois
Maine Development Foundation
45 Memorial Circle
Augusta, ME 04330

January 2000

Dear Henry:

Work and family issues dominate the news these years, and, consistent with such concerns, the Business Advisory Committee on Child Care Financing now write to request Maine Development Foundation assistance concerning quality child care in Maine. As you can read below, our specific requests concern benchmarks and help organizing a statewide forums for businesses to focus also on quality child care issues.

The Business Advisory Committee on Child Care Financing, created by Resolves 1999, Chapter 66, has spent the fall investigating ways to increase the linkages between businesses and child care providers. The advisory commission is making several recommendations to encourage businesses to get more involved in promoting quality child care in their communities. The advisory commission is also recommending ways child care businesses may better use the business support network that is available for all small businesses in the state.

As part of the commission's recommendations, we write to ask the Maine Development Foundation to include early care and education in some of your work. Specifically, we are asking that the availability and affordability of early child care and education be considered by the Maine Economic Growth Council as a benchmark measuring Vital Communities. The advisory commission felt very strongly that affordable quality child care was a key element to a healthy community and that quality child care is also an essential component of preparing Maine's children for learning and for future success. The Business Advisory Committee on Child Care Financing felt the best way to track and draw attention to this linkage was through the economic indicators and benchmarks used in the *Measures of Growth*.

Secondly, the advisory commission would also like to suggest issue forums focusing on early care and education. The timeline for this might be as part of the education forum contemplated for this year, or a special focus after the release of the 2001 *Measures of Growth*.

Relatedly, the advisory committee is requesting that you include work sessions on child care in the upcoming Governor's Conference on Small Business. These might include highlighting case studies on successful child care programs sponsored by businesses or ways businesses can assist in making sure quality affordable child care is available for their workers. We are asking Brian Dancause at the Department of Economic and Community Development to include this in the planning and agenda for the conference.

Thank you for your consideration of these very important issues. Quality early care and education are critical factors in Maine's economic growth and success, for today's workforce as well as to prepare Maine's workforce of the future.

Respectfully,

Senator Susan Longley
Senate Chair

Representative Zack Matthews
House Chair

BUSINESS ADVISORY COMMISSION ON QUALITY CHILD CARE FINANCING
ESTABLISHED BY THE 119TH LEGISLATURE

SENATOR SUSAN LONGLEY, CHAIR

REPRESENTATIVE ZACHARY MATTHEWS, CHAIR

Members
Economic Development Incentives Commission
3 State House Station
Augusta, ME 04333

January 2000

Dear Senator Pingree and Members of the Economic Development Incentives Commission:

As part of its legislative charge, the Business Advisory Commission on Quality Child Care Financing (Resolves 1999, Chapter 66) has looked into the effectiveness of business and tax credits for quality child care.

The 119th Legislature enacted new refundable credits for investing in quality child care. These become effective January 1, 2001. Since the work of this advisory commission is to be completed by January 2000, it would be impossible for us to review the effectiveness and use of these new credits.

The Business Advisory Commission on Quality Child Care Financing strongly supports these tax credits as a tool to encourage businesses and individuals to invest in quality child care. The commission also recognized the need to make sure the tax credits accomplished their legislative intent.

Accordingly, the advisory commission is requesting the Economic Development Incentives Commission, as part of its ongoing evaluation of business tax incentives, to assess the effectiveness of tax credits for quality child care and report their findings to the business subcommittee of the Child Care Advisory Commission. The business subcommittee will use those findings to make recommendations to the Child Care Advisory Council.

Thank you in advance for your assistance in this matter. We look forward to discussing your findings on the effectiveness of these tools for expanding quality child care in Maine.

Sincerely,

Senator Susan W. Longley
Senate Chair

Representative Zack Matthews
House Chair



Death Benefits



Pension & Benefits Division, Office of Personnel & Labor Relations Death Benefit

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Accidental Death Insurance

This coverage is a benefit of \$50,000 for police officers, firefighters, paramedics and deputy sheriffs; \$10,000 for non-uniform fire civilians which is to be paid upon the death of an employee due to an injury caused directly and exclusively by external, violent, and purely accidental means, and independently of all other causes of such injury, and arising out of and in the course of employment.

For more information about this homepage email oplinfo@co.pg.md.us

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