

**SUBJECT:** Student loan repayment aid for child-care workers

**COMMITTEE:** Higher Education — committee substitute recommended

**VOTE:** 8 ayes — Rangel, Cuellar, F. Brown, Farabee, Goolsby, J. Jones, Morrison, E. Reyna

0 nays

1 present not voting — Wohlgemuth

**WITNESSES:** For — Mary Jane Burson; Nancy L. Hard

Against — None

**DIGEST:** CSHB 1689 would add subchapter T to Education Code, chapter 61 to authorize the Texas Higher Education Coordinating Board to help full-time early childhood child-care workers repay eligible student loans. The bill would define such workers as those working more than 30 hours a week in a child-care facility and whose duties consist primarily of providing child care or education to children under age four.

The bill would limit eligibility for loan repayment assistance to people with degrees in early childhood development from accredited public and private institutions who signed written agreements to serve as workers in this field for two years in Texas. An eligible person could receive help in repaying any student loan for higher education through any lender. The board could not provide repayment assistance for a loan in default.

The written agreement between the board and the person receiving repayment assistance would have to require the person to serve at least two years as an early childhood child-care worker in Texas within three years of entering the agreement. The contract would have to specify:

- ! the number of additional years of service beyond the required two years for which the person could receive repayment assistance and the period within which the person would have to complete those years of service;
- ! that any assistance would be considered a loan before the initial two years

or each additional full year of service was completed; and  
! that only service after the contract was signed could be considered as satisfying the agreement's terms.

The agreement would have to require the person to sign a promissory note, the terms of which the board would determine, to repay the loan assistance with interest and reasonable collection costs if the person did not meet applicable conditions.

CSHB 1689 also would establish a student-loan assistance trust fund for child-care workers. The fund could consist of gifts, grants, donations, legislative appropriations, and interest income. It would be held outside the treasury and administered by the comptroller. Money in the trust could be spent without appropriation and only to fund the program. The board could issue only as many contracts as were payable by the fund. If money in the fund were not sufficient to provide repayment assistance to each eligible applicant, the board would have to choose recipients according to financial need or on another reasonable basis.

Loan repayment assistance each year could not exceed 15 percent of the person's outstanding student loans including scheduled interest. Annual assistance could not exceed the lesser of the actual payments required that year or an amount set by the board equal to the maximum resident tuition and required fees for a full-time student at a general academic teaching institution.

The coordinating board would have to adopt rules needed to administer the assistance program and would have to distribute copies of the rules and other pertinent information to Texas higher education institutions that offer degree programs in early childhood development or the equivalent.

CSHB 1689 would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Its provisions would apply beginning with the fall 1999 semester.

SUPPORTERS  
SAY:

CSHB 1689 would help improve child care in Texas by encouraging child-care professionals to keep working in their chosen field and by helping child-care facilities retain experienced staff. It would demonstrate the state's commitment to supporting trained child-care workers who provide invaluable education and care for young children.

A survey by the National Council of State Educators revealed that 31 percent of staff members working in the child-care industry leave their jobs within one year. One reason for the high turnover rate is very low wages. Combined with the need to repay college loans, this becomes an insurmountable obstacle to many potential child-care workers in Texas. The program proposed in this bill would help relieve college graduates trained in child care from some of the financial burden of their loan obligations.

Gifts, grants, and donations received by the assistance fund could be used as a state and local match for additional federal or private funds.

A contingency rider in Article 7 of HB 1, the general appropriations bill, would provide funding for this program from federal Temporary Assistance for Needy Families (TANF) funds. Some 4 percent of child care and development funds must be spent to improve the quality of child care, and this loan assistance program would qualify.

OPPONENTS  
SAY:

Problems in the child-care industry are industry problems that need industry solutions. When market demand for child-care workers rises, wages will rise. CSHB 1689 would create another government program using public money for private purposes. Instead, employers who want qualified child-care workers should implement loan repayment programs of their own. Similar contractual relationships work for other industries.

NOTES:

The committee substitute:

- ! defined a full-time worker as one who works more than 30 hours per week, rather than leaving that determination to the coordinating board;
- ! added a cap of the average cost of full-time, resident tuition and fees for maximum assistance paid; and
- ! added a provision allowing the coordinating board to determine how the assistance would be paid and granting the board authority to provide for payment in installments for partial service.

The companion bill, SB 442 by Ellis, has been referred to the Senate Human Services Committee.

Article 7 of the House-passed version of HB 1 by Junell, the general appropriations bill for fiscal 2000-01, includes a rider under the Texas Workforce Commission that would transfer \$747,650 in TANF funds under the Early Childcare strategy to the Child-Care Worker Student Loan Assistance Trust Fund in the Comptroller's Office for a loan assistance program to be administered by the Texas Higher Education Coordinating Board, contingent on enactment of HB 1689 or similar legislation.