

- SUBJECT:** Requiring coordination of subsidized child-care services
- COMMITTEE:** Human Services — committee substitute recommended
- VOTE:** 8 ayes — Uresti, Naishtat, Wohlgemuth, Christian, McCall, Miller, Reyna, Villarreal
- 0 nays
- 1 absent — Olivo
- WITNESSES:** For — James Calaway, Center for Houston’s Future; Marcia Rachofsky, Texas Welfare Reform Organization; Jason Sabo, Center for Public Policy Priorities; Carol Shattuck, Greater Houston Collaborative for Children
- Against — None
- On — Donna Garret, Texas Workforce Commission
- BACKGROUND:** The federal Head Start program offers early education to children in low-income families with the goal of increasing their school readiness. Congress is considering Head Start funding as part of reauthorizing the program. The funding mechanism is likely to change from direct federal grants to providers to a block grant administered by states. Programmatic changes could reflect President Bush’s goals for early childhood development programs, including Head Start, under the “Good Start, Grow Smart” initiative, which focuses on preparing children to read.
- Human Resources Code, ch. 72 directs each Head Start program to coordinate with the Texas Workforce Commission (TWC) regarding subsidized child-care services. TWC subsidizes child-care costs for some low-income families so the parents can work or attend training or educational classes. Children are eligible for subsidized child care if their parents take part in the Temporary Assistance to Needy Families (TANF) Choices program, are making the transition from TANF to work, or are classified as at risk of receiving public assistance. In awarding child-care funds, TWC must give priority to current and recent TANF recipients before serving at-risk families.

When a higher-priority child requests services, TWC must end services to a lower-priority child to make room in the program.

Funding for child-care assistance comes from both state monies and federal block grants. To draw federal funds, state matches can come from general revenue, local funds, or in-kind donations. In addition to federal block grants for child care, up to 20 percent of a state's TANF block grant can be converted to child-care funds.

Education Code, sec. 29.153 requires a school district to offer prekindergarten if the district has at least 15 children who are at least three years old and cannot speak English, are educationally disadvantaged, or are homeless. These free prekindergarten programs are half-day classes.

DIGEST:

*(The author intends to offer a floor substitute for CSHB 1017, which is reflected in the following analysis.)*

The floor substitute would require a school district to investigate sharing sites among child-care programs before establishing a new prekindergarten program. The education commissioner could use existing appropriations for kindergarten and prekindergarten to coordinate early childhood care and education programs, disseminate instructional materials and information about school-readiness, and develop standards for early childhood care and education coordination with a focus on preliteracy skills. The commissioner could use those funds in a manner that offered the greatest flexibility under federal law. In addition, the commissioner could waive any state law or rule to comply with federal law.

Head Start programs, TWC child-care services, prekindergarten programs, and after-school child-care programs at a school would have to coordinate with TWC, the Texas Education Agency (TEA), and local workforce development boards. The coordination would have to include information and referral and would have to ensure the availability of full-day, full-year child-care services for low-income working parents. It could include cooperating with state agency child-care studies; collecting data for determining eligibility; staff training; collaborative services, such as a single point of access for eligibility determination and enrollment and shared facilities; identifying nearby programs; and coordinating transportation.

The coordinating programs would have to give preference to the highest-quality services, as measured by the Texas Rising Star Provider criteria (a quality indicator in the Texas Administrative Code), accreditation from the National Association for the Education of Young Children, or any other measurable target related to improving child-care.

Upon enrollment of a child in subsidized child-care services, the parents would have to receive information about ideal early education settings and indicators that a child was ready for kindergarten. If the child-care provider did not have those resources, it would have to refer the parents to other sources of that information through telephone numbers or web sites.

The State Center for Early Childhood Development could develop a quality rating system demonstration project to rate program providers. The center would be entitled to access to information and technical support from the relevant state agencies. The bill also would allow certain groups, including a school district, local government, or local workforce development board, to create a coordination-of-services demonstration project. If the group obtained approval from the appropriate regulatory agency, it could obtain a waiver of state rules or regulations that impaired coordination of services. If a federal waiver were required, the appropriate state agency would have to seek one. The results of either demonstration project would have to be reported to the Legislature and the relevant state agencies.

TWC would have to notify a working poor recipient of subsidized child care of any termination in the program in writing at least 30 days before the termination or on the earliest date practicable. The notice would have to include information about other child-care services.

The State Center for Early Childhood Development would have to establish an advisory committee on child-care coordination, representing the relevant agencies and stakeholders. The advisory committee would have to report on models of child-care coordination, administrative structures, recommended changes, and other findings to the Legislature by September 1, 2004. The advisory committee would be abolished December 31, 2004.

The bill would take effect September 1, 2003.

**SUPPORTERS  
SAY:**

The floor substitute for CSHB 1017 would prepare Texas for “Good Start, Grow Smart” initiatives and would set the course for better services in Texas. Reauthorization of federal funding for Head Start is likely to result in a block grant that would give the state flexibility in administering early childhood development programs. This bill would enable TEA to take advantage of that flexibility by allowing the commissioner to act within federal limitations.

Under the current system, the state pays for child-care services, yet has little information about the quality of care that it buys. This bill would allow the State Center for Early Childhood Development to establish a rating system by which quality of care could be measured across programs. It also would require programs to coordinate services, something that is done sporadically now but that should be integrated better.

The bill would give working families earlier notice when their services were to be terminated. Under current TWC rules, local workforce development boards must give at least 15 days notice, though some give earlier notice. Two weeks is not long enough to find new child care. The author intends to offer a floor amendment that would limit the notification requirement to families who lose services but are still eligible for them. It also is important that parents who lose services receive information about other options. It is in the state’s interest to ensure that the loss of services does not turn into an emergency or possible job loss for these recipients.

Texas needs an advisory committee that focuses on early childhood education. Other state efforts focus on all health and human services programs and are not specific to the developmental and education-readiness of Texas’ young children in subsidized programs.

**OPPONENTS  
SAY:**

Texas’ child-care industry is in distress, and this bill would threaten it further. Currently, subsidized child care is funded through federal grants via TWC, whereas prekindergarten is funded by the state. By requiring coordination of services, the bill would allow school districts to raid the federal grant funding and to supplement or replace the state prekindergarten funds. Also, it would require notification and referral for working poor people who lose their child-care services, meaning that child-care centers would have to refer their customers to the competing school district that already might have absorbed the child-care center’s funding.

Recent rule changes at the Department of Protective and Regulatory Services, including new staff ratios and meal requirements, are expected to add about 10 percent to the tuition for child care in the coming year. At the same time, centers face declining enrollment because of higher unemployment in the state. Child care is Texas' 16th largest industry and employs about 170,000 people. This bill would jeopardize the industry's future.

The proposed changes in funding could affect all Texans with children in day care. If prekindergarten programs, which serve three- and four-year-olds, could obtain access to funding previously used for child care, the overall cost of child care would rise. Families with infants and toddlers in nonsubsidized day care would pay more if the three- and four-year-olds, about half of all day-care enrollees, went to programs in school districts.

The bill would not include private child-care providers in the demonstration project for quality of care, even though these providers presumably would be rated by such a system if one were adopted. The bill would allow inclusion of community organizations but would not guarantee that those organizations would be private child-care providers.

**OTHER  
OPPONENTS  
SAY:**

This bill is unnecessary. If federal regulations become law, Texas will have to comply, so there is no need to change state laws in anticipation of the new regulations. Federal regulations already require coordination of services, and a TWC task force is working on quality-of-care issues. The new advisory committee would be similar to the existing Office of Early Childhood Coordination, which has the expertise and experience to act in an advisory role for early childhood education.

**NOTES:**

The floor substitute would incorporate elements from CSHB 1017 and from SB 76 by Zaffirini, which passed the Senate by voice vote on April 30 and has been referred to the House Public Education Committee. The committee substitute differs from HB 1017 as filed in that the substitute would require TWC to notify recipients of subsidized child care at least 30 days, rather than 45 days, before termination, with exemptions for hardship.

The companion bill, SB 523 by Shapleigh, has been referred to the Senate Business and Commerce Committee.

