

SUBJECT: Adjusting child care provider evaluation criteria and funding formulas

COMMITTEE: International Relations and Economic Development — committee
substitute recommended

VOTE: 6 ayes — Anchia, Frullo, Blanco, Larson, Raney, Romero

1 nay — Cain

2 absent — Metcalf, Perez

WITNESSES: For — Shay Everitt, Children at Risk; (*Registered, but did not testify*: Jeff Coyle, City of San Antonio; Veronica Garcia, Good Reason Houston; Christine Yanas, Methodist Healthcare Ministries of South Texas, Inc.; Linda Phan, Texas Council on Family Violence; Julie Linn, The Commit Partnership; Jennifer Allmon, The Texas Catholic Conference of Bishops; Ashley Harris, United Way of Metropolitan Dallas, United Ways of Texas)

Against — None

On — Courtney Arbour, Texas Workforce Commission

BACKGROUND: Labor Code sec. 302.0042 requires the Texas Workforce Commission (TWC) to annually evaluate the formulas used to distribute federal child care development funds to local workforce development boards and establishes evaluation criteria, including the use of current federal child care funds by each local board, the average cost of child care in each area, and the number of children on waiting lists for child care in each area.

Government Code sec. 2308.3155 establishes the Texas Rising Star Program, a voluntary rating system of child care providers participating in TWC's subsidized child care program. Although the program is voluntary, participating providers are entitled under sec. 2308.315 to reimbursement rates 5 to 9 percent higher than those of non-certified providers.

DIGEST: CSHB 680 would adjust the criteria used by the Texas Workforce Commission (TWC) to evaluate child care providers and distribute federal funding. The bill also would authorize local workforce boards to contract directly with Texas Rising Star child care providers in high-demand areas.

Adjustments to allocation formulas. The bill would expand the criteria TWC would have to use in its annual evaluation of child care funding formulas to include:

- the average price charged for child care in each local workforce development area as stated in a federal market rate survey;
- the total number of child care providers by area that participated in the Texas Rising Star Program, as well as the number of 2-star, 3-star, and 4-star rated child care providers;
- the percentage of subsidized child care providers in each area that participated in the Texas Rising Star Program, as well as the percentage of 2-star, 3-star, and 4-star rated providers in each area;
- the total number of children enrolled in subsidized child care providers participating in the Texas Rising Star Program and in 2-star, 3-star, and 4-star rated providers in each area; and
- the percentage of subsidized children in each area that were enrolled in child care providers participating in the Texas Rising Star Program as well as the percentage enrolled in 2-star, 3-star, and 4-star providers.

The evaluation also would no longer consider the overall number of vacant slots for child care placement in an area but instead would consider the proportion of slots reserved for subsidized children with a provider that was a certified 2-star, 3-star, or 4-star provider in the Texas Rising Star Program or that did not participate in the program.

Direct contracting authorization. CSHB 680 would authorize a local workforce development board to contract with providers for subsidized child care services.

To be eligible for a contract, a child care provider would have to be a

Texas Rising Star Program provider with a three-star rating or higher and:

- be located in an area underserved by child care providers;
- have a partnership with a school district to provide a prekindergarten program;
- have a partnership with the Early Head Start or Head Start Program;
- increase the number of places reserved for infants and toddlers by high-quality child care providers; or
- satisfy a requirement in the local workforce development board's strategic plan.

Within six months of entering into such a contract and every six months thereafter, a local workforce development board would have to submit a report to TWC evaluating the contract to determine its effect on:

- the financial stability of the child care provider participating in the contract;
- the availability of high-quality child care options for participants in the subsidized child care program in the area;
- the number of high-quality child care providers in any part of the workforce development area with high concentration of families with a need for child care; and
- the percentage of children participating in the subsidized child care program at each Texas Rising Star Program provider in the local workforce development area.

TWC reporting requirements. CSHB 680 would add several new reporting requirements to TWC's existing biennial report on the effectiveness of the subsidized child care program.

TWC would have to measure and evaluate the child care program's progress regarding:

- coordination between TWC and the Texas Education Agency

(TEA) to assign a Public Education Information Management System number to each child younger than 6 enrolled in the program;

- coordination with TEA, school districts, and open-enrollment charter schools on prekindergarten quality improvement efforts;
- efforts to increase coordination between providers participating in the child care program, school districts, and open-enrollment charters;
- facilitation of child care provider enrollment in the Texas Rising Star Program and the progression of providers to the program's highest rating level; and
- development and implementation of rates and payments, as determined by local workforce development boards, to allow participating providers to provide high-quality child care and ensure that TWC met performance measures established by the Legislature for the average number of children served by the child care program.

Information collected by TWC, along with the commission's findings, would be available to local workforce development boards, school districts, open-enrollment charter schools, and the public.

Restriction on use of professional development funds. CSHB 680 would require each local workforce development board to ensure, to the extent practicable, that any professional development funded by federal child care development funds could be used toward requirements for a credential, certification, or degree program, and met the professional development requirements of the Texas Rising Star Program.

Stakeholder input on transition to Pre-K. The bill would require TWC to obtain input from TEA, school districts, charter schools, subsidized child care providers, relevant businesses, and the public on improving coordination between the subsidized childcare program and prekindergarten programs and increasing the quality of and access to the program.

The bill would take effect September 1, 2019.

**SUPPORTERS
SAY:**

CSHB 680 would increase the transparency of the child care subsidy program overseen by the Texas Workforce Commission (TWC) and improve access to the program. Child care subsidies make up a large percentage of TWC's budget, and the improved data collection established by the bill would help the commission ensure those subsidies were used efficiently.

The data collection, reporting, and student ID requirements established by the bill would help both TWC and the Texas Education Agency (TEA) identify gaps in the child care system. The bill also would mandate interagency cooperation and data-sharing between the agencies and stakeholders, which would help both agencies assist low-income children transition from child care to public education. Because TWC and TEA already compile information required by the bill, it would not impose a burden on the agencies.

CSHB 680 would provide stability to child care businesses where those businesses were most needed by authorizing local workforce development boards to directly contract with quality providers in high-need areas. The impact of this program would be measured and evaluated by TWC, and the commission's evaluation would help policy makers decide whether this model was successful and could be scaled statewide.

The bill also would help address the problem of high staff turnover of child care teachers, which makes it difficult to maintain teacher quality. By requiring that federal funding used for professional development be spent toward obtaining a credential, certification, or degree, the bill would help teachers pursue higher education and invest in their career.

**OPPONENTS
SAY:**

CSHB 690 would impose a new reporting burden on TWC. This would require the commission to dedicate significant resources to a task outside the agency's core mission of serving the workforce.