



June 29, 2001

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No. 134

CHILD CARE AND THE 77TH TEXAS LEGISLATURE

The 77th Texas Legislature passed several child care bills this session. However, the big stories remain the continued under-funding of child care for working poor families within the state budget and looming growth in the state's waiting list of 41,000 children.

CHILD CARE BUDGET

The child care system in Texas is at a critical crossroads. Funding decisions made during the 77th legislative session are inadequate to move the system forward and may in fact jeopardize progress made in recent years. The cooling economy and an end to some work exemptions is projected to increase demand for child care assistance to welfare recipients who are receiving employment assistance (through the Choices program) or transitioning into work. The Texas Workforce Commission did not receive all the funding it requested to meet these increased demands. As a result, many working poor families stand to lose their child care assistance because TWC and the local workforce boards

must provide Choices clients with child care assistance before they use funds for other eligible families.

In the final conference report on the state budget, TWC was only appropriated an increase of \$2.5 million in state General Revenue (GR) funds for 2002-03, versus budgeted/spent GR in 2000-01. TWC had asked for \$15.6 million in new GR to draw down \$29.3 million in federal funds and ensure that children currently being served would not be removed from child care in 2002-03. The \$2.5 million it actually received will only draw down \$4.7 million in federal funds, leaving \$24.6 million in federal funds unmatched.

Subsidized Child Care in Texas: Working Poor Families May Lose Assistance

Fiscal Year	Total Children in Care	Care for CHOICES Children	Care for Working Poor Children
2001	100,000	14,400	85,600
2002	107,744	22,463	85,281
2003	107,195	27,843	79,352

By 2003, 6,200 children may lose "working poor/At-Risk" child care services, compared to 2001 levels. This projected service discontinuation makes it imperative that local boards clearly think through policies and procedures concerning how children will be removed

from child care. The CPPP recommended in its comments on the 2002-2003 TWC State Plan for Child Care that a notification period of at least 60 days be adopted by all boards to allow families time to find child care so parents can stay employed. CPPP comments on

the state plan are available at <http://www.cppp.org/products/testimony/testimony/tst6501.html>.

Another important budgetary issue is the Legislature's reversal of TANF transfers to fund child care. In the 2000-01 budget TWC child care programs were funded in part by \$79.1 million in TANF funds transferred to the Child Care and Development Fund (CCDF). In the 2002-03 budget all of these transfers were eliminated and replaced with new federal CCDF funds.

Recent budget decisions also threaten existing child care quality initiatives. The local workforce development boards charged with administering child care services will be in the difficult position of deciding between continued funding for quality initiatives and maintaining the number of available working poor child care slots. While the CPPP supports efforts to improve child care access, increases in available child care should not come at the price of safe and quality care.

CHILD CARE LEGISLATION

As in recent legislative sessions, there was considerable interest in child care policy. This was evidenced by the more than 25 child care related bills that were filed. Three themes emerged in this session's child care bills: enhanced cooperation between early childhood services (including subsidized child care, Head Start, and Pre-Kindergarten) to improve services and increase local match generation capacity; improved teacher recruitment and retention; and continued efforts to improve child care quality and access. While a number of these bills represent important policy directions, the lack of funding to support implementation may limit the impact of some. The following is a summary of key child care related legislation that did pass.

Early Childhood Education Cooperation:

HB 2763 (Solis): HB 2763 provides local workforce development boards with help in meeting match requirements for federal child care dollars. Boards can use locally generated funds from an independent school district or education agency, particularly after-school care and Head Start, as local match. HB 2763 demonstrates legislative and gubernatorial recognition of the match generation demands placed on local workforce boards.

HB 2769 (Solis): HB 2769 allows children receiving child care via Head Start or after-school care to also access care funded by local workforce boards. HB 2769 is of particular interest because, like HB 2763, it

recognizes the critical need for collaboration between CCDF-funded child care and services provided through other means, particularly Head Start. Such collaboration will help families piece together the care they need to get and stay employed.

SB 1293 (Van de Putte): SB 1293, like HB 2769 mentioned above, requires local boards to cooperate with Head Start and Early Head Start providers to ensure that parents receive the year-round, comprehensive services they need to get and stay employed.

Teacher Recruitment and Retention :

HB 1309 (Villareal): HB 1309 works to ensure that recipients of Train our Teachers educational stipends for child care workers stay employed in the child care field, particularly in low income areas and in centers receiving CCDF dollars. Support for HB 1309 demonstrates the Legislature and the Governor's recognition of the child care staffing crisis plaguing Texas, particularly low income communities.

SB 833 (Moncrief): SB 833 amends child care center employee minimum training standards to include specific requirements for both center directors and employees. The bill also allows local school districts to use their vehicles to transport children to child care.

SB 1294 (Van de Putte): SB 1294 creates a TWC administered pilot project, Teacher Education and Compensation Helps (TEACH), to assist teachers in retaining employment in child care. Teachers must be employed by a board funded child care provider. At least three projects will be created to address issues related to scholarships, education, compensation, and retention. SB 1294 demonstrates the importance placed on teacher recruitment and retention as a quality issue by the Texas Legislature and the Governor.

Child Care Quality and Access:

HB 1307 (Villareal): HB 1307 codifies the existence of the Texas Association of Child Care Resource and Referral Agencies (TACCRRA) network, Texas' leading provider of child care resource and referral services. While TACCRRA was funded by the 76th Legislature, its statutory mandate did not pass. HB 1307 establishes a statutory requirement that TWC contract with a child care resource and referral network to provide services throughout Texas and is a testament to the Texas Legislature's continued interest in ensuring the accessibility of quality child care. See www.taccrra.org for more information.

HB 1348 (Villareal): HB 1348 authorizes TWC to make one-time grants available to local workforce development boards to design and implement local child care demonstration projects. Projects must be focused on expanding child care in rural areas, improving teacher recruitment and retention, increasing parent employability, or enhancing the school readiness of participating children. Projects must be replicable and able to be funded by local sources after TWC funding ends. The impact of HB 1348 will be limited by its lack of funding.

HB 3578 (Villareal): HB 3578 mandates that CCDF quality funds are used only for quality child care programs. The bill provides clear definitions for "quality," including promotion of positive development and frequent interaction, as well as the provision of effective administration and ongoing, systematic evaluation. HB 3578 is a clear reflection of the Legislature's interest in maintaining board-level quality initiatives that emphasize real efforts to improve quality.

SB 1732 (Cain): SB 1732 creates a pilot project in which a network of family home child care providers work together to increase the likelihood that children under 4 will be in small, family child care centers. Projects will operate in three different locations. The impact of SB 1732 will be limited by its lack of funding.

Other Child Care Bills :

Of the child care bills that did not make it through the legislative process there are several worth noting as they hint at the direction child care legislation may take in the interim and in the 78th Texas Legislature. Child care quality appeared in SB 168 (Zaffirini), which would have increased unannounced inspections of child care centers and family homes and HB 1312 (Villareal), which would have required a study of the Texas child care system in hopes of improving child care quality.

Child care access was also a common theme among bills that did not make it out of the 77th Legislature. HB 2074 (Fischer) would have provided for a study of Texas child care providers to determine how best to meet growing demand for child care. Also of interest, SB 1238 (Moncrief) would have improved the kind of information available statewide on child care providers.

The Veto of HB 2265 :

HB 2265 would have targeted child care subsidies to children from households having income of not more than 66 percent of the state median income (SMI). Federal law allows for subsidies to families earning up to 85% of the SMI. HB 2265 was intended to focus child care resources on those families most in need of help. Nearly every workforce board already has eligibility policies for child care assistance below the 66% SMI limit provided in this bill. Most are at or below 150% of the Federal Poverty Level (FPL) which translates to roughly 64% SMI. HB 2265 was a recognition of the current operational limits on child care subsidies and represented the first legislative attempt to focus those resources on the neediest families.

Somewhat surprisingly, Governor Perry vetoed HB 2265 suggesting that it "would limit the ability of local workforce development boards to set income-eligibility standards for subsidized child care that are based on local needs." The real limit on meeting local child care needs is budgetary and the competition for state funds this past session was fierce. As a result, child care funding fell well below other big ticket items such as health care, state employee pay raises, and school employees health insurance and received little focus from the Governor's office or other legislative leadership.

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