

## **BILL ANALYSIS**

C.S.H.B. 3323  
By: Deshotel  
Economic & Small Business Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties contend that more transparency is needed regarding child care subsidies distributed by the state, including the use of such funds and the quality of the applicable child care programs. The goal of C.S.H.B. 3323 is to provide parents, policymakers, and educators with clearer information about the quality of subsidized child care paid for with state and federal funds.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3323 amends the Labor Code to require the Texas Workforce Commission's (TWC) evaluation of allocation formulas used to distribute federal child care development funds to local workforce development boards to include assessments of the average price charged by child care providers for child care in each local workforce development area as stated in a certain market rate survey conducted under federal regulations and certain information regarding participation in the Texas rising star program. The bill changes the nature of the assessment regarding child care costs in each local workforce development area included in the TWC evaluation from an assessment of the average cost in providing that care in each such area to an assessment of the estimated cost incurred by child care providers in each such area as stated in a certain federal report. The bill changes the assessment of the number of vacant slots available for child care placement in each local workforce development area included in the TWC evaluation to an assessment of the number of places that are reserved for participants in the TWC child care subsidy program out of the total number of children enrolled with a provider on a full-time basis categorized by age of the child for each provider in each local workforce development area that meets a specified certification in the Texas rising star program or that does not participate in the Texas rising star program. The bill requires the TWC, for the purposes of the evaluation, to annually update certain assessment information regarding the number of children on waiting lists for child care in each local workforce development area, the number of places reserved for participants in the child care subsidy program, and participation in the Texas rising star program.

C.S.H.B. 3323 requires the TWC to measure and evaluate the progress of the TWC subsidized child care program regarding: coordination by the TWC with the Texas Education Agency (TEA) to assign a Public Education Information Management System (PEIMS) number to children younger than six years of age enrolled in the program; coordination with TEA, school

districts, and open-enrollment charter schools on any prekindergarten quality improvement efforts; efforts to increase coordination between participating providers in the program, school districts, and open-enrollment charter schools; facilitation of child care provider enrollment in the Texas rising star program and progression of providers to the highest rating level in that program; 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 to ensure that the TWC meets performance measures established by the legislature for the average number of children served by the subsidized child care program per day. The bill includes school districts, open-enrollment charter schools, and the public among the groups to which the TWC is required to make available the information collected in the evaluation of the effectiveness of the subsidized child care program and the findings resulting from that evaluation.

C.S.H.B. 3323 requires the TWC to include in its biennial report to the legislature regarding the effectiveness of the subsidized child care program the assessments regarding participation in the Texas rising star program contained in the TWC evaluation of allocation formulas for child care development funds.

C.S.H.B. 3323 requires the policy developed by the TWC for obtaining input from interested parties regarding its subsidized child care program to include methods for obtaining input from TEA, school districts, open-enrollment charter schools, subsidized child care providers, relevant businesses, and the public regarding improving coordination between the subsidized child care program and prekindergarten programs and increasing the quality of and access to the subsidized child care program.

#### **EFFECTIVE DATE**

September 1, 2017.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3323 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

##### INTRODUCED

SECTION 1. Section 302.0042, Labor Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The commission's evaluation must assess:

(1) the use of current federal child care funds by each local workforce development board;

(2) the ability of each local workforce development board to meet child care performance measures;

(3) the average cost incurred by child care providers in providing [øf] child care in each local workforce development area;

(4) the average price charged by child care

##### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 302.0042, Labor Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The commission's evaluation must assess:

(1) the use of current federal child care funds by each local workforce development board;

(2) the ability of each local workforce development board to meet child care performance measures;

(3) the estimated [average] cost incurred by child care providers [of child care] in each local workforce development area as stated in the report required under 45 C.F.R. Section 98.45(f)(1);

(4) the average price charged by child care

providers for child care in each local workforce development area;

(5) the poverty rate of each local workforce development area compared to the state's poverty rate;

(6) ~~(5)~~ the number of children on waiting lists for child care in each local workforce development area; ~~and~~

(7) ~~(6)~~ the number of vacancies for full-time program enrollment ~~[vacant slots]~~ available for child care placement in each local workforce development area;

(8) the total number of child care providers participating in the Texas Rising Star Program in each local workforce development area and the number of 2-star, 3-star, and 4-star rated child care providers in the local workforce development area;

(9) the number of child care providers participating in the Texas Rising Star Program in each local workforce development area as a percentage of the total number of child care providers in the local workforce development area and the number of 2-star, 3-star, and 4-star rated child care providers in the local workforce development area as a percentage of the total number of child care providers in the local workforce development area;

(10) the total number of children enrolled in child care providers participating in the Texas Rising Star Program in each local workforce development area and the number of

children enrolled in 2-star, 3-star, and 4-star rated child care providers in the local workforce development area; and

(11) the number of children enrolled in child care providers participating in the Texas Rising Star Program in each local workforce development area as a percentage of the total number of children enrolled in child care providers in the local workforce development area and

providers for child care in each local workforce development area as stated in the market rate survey conducted under 45 C.F.R. Section 98.45(c);

(5) the poverty rate of each local workforce development area compared to the state's poverty rate;

(6) ~~(5)~~ the number of children on waiting lists for child care in each local workforce development area; ~~and~~

(7) ~~(6)~~ the number of places that are reserved for participants in the child care subsidy program out of the total number of children enrolled with a provider on a full-time basis categorized by age of the child for each provider ~~[vacant slots available for child care placement]~~

in each local workforce development area that is certified as a 2-star, 3-star, or 4-star provider in the Texas Rising Star Program or that does not participate in the Texas Rising Star Program;

(8) the total number of child care providers participating in the Texas Rising Star Program in each local workforce development area and the number of 2-star, 3-star, and 4-star rated child care providers in the local workforce development area;

(9) the number of child care providers participating in the Texas Rising Star Program in each local workforce development area as a percentage of the total number of subsidized child care providers in the local workforce development area and the number of 2-star, 3-star, and 4-star rated child care providers in the local workforce development area as a percentage of the total number of subsidized child care providers in the local workforce development area;

(10) the total number of children enrolled in subsidized child care providers participating in the Texas Rising Star Program in each local workforce development area and the number of subsidized

children enrolled in 2-star, 3-star, and 4-star rated child care providers in the local workforce development area; and

(11) the number of subsidized children enrolled in child care providers participating in the Texas Rising Star Program in each local workforce development area as a percentage of the total number of subsidized children enrolled in child care providers in the local workforce development area and

the number of children enrolled in 2-star, 3-star, and 4-star rated child care providers in the local workforce development area as a percentage of the total number of children enrolled in child care providers in the local workforce development area.

(c) For the purposes of evaluation under this section, the commission shall annually conduct a survey in each local workforce development area to determine:

(1) the average cost incurred by child care providers in providing child care in the area; and

(2) the average price charged by child care providers for child care in the area.

SECTION 2. Section 302.0043, Labor Code, is amended by adding Subsection (c-1) and amending Subsections (e) and (f) to read as follows:

(c-1) The commission shall measure and evaluate the progress of the commission's child care program regarding:

(1) coordination with the Texas Education Agency to enable the submission of relevant data related to children younger than five years of age enrolled in the commission's child care program through the Public Education Information Management System (PEIMS);

(2) coordination with the Texas Education Agency, school districts, and open-enrollment charter schools on any prekindergarten quality improvement efforts;

(3) facilitation of child care provider enrollment in the Texas Rising Star Program and progression of providers to the highest rating level in the program; and

(4) development and implementation of rates and payments, as determined by local workforce development boards, to allow participating providers to provide high quality child care.

(e) The commission shall make the

the number of subsidized children enrolled in 2-star, 3-star, and 4-star rated child care providers in the local workforce development area as a percentage of the total number of subsidized children enrolled in child care providers in the local workforce development area.

(c) For the purposes of evaluation under this section, the commission shall annually update the information described by Subsections (b)(6)-(11).

SECTION 2. Section 302.0043, Labor Code, is amended by adding Subsection (c-1) and amending Subsections (e) and (f) to read as follows:

(c-1) The commission shall measure and evaluate the progress of the commission's child care program regarding:

(1) coordination by the commission with the Texas Education Agency to assign a Public Education Information Management System (PEIMS) number to children younger than six years of age enrolled in the commission's child care program;

(2) coordination with the Texas Education Agency, school districts, and open-enrollment charter schools on any prekindergarten quality improvement efforts;

(3) efforts to increase coordination between participating providers in the commission's child care program, school districts, and open-enrollment charter schools;

(4) facilitation of child care provider enrollment in the Texas Rising Star Program and progression of providers to the highest rating level in the program; and

(5) development and implementation of rates and payments, as determined by local workforce development boards, to:

(A) allow participating providers to provide high quality child care; and

(B) ensure that the commission meets performance measures established by the legislature for the average number of children served by the commission's child care program per day.

(e) The commission shall make the

information collected by the commission and the commission's findings available to local workforce development boards, school districts, open-enrollment charter schools, and the public.

(f) Not later than January 15 of each odd-numbered year, the commission shall report to the legislature regarding the commission's findings regarding the effectiveness of the commission's child care program. The report must:

(1) include employment outcome information, disaggregated by local workforce development area, regarding parents receiving subsidized care under the program; ~~and~~

(2) identify multiyear trends in the information collected and analyzed by the commission under this section, including trends in the information for at least the five state fiscal years preceding the date of the report;

(3) include information described by Sections 302.0042(b)(8)-(11); and

(4) evaluate the findings of the survey conducted under Section 302.0042(c).

SECTION 3. Section 302.00435, Labor Code, is amended to read as follows:

Sec. 302.00435. SUBSIDIZED CHILD CARE PROGRAM; INPUT POLICY. (a) The commission shall develop a policy for obtaining, through appropriate methods, input from interested parties regarding its subsidized child care program and for using that input in administering that program.

(b) The policy developed under Subsection (a) must include methods for obtaining input from the Texas Education Agency, school districts, open-enrollment charter schools, relevant businesses, and the public, regarding:

(1) improving coordination between the subsidized child care program and prekindergarten programs; and

(2) increasing the quality of and access to the subsidized child care program.

SECTION 4. This Act takes effect September 1, 2017.

information collected by the commission and the commission's findings available to local workforce development boards, school districts, open-enrollment charter schools, and the public.

(f) Not later than January 15 of each odd-numbered year, the commission shall report to the legislature regarding the commission's findings regarding the effectiveness of the commission's child care program. The report must:

(1) include employment outcome information, disaggregated by local workforce development area, regarding parents receiving subsidized care under the program; ~~and~~

(2) identify multiyear trends in the information collected and analyzed by the commission under this section, including trends in the information for at least the five state fiscal years preceding the date of the report; and

(3) include information described by Sections 302.0042(b)(8)-(11).

SECTION 3. Section 302.00435, Labor Code, is amended to read as follows:

Sec. 302.00435. SUBSIDIZED CHILD CARE PROGRAM; INPUT POLICY. (a) The commission shall develop a policy for obtaining, through appropriate methods, input from interested parties regarding its subsidized child care program and for using that input in administering that program.

(b) The policy developed under Subsection (a) must include methods for obtaining input from the Texas Education Agency, school districts, open-enrollment charter schools, subsidized child care providers, relevant businesses, and the public, regarding:

(1) improving coordination between the subsidized child care program and prekindergarten programs; and

(2) increasing the quality of and access to the subsidized child care program.

SECTION 4. Same as introduced version.