

BILL ANALYSIS

Senate Research Center

H.B. 376
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Health & Human Services
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The lack of affordable child care has traditionally been a barrier for parents who are dependent, or at risk of becoming dependent, on public assistance. Texas Workforce Commission (TWC) funded child care services were implemented to provide eligible parents who are working or participating in education or training with child care options and, further, to promote early physical, emotional, social, and intellectual development of children who are the future of the state's workforce. Statute mandates that child care providers consider the quality of services offered in each program and that preference be given to services of the highest quality. Currently, only 16 percent of Texas's early education centers are designated as high quality, as defined by Texas Rising Star (TxRS) certification standards.

The minimum reimbursement rate for all TxRS certified child care vendors must be at least five percent greater than the maximum rate established for non-certified vendors, regardless of their rating. This means that all TxRS certified programs are receiving an equal reimbursement rate, which does not reward programs that have met requirements for the highest-quality rating. If child care providers are offered the resources, assistance, and incentive to improve quality, more providers will offer high quality programs, which means more children will be prepared for success in the K-12 system.

H.B. 376 encourages competition among TxRS certified programs by stratifying the graduated reimbursement rates that reward high quality programs. The TxRS provider certification system offers three levels of certification (two-star, three-star, and four-star) to encourage providers to attain progressively higher certification ratings. Under this bill, providers with a two-star rating would maintain the minimum five percent reimbursement rate, providers with a three-star rating would be granted at least a seven percent rate, and providers with a four-star rating would receive at least a nine percent rate.

The bill adds criteria for allocating federal child care development funds dedicated to quality improvement, creates a workgroup to research how the state measures high-quality early childhood education, and proposes revisions to TWC's rules on the TxRS program. This bill provides technical assistance to providers moving along the quality continuum to ensure they are providing safe and high-quality care. H.B. 376 also requires providers to supply educational materials on how to identify high-quality care and to introduce measures that lead to the ultimate goal of grade-school readiness.

H.B. 376 amends current law relating to the regulation of child-care providers by the Texas Workforce Commission and local workforce development boards.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 4 (Section 2308.3155, Government Code) and SECTION 9 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 29.158(d), Education Code, as follows:

(d) Authorizes any appropriate indicator of quality child-care services to be considered under this subsection, including whether the provider of the services:

(1) meets Texas Rising Star Program (TxRS program) certification criteria, rather than meets the Texas Rising Star Provider criteria described by 40 T.A.C. Section 809.15(b);

(2) is accredited by a nationally recognized accrediting organization approved by the Texas Workforce Commission (TWC) and the Department of Family and Protective Services (DFPS), rather than approved by TWC and the Department of Protective and Regulatory Services; and

(3)-(4) Makes no change to these subdivisions.

SECTION 2. Amends Section 2155.202, Government Code, to authorize certain entities to purchase goods and services through the comptroller of public accounts of the State of Texas, including a child-care provider that meets TxRS program certification criteria, rather than a child-care provider that meets the Texas Rising Star Provider criteria described by TWC rules.

SECTION 3. Amends Section 2308.315, Government Code, as follows:

Sec. 2308.315. REIMBURSEMENT RATES FOR CHILD CARE. (a) Creates this subsection from existing text. Requires each local workforce development board (board) to establish graduated reimbursement rates for child care based on TWC's TxRS program, rather than based on TWC's designated vendor program.

(b) Requires that the minimum reimbursement rate for a TxRS program provider be greater than the maximum rate established for a provider who is not a TxRS program provider for the same category of care, rather than requires that the minimum reimbursement rate for designated vendors be at least five percent greater than the maximum rate established for nondesignated vendors for the same category of care. Requires that the reimbursement rate be at least five percent higher for a provider with a two-star rating, at least seven percent higher for a provider with a three-star rating, and at least nine percent higher for a provider with a four-star rating.

(c) Requires that the TxRS program rate differential established in this section be funded with federal child care development funds, rather than requires the designated vendor rate differential established in this section to be funded with federal child care development funds dedicated to quality improvement activities.

(d) Prohibits a board, notwithstanding Subsection (b), from reimbursing a provider under the reimbursement rates provided by Subsection (b) before the date any revisions to rules recommended by the TxRS program review work group under Section 2308.321 are adopted by TWC.

SECTION 4. Amends Subchapter G, Chapter 2308, Government Code, by adding Section 2308.3155, as follows:

Sec. 2308.3155. TEXAS RISING STAR PROGRAM. (a) Provides that the TxRS program is a voluntary, quality-based child care rating system of child care providers participating in TWC's subsidized child care program.

(b) Requires TWC to adopt rules to administer the TxRS program, including guidelines for rating a child-care provider who provides child care to a child younger than 13 years of age, including infants and toddlers, enrolled in the subsidized program.

(c) Requires TWC to make money available to each board to hire necessary employees to provide technical assistance under Section 2308.320 from the child

care and development block grant. Authorizes a board, in addition, to use money available from other public or private sources to hire necessary employees for the program.

SECTION 5. Amends Section 2308.316, Government Code, as follows:

Sec. 2308.316. FUNDING OF COMPETITIVE PROCUREMENT PROCESS FOR INFANT AND EARLY CHILDHOOD CHILD CARE. Requires each board to allocate a portion of the board's federal child care development funds dedicated to quality improvement activities to a competitive procurement process for a system for quality child care for children under four years of age that encourages child care providers to voluntarily meet the certification criteria of TWC's TxRS program, rather than meet the criteria of TWC's designated vendor program or national accreditation.

SECTION 6. Amends Section 2308.317, Government Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

(a) Requires TWC, notwithstanding any other law, to ensure that, to the extent federal child care development funds dedicated to quality improvement activities are used to improve quality and availability of child care, those funds are used for:

- (1) quality child care programs, including programs whose director receives mentoring or that are in the process of obtaining a TRS Program rating;
- (2) technical assistance for providers as described by Section 2308.320;
- (3) professional development for child care providers, directors, and employees;
- (4) educational materials for children served by child care providers; and
- (5) educational information for parents important for the development of a child under five years of age.

Deletes existing text requiring TWC, notwithstanding any other law, to ensure that, to the extent federal child care development funds dedicated to quality improvement activities are used to improve quality and availability of child care, those funds are used only for quality child care programs. Makes nonsubstantive changes.

(c) Requires each board to use at least two percent of the board's yearly allocation from TWC for quality child care initiatives. Authorizes a board, in addition, to use money available from other public or private sources for quality child care initiatives. Requires a board to give priority to quality child care initiatives that benefit child care facilities that are working toward Texas Rising Star certification or are Texas Rising Star certified providers working toward a higher certification level.

(d) Requires each board to annually report to TWC regarding the board's use of the two percent allocation described by Subsection (c).

SECTION 7. Amends Section 2308.3171, Government Code, as follows:

Sec. 2308.3171. INFORMATION ON QUALITY CHILD CARE. (a) Redefines "quality child-care indicator" in this section:

- (1) to meet TxRS program certification criteria, rather than to meet the Texas Rising Star Provider criteria described by TWC rules; or
- (2)-(5) Makes no change to these subdivisions.

(b) Requires each board to determine the manner in which to provide this information. Makes nonsubstantive changes.

(c) Requires each board to post in a prominent place on the board's Internet website home page and at any physical location where the board provides services:

(1) a list of local designated vendors that are child-care providers and have a quality child-care indicator listed in Subsection (a)(1), (2), (3), or (4); and

(2) a list of local parenting classes.

Deletes existing text requiring each board to determine the manner in which to provide the information required by this section.

(d) Requires a child-care provider who receives funding or reimbursement for child-care services from a board to post a certification or accreditation described by Subsection (a) at the entrance of the provider's facility.

SECTION 8. Amends Subchapter G, Chapter 2308, Government Code, by adding Section 2308.320, as follows:

Sec. 2308.320. TECHNICAL ASSISTANCE FOR PROVIDERS. Requires each board to provide technical assistance to TxRS program providers and to providers seeking certification under the TxRS program, including providing:

(1) a child development specialist to serve as an evaluator of the provider during the certification process;

(2) a mentor or coach to a TxRS program provider to meet regularly with the provider and provide child care resources to the provider, including developmentally appropriate books, materials, and equipment;

(3) consumer information regarding the selection of quality child care for parents of children enrolled in the program; and

(4) parenting education information for parents of children enrolled in the program, including information about parenting classes that are available in the area or on the Internet.

SECTION 9. Amends Subchapter G, Chapter 2308, Government Code, by adding Section 2308.321, as follows:

Sec. 2308.321. TEXAS RISING STAR PROGRAM REVIEW WORK GROUP. (a) Establishes the TxRS program review work group to propose revisions to TWC's rules on the TxRS program.

(b) Provides that the work group consists of the following members appointed by the executive director of TWC (executive director):

(1) at least one member from TWC;

(2) at least one member from DFPS;

(3) at least one member from the Texas Education Agency;

(4) at least one member from the governor's Texas Early Learning Council who participated on the Quality Rating and Improvement System subcommittee;

(5) at least one member who is appointed to a workforce development board;

(6) at least four members who are TxRS program providers with different TxRS program ratings:

(A) at least one of whom is required to be a for-profit private provider;

(B) at least one of whom is required to be a single-site provider;

(C) at least one of whom is required to be a multi-site provider; and

(D) at least one of whom is required to be an individual who provides child care in the provider's own home;

(7) at least one provider who has participated in the Texas School Ready! project; and

(8) at least three members employed by different boards who work in the employing board's child-care program and have experience and expertise in early childhood development or the TxRS program or other similar certification or accreditation programs.

(c) Requires the work group to hold the group's initial meeting not later than November 1, 2013, and to meet at other times as determined by the presiding officer.

(d) Requires the work group to elect a presiding officer by a vote of the membership of the work group.

(e) Requires the work group, not later than May 1, 2014, to submit to the executive director recommendations proposing revisions to TWC's guidelines relating to the TxRS program. Requires the work group, in making its recommendations, to consider:

(1) professional development standards for child-care directors and employees, including training and annual professional development requirements;

(2) education and experience requirements for mentors and evaluators;

(3) early learning and school readiness standards;

(4) guidelines for infants and toddlers in child care;

(5) training hours for providers;

(6) playground standards;

(7) best practices guidelines based on standards adopted by nationally recognized organizations, including Head Start Program Performance Standards, National Health and Safety Performance Standards, National Association of the Education of Young Children program standards and accreditation criteria, National Association for Family Child Care standards, United States Department of Defense standards, national accreditation standards, and School Ready certification standards;

(8) research on infant and toddler brain development; and

(9) strategies for the long-term financing of the TxRS program, including financing the payment of incentives to child-care providers participating in the program and grants and rewards to child-care providers that achieve and maintain high levels of service.

(f) Requires TWC, not later than September 1, 2014, to propose rules that incorporate the proposed revisions submitted by the work group under Subsection (e).

(g) Requires the executive director to make the appointments under this section on September 1, 2013.

(h) Provides that this section expires December 1, 2014.

SECTION 10. Effective date; September 1, 2013.