HOUSE RESEARCH ORGANIZATION bill analysis — 5/22/97

SB 211
Ellis, et al. (Naishtat, et al.)
(CSSB 211 by Yarbrough)

SUBJECT: Creating the Texas child care fund

COMMITTEE: Economic Development — committee substitute recommended

VOTE: 8 ayes — Oliveira, Yarbrough, Greenberg, Keffer, Luna, Raymond, Seaman, Van de Putte

0 nays

1 absent — Siebert

SENATE VOTE: On final passage, February 13 — 31-0

WITNESSES: For — Ed Bloom, Texas Association for the Education of Young Children

Against — None

DIGEST: CSSB 211 would establish the Texas child care fund within the general revenue fund as a depository for state appropriations and donations from local governments, businesses, non-profit organizations, and other entities intended to supplement the state's matching contributions for federal child care services funds.

CSSB 211 would require the Texas Workforce Commission (TWC) to appoint an advisory board to assist in administering, soliciting donations for and promoting the fund. Donations could be in the form of donated purchase agreements and would be solicited from local governments, businesses, and nonprofit organizations. Any local government donating money to the fund would be guaranteed to receive child care service equal to the amount of money donated. TWC could adopt rules as necessary to administer and promote the fund.

The advisory board would have to be appointed by October 1, 1997, and would include representatives from from TWC, Texas Department of Human Services, Department of Protective and Regulatory Services, businesses and business organizations, nonprofit organizations and at least one consumer of child care services. The board would be subject to the Sunset Act and would be abolished on September 1, 2003. It would operate under rules established for state agency advisory committees, except it could not vote to continue itself.

The bill also would require TWC to conduct a survey every two years to determine the local market rates of child care services provided throughout the state. A child care service provider would be reimbursed by the commission at an amount equal to the rate it charged to the general public or the 75th percentile of the local market rate for child care services in the provider's geographic area, whichever was less.

CSSB 211 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

SUPPORTERS SAY:

As part of its welfare reform efforts, the federal government has made $178 million available in child care funds to Texas for the fiscal 1998-1999 biennium However, the state is required to provide matching funds in order to earn its share of the monies. CSSB 211 would help the state draw down the maximum amount of federal dollars available to support child care service providers by pooling appropriations and donations from the state, local governments, and other entities.

CSSB 211 would increase access to child care for all Texans by making more federal dollars available for service providers. CSSB 211 would shorten waiting lists for subsidized child care, allowing more people to place their children with quality care providers instead of unregulated and unregistered providers.

CSSB 211 would support working parents. With welfare reform relying on the transition of recipients from public assistance to work, it is important to ensure these individuals have adequate access to quality and affordable child care.

Although the bill would only require TWC to reimburse providers at the 75th percentile, this would be consistent with previous federal child care policy and would represent the amount of money the state could afford to spend.

OPPONENTS SAY: CSSB 211 should be amended to require TWC to reimburse child care providers at the true local market rate. Reimbursement at the 75th percentile would not be sufficient to cover the costs of some providers and because the reimbursement is calculated at a percentile, 25 percent of the providers in a geographic area would not be sufficiently reimbursed.

NOTES: The committee substitute made the advisory board subject to the Sunset Act.