

**SUBJECT:** Requiring local workforce boards to use certain funds as federal match

**COMMITTEE:** Economic Development — favorable, with amendment

**VOTE:** 6 ayes — Solis, Keffer, Homer, McClendon, Seaman, Yarbrough  
0 nays  
3 absent — Clark, Deshotel, Luna

**WITNESSES:** For — Shannon Bishop and Jimmy Wynn, Harris County Department of Education; *Registered, but did not testify:* Alison Dieter, Texas Gray Panthers; Jason Sabo, Center for Public Policy Priorities  
Against — None  
On — Nancy Pechacek Hard, Texas Workforce Commission

**BACKGROUND:** The Texas Workforce Commission (TWC) subsidizes child-care costs for some low-income families so that the parents can work or attend training or educational classes. Funding for child-care assistance comes from both state monies and federal block grants. Some of the federal grants are designated as matching funds, and the state must identify expenditures or in-kind services for child care as matching funds to draw down this money. Each local workforce board is responsible for identifying local expenditures or in-kind services for child care to draw down matching funds for that board to use.

**DIGEST:** HB 2763, as amended, would specify that a local workforce development board must use money and in-kind services provided by a local school district or local education agency, including money and in-kind services used for the Head Start program or after-school care provided at a school, as matching funds in order to draw down federal matching child-care funds to the extent permitted by federal law.  
  
This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

SUPPORTERS  
SAY:

HB 2763 would clarify that funds spent by a local school district or local education agency toward a federal Head Start program or an after-school program provided at a school would have to be used to the extent possible to draw down federal matching funds for child care.

While many communities have chosen to fund extended Head Start hours or other after-school programs, some local workforce boards have been reluctant to designate these programs as child care and to use these funds and in-kind services to pull down federal funds without explicit statutory authority. These boards' reluctance has limited the amount of money they can draw down as match for child care.

With nearly 40,000 children on a waiting list to receive child care, the state cannot afford not to draw down as much funding as possible. Moreover, half of the local workforce boards have had to return needed child-care funds to TWC for redistribution to other boards because they could not meet local match requirements or expenditure targets, a situation that places the state at potential risk of losing these funds.

By clearly authorizing local workforce boards to use these funds to draw down matching federal child-care dollars, HB 2763 would increase the boards' local match-raising capacity to provide child care to more Texas children.

OPPONENTS  
SAY:

HB 2763 is unnecessary, as local workforce development boards already may use these funds to draw down federal child-care matching funds.

NOTES:

The committee amended the bill to specify that child-care services would include after-school care *or* a federal Head Start program, rather than both.

A related bill, HB 2769 by Solis, would specify that a child's enrollment in a federal Head Start program or an after-school program provided at a school may be counted as child care by a local workforce development board. That bill passed the House on May 1 by a nonrecord vote.