



House Bill 1364 (Romero)

Increasing the Supply & Stability of Quality Child Care through Contract Agreements

Contract agreements are an effective and proven strategy to build the supply and stabilize high quality care for children from low-income families. Contracts, coupled with the subsidy program, enhance parent choice by expanding options. In 2019, the Texas 86th Legislature passed HB 680 which approves the use of contract agreements by Local Workforce Development Boards (LWDB) with quality providers in the state's child care subsidy program.



The legislation authorizes child care contracts between the LWDBs and child care subsidy providers participating in the Texas Rising Star (TRS) system. LWDBs can identify quality child care shortages in their regional area and enter into agreements with TRS providers to address the gaps in services. Specifically, contracts provide financial incentives to providers to offer care for special populations, require higher quality standards, and guarantee certain numbers of slots to be available for low-income children eligible for subsidized care. The agreement is designed to be with the provider directly and does not follow the child or family if they transition out of care or to a different provider.



Currently, LWDBs can contract with quality providers (TRS providers at 3-Star or higher) in the subsidy child care program. Additionally, a provider must meet one of the following priorities (in no particular order) established by the Texas Workforce Commission:

1. **Quality Child Care Desert** - located in an area where children under the age of six are three times greater than the licensed capacity or an area determined by TWC as underserved,
2. **Pre-Kindergarten Expansion** - have a partnership with a school district to provide prekindergarten program,
3. **Early Head Start and Head Start** - have a partnership with Early Head Start or Head Start,
4. **Infants and Toddlers** - a focus on increasing access for infants and toddlers, or
5. **Other** - satisfy a requirement in the LWDBs strategic plan.



POLICY RECOMMENDATION

Allow local flexibility for contracted slots to increase utilization and maximize seats.

When many providers are struggling to remain profitable because of unpredictable supply and demand, establishing contract agreements with quality providers stabilizes the supply of and access to quality care. Contracts build stable, quality supply by guaranteeing the availability of quality seats in areas of great need. Contracts can also be used as an incentive to increase provider participation in TRS.

Early Childhood Education & the 87th Session

children at Risk



The following organizations and individuals are signed on in support.

Austin/Travis County Success By 6 Coalition

Brighton Center

Catholic Charities of Dallas

CHILDREN AT RISK

Circle Up, United Methodist Women

CitySquare

Commit Partnership

Dallas Early Education Alliance

Dillon Joyce Ltd

Dominican Sisters of Houston

Early Learning Alliance

Early Matters Dallas

Educational First Steps

Family Association of San Antonio, Inc.

First3Years

Hancock Professional Development Resources &
Consulting

Happy Days School - Delia Merritt

Houston Area Urban League

Ivy Kids - Hobbs

Kaleidoscope Child Development Center, Inc.

Kids Kountry Learning Center

Kids R Kids #5 Texas

Kids R Kids Learning Academy Westpointe

Kids R Kids of Lakeshore

Open Door Preschools, Austin TX

Rhonda Parker

SAISD Early Childhood

Texas Association for the Education of Young Children

TexProtects

TXPOST

United Way of Greater Austin

United Way of Metropolitan Dallas

United Ways of Texas

Vanguard Academy

CHILDREN AT RISK

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