

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 23, 2021

TO: Honorable Angie Chen Button, Chair, House Committee on International Relations & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB619 by Thompson, Senfronia (Relating to developing a strategic plan to support the child-care workforce.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB619, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from Workforce Commission Federal Acct 5026</i>
2022	(\$1,199,835)
2023	\$0
2024	\$0
2025	(\$1,199,835)
2026	\$0

Fiscal Analysis

The bill would amend the Labor Code to require the Texas Workforce Commission (TWC) to prepare a strategic plan for improving the quality of the child-care workforce in the state. The bill would require TWC to include recommendations for local workforce development boards (LWDB) to improve and support the child care workforce, compensation increases and staff retention, eliminating racial and gender pay disparities, increasing the use of the Texas Early Care Professional Development System, and best practices from LWDBs and other programs designed to support the child care workforce, among other recommendations.

The bill would require TWC to use specific demographic and compensation data when creating the plan. The bill would require TWC to make the plan available to the governor, lieutenant governor, and speaker of the House of Representatives no later than December 31, 2022 and update the plan every three years.

Methodology

According to TWC, the demographic and compensation data that the bill would require to be used does not currently exist in the disaggregated way stated in the bill. The Texas Labor Market Information (LMI) does include wage data for child care workers, however, that data is not broken down by race, ethnicity, gender, or education level. Additionally, this demographic information is not collected for each child care facility. This analysis assumes this data would be gathered independently from current data collection sources. As TWC notes, child care providers may be reluctant to provide wage, race, ethnicity, gender, and education level for their employees, and, child care workers may care for multiple age groups within a facility, making the collection and reporting of this information problematic.

TWC reports it would collect the data requirements with a survey of each child care provider, similar to the surveys currently used for the Child Care Market Rate Survey (MRS). It is anticipated that the response rate would be low and sampling assumptions would need to be made to extrapolate the data across all child care facilities.

This analysis uses information from TWC related to the cost of the MRS to estimate costs for this legislation. Assuming the cost to be approximately the same as the MRS, the MRS cost of \$382,000 per report for 4,500 providers would equate to a cost of \$84.89 per provider surveyed. As of December 14, 2020, there are 14,134 licensed centers, licensed homes, and registered homes in Texas. Based on information from TWC, this analysis estimates a cost of \$1,199,835 to gather the data required to produce the strategic plan as required by this legislation.

The bill requires that the plan be completed every three years, with the first plan due by December 31, 2022 (a contract funded in fiscal year 2022). The next plan within the five-year period will be due by December 31, 2025 (a contract funded in fiscal year 2025).

Local Government Impact

According to TWC, the bill may impact local workforce development boards as the bill requires the plan to include recommendations to improve and support the child care workforce.

Source Agencies: 320 Texas Workforce Commission

LBB Staff: JMc, SZ, MB, DFR