

Early Childhood Education & the 87th Session

childrenatRisk



HB 1695 (Raney) & SB 1555 (Zaffirini)

Raise Reimbursement Rates to Equip Providers to Offer QUALITY Child Care

In Texas, the subsidized child care program is managed by the Texas Workforce Commission (TWC) and is primarily funded by the federal Child Care Development Block Grant (CCDBG). The subsidy program provides financial assistance to help low-income parents engage fully in the workforce and provides children with early childhood education.



- The current subsidy system serves roughly over 136,000 children from low-income families daily, which is only 10% of eligible children.
- Because reimbursement rates are so low, only 46% of the state's 17,000 child care providers (center and home child care) choose to participate in TWC's system.
- There are an estimated 123,000 more low-income children (ages 0-5) with working parents who do not have access to quality care than there are subsidized child care seats.

Texas reimburses subsidy providers per child by age group at four levels, based on the quality of the center, as determined by TWC's Texas Rising Star (TRS) certification level. Reimbursement rates are often too low to cover the actual costs of quality. The low reimbursement rates limit the supply of and access to quality care for families receiving subsidies. Current policy prohibits subsidy reimbursement rates to be higher than providers' published rates. However, child care tuition in low income communities is limited by the ability of neighborhood parents to pay, as much as the market price. Without sufficient reimbursement to cover expenses, providers may not be able to afford to choose to participate in the subsidy program or may limit the number of subsidized children they will enroll.

The state's Child Care Regulation (CCR) program at the Texas Health and Human Services Commission (HHSC) mandates minimum standards for child care centers that define age groups and determine maximum ratios - the maximum number of children per age range for whom one caregiver can be responsible. TWC also defines age ranges and instructs local workforce boards to consider local factors, including a market rate survey to establish maximum reimbursement rates for child care subsidies based on age.

Currently, TWC's and HHSC's definitions of age and the resulting reimbursements do not align. This discrepancy exacerbates the lack of access to quality child care, particularly for infants and toddlers in areas of high need. TWC's current reimbursement structure does not account for more stringent ratio requirements by age group that is mandated by CCR. This makes it extremely difficult for providers to sustain care for younger children.



POLICY RECOMMENDATIONS

- Allow for – but not mandate - reimbursement at higher rate than provider's published prices and increase reimbursement rates for infants and toddlers.
- Align CCR and TWC nomenclature and adjust reimbursement rates to more adequately support child care providers who adhere to (CCR) Minimum Standards and accept TWC's child care subsidies.

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The following organizations and individuals are signed on in support.

Austin/Travis County Success By 6 Coalition

Boys & Girls Clubs of Greater Houston

Brighton Center

Catholic Charities of Dallas

Child Care Associates

CHILDREN AT RISK

Circle Up, United Methodist Women

CitySquare

Commit Partnership

Cynthia Pearson, Day Nursery of Abilene

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.

Fight Crime: Invest in Kids - Texas

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

Mission: Readiness - Texas

Open Door Preschools, Austin TX

Ready Nation - Texas

Rhonda Parker

SAISD Early Childhood

Texans Care for Children

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

YMCA of Greater San Antonio

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