

children at Risk

TESTIMONY IN SUPPORT OF HB 1695 (RANEY)

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RAISE REIMBURSEMENT RATES TO EQUIP PROVIDERS TO OFFER QUALITY CHILD CARE

CHILDREN AT RISK supports HB 1695, which adjusts the Texas Workforce Commission (TWC) reimbursement rate structure for age-groups to align with the child-to-caregiver ratios set by the Health and Human Services Commission (HHSC). Currently, providers struggle to take advantage of TWC's subsidized child care program because reimbursement rates are too low and based on calculations that do not align with the often-stricter required child-to-caregiver ratios set by the Health and Human Services Commission. By aligning HHSC and TWC standards and adjusting reimbursement rates to reflect that alignment, we ensure that child care providers are equipped with the financial resources their business needs to be successful in providing quality child care.

SCOPE OF THE PROBLEM

Currently, TWC's and HHSC's definition of age and the resulting reimbursement do not align. This discrepancy exacerbates the lack of access to quality care, particularly for infants and toddlers in areas of high need. Reimbursement rates are set by age groups identified by TWC. However, the Child Care Regulation (CCR) program from HHSC also sets standards for age-group ratios – the maximum number of children per age range for whom one caregiver can be responsible. TWC's current reimbursement structure does not account for the more stringent ratio requirements mandated by CCR. This makes it extremely difficult for providers to sustain care for younger children.

The current subsidy system serves roughly over 136,000 children from low-income families daily.ⁱ Texas reimburses subsidy providers per child by age group at four levels. Reimbursement rates are often too low to cover the actual costs of care, particularly for infants and toddlers. Low reimbursement rates create barriers

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for families receiving subsidy care because their child care options are limited by the reimbursement amount providers receive.

Market rates, or published prices, most often reflect the rates that families can pay, and not the actual cost of providing quality care. Current policy prohibits setting reimbursement rates at above the provider's published rate. Inadequately compensating providers who serve children receiving subsidy assistance results in fewer subsidized children being served, as well as the potential of providers having little choice but to compromise on the quality of care they can provide or limit the number of subsidized children they will enroll. Currently, 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. Aligning child care reimbursement rates with age and ratio standards is critical to expanding access to quality affordable child care.

IMPACT

HB 1695 would adjust reimbursement rates to more adequately support child care providers who adhere to CCR Minimum Standards and accept TWC's child care subsidies. The changes to the subsidy reimbursement rates in 2019 provide evidence that Texas has chosen to prioritize and invest in quality ECE by encouraging more providers to become Texas Rising Star-certified. While this is an impressive increase, it is still a fraction of what it costs to provide quality care to infants and toddlers. These adjustments will increase the stability and supply of high-quality child care for low-income families.

ⁱ Texas Workforce Commission (2020). Texas Statewide System Monthly. Child Care by Numbers. Retrieved from https://www.twc.texas.gov/childcarenumbers/Texas_Statewide_System_monthly.html