



S.B. 972 (Zaffirini)/H.B. 2294 (Thompson)

Relating to reimbursement rates for child-care providers participating in the Texas Rising Star Program.

Policy Recommendation:

Target persistent child care deserts by allowing local workforce boards flexibility to reimburse Texas Rising Star child care providers at the state's established rates.

Current Texas law ties the hands of local workforce boards restricting their ability to meet the needs of the workforce and negatively impacts the Texas economy. Allowing local workforce boards to target child care deserts by reimbursing child care providers at TWC's established rate, no matter their published rate, will provide financial stability for child care providers and decrease the number of TRS Child Care Deserts. Importantly, reimbursing child care providers at the established rate will allow more families to participate in the workforce and strengthen the state's economy.

What Problem Are You Trying to Fix?

A child care provider with a 4-Star Quality TRS Rating qualifies for a reimbursement of \$40/day to care for an infant. However, this child care provider can only charge families in their community \$25/day because of the families' income level. Texas Workforce Commission (TWC) only reimburses \$25/day even though the child care provider is providing a high-quality program with more stringent requirements and standards. The child care provider loses money, which is often unsustainable in low-income communities.

Under current law, if a child care program's published tuition rate is lower than the established TWC reimbursement rate, local workforce development boards (LWDB) must reimburse the child care provider at the lower published rate, restricting LWDB flexibility to meet workforce needs and leaving no incentive for child care providers to participate in the scholarship program. Currently, 40% of all TRS providers do not receive TWC's established reimbursement rates because they charge their non-scholarship families a lower amount.

How Does that Impact Workforce Productivity?

Many families do not have access to quality child care preventing them from entering the workforce. Across Texas, there are nearly 800 zip codes considered Child Care Deserts. That's **41% of all zip codes in Texas**. TRS Child Care Desert zip codes are those where the demand for state-certified quality child care among low-income working families is three times greater than the seats available. One reason for so many TRS Child Care Deserts is that there is a lack of financial stability among child care programs.

FOR QUESTIONS OR COMMENTS PLEASE CONTACT:

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