

BILL ANALYSIS

Senate Research Center
87R5955 MM-D

S.B. 1555
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As of September 2019, only 46 percent of Texas childcare providers participated in the childcare subsidy program, managed by the Texas Workforce Commission (TWC). A significant barrier to participation is the low reimbursement rates. Historically, in comparison to the market rate, the program's rates have been too low to cover providers' actual costs. Without sufficient reimbursement to cover expenses, providers may choose to limit enrollment or not participate in the subsidy program, which reduces access to quality childcare for low-income families.

Reimbursement rates are insufficient because TWC's childcare subsidy programs do not account for the age-appropriate needs of children. Specifically, the Health and Human Services Commission Child Care Regulation (CCR) ratios of children per caregiver are based on the age of those children. Generally, younger children need more supervision. Accordingly, under CCR mandated ratios, 15 is the maximum number of three-year olds a caregiver can be responsible for, 18 for four-year olds, and 22 for five-year olds.

Under current law, however, TWC classifies children ages three through five in one age group, instead of three like CCR, and reimburses providers at the same rate even though a classroom of five-year-olds could have seven more children than a class room of three-year-olds. Because there are different costs associated with different ages, TWC's broad age group classification results in inadequate payment to providers enrolled in the subsidy program and makes it extremely difficult for providers to sustain care for younger children.

S.B. 1555 would align TWC and CCR age group nomenclatures and phase in an adjustment to reimbursement rates to adequately support childcare providers who adhere to CCR's minimum standards and accept TWC childcare subsidies. These changes would encourage more childcare providers to participate in the subsidy program and open their enrollment to more children.

As proposed, S.B. 1555 amends current law relating to establishing reimbursement rates for certain child-care providers participating in the subsidized child-care program administered by the Texas Workforce Commission.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter G, Chapter 2308, Government Code, by amending Section 2308.315 and adding Section 2308.3151, as follows:

Sec. 2308.315. New heading: REIMBURSEMENT RATES FOR CHILD-CARE PROVIDERS. Requires each local workforce development board (board), in establishing reimbursement rates for child-care providers participating in the Texas Workforce Commission's (TWC) subsidized child-care program, to equalize the amount that child-care providers providing care to children in the same TWC age group receive based on the maximum number of children the provider is authorized to enroll under the child-to-caregiver ratios and group sizes adopted by the Health and Human Services Commission.

Sec. 2308.3151. REIMBURSEMENT RATES FOR TEXAS RISING STAR PROGRAM PROVIDERS. (a) and (b) Designates existing text of Sections 2308.315(a) and (b) as Sections 2308.3151(a) and (b) and makes no further changes to these subsections.

(c) Designates Section 2308.315(c) as Section 2308.3151(c) and makes a nonsubstantive change.

Deletes existing text prohibiting a board, notwithstanding Subsection (b) (relating to the required minimum reimbursement rates for Texas Rising Star Program providers), from reimbursing a provider under the reimbursement rates provided by Subsection (b) before the date any revisions to rules recommended by the Texas Rising Star Program review work group under Section 2308.321 (Texas Rising Star Program Review Work Group) are adopted by TWC.

SECTION 2. Effective date: September 1, 2021.