

## **BILL ANALYSIS**

Senate Research Center  
87R11259 MM-D

C.S.S.B. 1555  
By: Zaffirini  
Natural Resources & Economic Development  
4/22/2021  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

As of September 2019, only 46 percent of Texas child-care providers participated in the child-care 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 child care 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's (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, the 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 class room of five-year-olds could have seven more children than a classroom 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 child-care subsidies. What's more, it would provide a timeframe for local workforce development boards to implement the new reimbursement rates for the child-care subsidy program. These changes would encourage more childcare providers to participate in the subsidy program and open their enrollment to more children.

C.S.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) to establish and implement graduated reimbursement rates for child-care providers participating in the Texas Workforce Commission's (TWC) subsidized child-care program that align TWC's age groupings with the child-to-caregiver ratios and group sizes adopted by the Health

and Human Services Commission. Requires that the graduated rates provide the highest reimbursement rate to child-care providers that provide care to children in the age group with the lowest child-to-caregiver ratio. Requires TWC to supply any demographic data needed by the board to establish the rates.

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.

(d) Requires TWC to examine and implement strategies to address the increased costs a Texas Rising Star Program provider with a four-star or three-star rating would incur to provide care to infants and toddlers due to low child-to-caregiver ratios for children in those age groups. Deletes existing text of Section 2308.315(d) 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. Requires each board, not later than December 1, 2023, to establish the child-care reimbursement rates required under Section 2308.315, Government Code, as amended by this Act.

SECTION 3. Effective date: September 1, 2021.