

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 24, 2023

TO: Honorable Angie Chen Button, Chair, House Committee on International Relations & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1834 by Thompson, Senfronia (Relating to reimbursement rates for child-care providers participating in the Texas Rising Star Program.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Section 2308.3151 of the Government Code to require Local Workforce Development Boards (Boards) to reimburse Texas Rising Star program providers at the Board's maximum reimbursement rate for the provider's rating level regardless of the provider's published rate. The bill would be effective September 1, 2023.

Under current law, Texas Workforce Commission's (TWC) Child Care Services rules require Boards to reimburse providers at the Board's maximum reimbursement rate or the provider's published rate, whichever is lower. Under the bill's provisions, Boards would be required to reimburse Texas Rising Star providers at the higher Board maximum rate.

This analysis assumes that the Boards would be required to reimburse providers participating in the Texas Rising Star Program at the maximum rate allowed by the local Board and that entry-level providers' reimbursements will continue to be at the lower of the Board's maximum rate or the provider's published rate. According to TWC, this would result in an overall increase in the total cost of care per child which will, in turn, result in a decrease in the number of children served with the current federal allotment. The estimated fiscal impact of implementing the bill's provisions on Federal Funds (Workforce Commission Federal Account No. 5026) would be \$133,251,550 in the 2024-25 biennium. As federal funds would not be increased for this purpose, the increase in the reimbursement rate to providers in the Texas Rising Star Program would result in a direct reduction of services to children by approximately 6,765 in fiscal year 2024 and 7,737 in fiscal year 2025.

Based on these assumptions and the analysis of TWC, any duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 529 Health and Human Services Commission

LBB Staff: JMc, SZ, GDZ, LBI, NTh