

**HOUSE OF REPRESENTATIVES
COMPILATION OF PUBLIC COMMENTS**

Submitted to the Committee on International Relations & Economic Development
For HB 1834

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Hearing Date: April 25, 2023 8:00 AM

David Feigen, Director of Early Learning Policy

Texans Care for Children

Austin, TX

Texans Care for Children enthusiastically supports HB 1834 by Rep. Thompson.

Texas uses federal funding to provide subsidies to reduce the cost of child care for some families with lower incomes. The subsidies are provided directly to child care providers.

Currently, TWC reimburses providers based on their TRS quality level unless their tuition prices are less than the amount their TRS rating amount would generate. For example, a child care provider with a rating of the highest quality rating, TRS 4, qualifies for a reimbursement of \$40/day to care for an infant. However, this child care provider, with a TRS 4 rating, can only charge families in the community \$25/day because the families can't afford anything higher. TWC will only reimburse them \$25/day even though they are providing the highest quality program with more stringent requirements and standards.

Therefore, the reimbursement rates in high-poverty communities, where parents cannot pay as high of tuition, are lower than a similar provider's reimbursement in a wealthier community with higher tuition costs.

Lawmakers should pass HB 1834 to equitably pay programs based on the costs and quality of care they are providing rather than inadvertently penalizing lower-income communities with lower reimbursements. This will allow programs to serve more subsidy-eligible families and increase the quality and sustainability of their programs.

Kimberly Kofron
Children at Risk
Round Rock, TX

There are approximately 14,000 child care programs across the state of Texas. Only about half of those providers choose to participate in the Child Care Subsidy (CCS) program through the Texas Workforce Commission to provide child care to low-income working families. According to TWC data, 60% of CCS providers have only 20% or less of their enrollment dedicated to low-income children . Most child care providers report that they cannot afford to serve more low-income children because of low reimbursement rates.

Current reimbursements for many child care providers are not based on the actual cost of providing child care. Texas child care providers set tuition prices based on what families can afford to pay. In some Texas communities providers cannot charge enough to support quality child care while just across town they could charge much more. Under current law local workforce boards cannot reimburse child care providers more than their published rate – even if that local board has set a higher minimum reimbursement rate. Current law penalizes child care providers who have met quality benchmarks but serve high poverty communities.

For example, a child care provider in the Dallas County LOCAL WORKFORCE DEVELOPMENT BOARD AREA with a rating of TRS 4 qualifies for a reimbursement of \$47.04/day to care for an infant. However, this child care provider, with a TRS 4 rating, can only charge families in the community \$35/day because the families can't afford anything higher. TWC will only reimburse them \$35/day even though they are providing a high-quality program, with more stringent requirements and standards. Insufficient funding and low reimbursement rates are why we are seeing the number of child care deserts increase in Texas.

Texas realizes quality care is important and has made the choice to prioritize the quality of the child care provided. In 2021, the Texas Legislature mandated that child care providers accepting child care subsidies participate in the state's quality system – Texas Rising Star. Yet with rates not being reimbursed based on quality, some providers may choose to stop participating in the state system to avoid losing more money. In a bit of good news, thanks to bipartisan support, federal funding for child care in the Child Care Development Block Grant has continued to increase, most recently in December 2022 . Due to that increase HB1834 can be implemented without a drop in the aggregate amount of child care currently provided by the state to working parents.

House Bill 1834 ensures that quality child care programs in low-income high poverty communities receive the same reimbursement rate as quality child care programs in other communities within the same workforce development board area.

Thank you for your time. I encourage you to pass HB1834 favorably out of committee.

Catherine Davis
Child Care Associates
Fort, TX

Child Care Associates (CCA) is one of the largest early education agencies in North Texas, serving approximately 20,000 young children and working families and supporting nearly 1,300 licensed child care programs across our community. As a contractor for Workforce Solutions of Tarrant County and Workforce Solutions of North Central Texas, we work directly with working families and child care programs to administer TWC's child care scholarships and support programs' quality improvement on Texas Rising Star.

HB 1834 addresses a critical market challenge facing child care providers seeking to provide high-quality care in our most vulnerable communities. Currently, providers set tuition prices based on what families in their community can afford—often driving providers in low-income areas to artificially lower tuition prices so that care is accessible to families in their community. Because of this, many providers are unable to charge enough to support quality child care. Unfortunately, current law which caps TWC's reimbursement rates for child care scholarships at the providers' published rates, is exacerbating this challenge even further.

For example, normally a child care provider with a rating of TRS-4 qualifies for a reimbursement of \$40/day to care for an infant. However, this child care provider, with a TRS-4 rating, can only charge families in the community \$25/day because families cannot afford anything higher. TWC will only reimburse them for \$25/day, even though they are a high-quality program that has committed to more rigorous standards and requirements. The child care provider in a low-income community loses money for providing high-quality care.

Currently in Tarrant County and North Central Texas, roughly one-third of the 1,298 programs accepting TWC's child care scholarships also participate in Texas Rising Star. Over 75% of these programs serve an average family population categorized as low-income or very-low income, meaning they, too, are likely being short-changed for attempting to provide high-quality child care for low-income families. As all child care providers accepting TWC scholarships are now required to join TRS by October 2024 (HB 2607- 87R), our community is at risk programs feeling a disincentive to accept scholarships and dropping out of TRS altogether. This will only exacerbate the challenges that working families, particularly those in low-income communities, face when attempting to access high-quality child care.

HB 1834 addresses this challenge by ensuring that child care programs who have committed to providing quality child care and serving scholarship-eligible children will receive a reimbursement based on the quality of the program—not the income of families in their community. We urge the committee to vote favorably for HB 1834 and take a critical step towards ensuring that all working families, regardless of neighborhood or circumstance, have the opportunity to access high-quality child care.

Cynthia Pearson
Day Nursery of Abilene Inc
Abilene, TX

Thank you for the opportunity to provide comments during today's hearing of HB1834. I regret that I cannot be present today to deliver my comments to you in person. As a non-profit child care provider and our child care centers participants in the Texas Rising Star (TRS) program in West Central Texas since that program was first implemented, and as a member of the Strategic Planning Workgroup for the Child Care Workforce organized under HB619 in the last legislative session, I fully support this bill. Its potential impact to providers is aligned with the workgroup recommendations to support child care in Texas which is critically necessary in our State.

Kathlyn McHenry
Early Care & Education Consortium
Austin, TX

The Early Care and Education Consortium (ECEC) supports HB 1834 and appreciates the Committee's efforts to support high-quality child care providers participating in the Texas Rising Star program. ECEC is a non-profit alliance of multi-state/multi-site child care providers, state child care associations, and educational service providers. Our members operate over 6,500 programs nationwide, and here in Texas, we operate almost 650 locations with the ability to serve over 93,000 children each day, while employing around 10,000 educators and staff. We urge the Legislature to advance HB 1834.

Brooke Freeland

Self

Austin, TX

Please support HB 1834. From March 2020 to September 2021, 21% of child care closed in Texas. From 2019-2021, available child care seats decreased from 87.1 per 100 children to 54.9. The Child Care Relief Dollars that saved programs from closing their doors and prevented a far worse scenario end in May 2023. Texas needs to act now in order to prevent a complete collapse of the child care market in Texas.

Sandy Dochen

Early Matters Greater Austin

Austin, TX

This bill will correct a strange quirk in the reimbursement system for those child care centers that contract with local workforce boards. Reimbursement rates are lowered for areas with kids who live in poverty, based on the published rate for that neighborhood or area. This seems very strange: the centers should be reimbursed based in their Texas Rising Star ranking, not the condition of the families being served.

A center in any part of town should be reimbursed at the same rate as another, quality rating being equal. This bill will encourage more centers to continue to serve these kids of working families and provide slight wage increases for the child center workers, who are already paid at very low rates.

In short, this bill makes fiscal sense, business sense and will help improve the quality and availability of child care.

Thank you for your consideration!