

BILL ANALYSIS

Senate Research Center
89R7937 MM-F

H.B. 2294
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State Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

All child care programs serving children in the Texas Workforce Commission's (TWC) Child Care Services scholarship program must participate in the Texas Rising Star program (TRS). TRS offers three levels of quality certification (Two-Star, Three-Star, and Four-Star) to encourage child care and early learning programs to attain progressively higher levels of quality. These certification levels are tied to graduated enhanced reimbursement rates for children receiving child care scholarships.

Although TRS is supposed to offer higher reimbursement rates for childcare providers based on their quality rating, providers in low-income areas face significant challenges because they must keep their rates affordable for their communities, and TWC cannot reimburse them beyond their published rates (rates based on the market-rate in the relevant geographical area, which is low-income), even if they provide high-quality care. This leads to providers in low-income areas receiving low reimbursements, regardless of quality, and having to close down eventually.

H.B. 2294 would provide workforce development boards with the flexibility to reimburse TRS providers at the maximum rate for their quality rating, regardless of published rates. This, however, would be permitted only if it does not reduce TWC's average number of children served each day for children receiving subsidized child care in the area served by the relevant workforce development board. This change would ensure that high-quality providers in low-income areas can sustain their operations, improving access to childcare for disadvantaged families.

H.B. 2294 amends current law relating to reimbursement rates for child-care providers participating in the Texas Rising Star Program.

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 Section 2308.3151, Government Code, by adding Subsection (e) to authorize each local workforce development board to reimburse a Texas Rising Star Program provider in the board's area at the board's maximum rate of reimbursement for the provider's Texas Rising Star Program rating level regardless of the provider's published rate only if paying the higher reimbursement rate does not reduce the Texas Workforce Commission's target performance measure for the average number of children served each day for children receiving subsidized child care in the workforce development area served by the board.

SECTION 2. Effective date: September 1, 2025.