

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 9, 2025

TO: Honorable Angie Chen Button, Chair, House Committee on Trade, Workforce & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB175 by González, Mary (Relating to establishing optional certifications for child-care providers participating in the Texas Rising Star Program and reimbursement rates for those providers.), **As Introduced**

No significant fiscal implication to the State is anticipated.

However, the bill could lead to a reduction in the amount of child care services and operations funded by the federal Child Care and Development Fund, as those funds are traditionally allocated for child care services and operations and it is assumed that the Texas Workforce Commission would need to reallocate those funds to implement the bill's provisions.

The bill would require the Texas Workforce Commission (TWC) to create optional certifications that a child-care provider may obtain to enhance the provider's rating under the Texas Rising Star Program, including one for providers who provide for the inclusion of children with disabilities with their typically developing peers. The bill would require TWC to provide a provider who receives an optional certification with an additional reimbursement amount capped at the amount for a program provider with a two-star rating.

TWC estimates a five-year cost of \$241,424,902 from the federal Child Care and Development Fund (CCDF) to reimburse providers obtaining the new certifications. That amount includes \$40,000 in fiscal year 2026 to make enhancements to the child care information system to track the new certifications.

As current appropriations already maximize the drawdown of all available CCDF matching funds, this analysis assumes there would be no significant fiscal impact to the State. However, as most of the CCDF matching funds are traditionally allocated for child care services, it is assumed that the agency would need to reallocate existing CCDF funds to implement the bill's provisions, which could lead to a reduction in the amount of child care services and operations funded by CCDF funds.

Local Government Impact

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

Source Agencies: 320 Texas Workforce Commission

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