

- SUBJECT:** Providing incentives to Texas Rising Star child-care providers
- COMMITTEE:** Human Services —committee substitute recommended
- VOTE:** 7 ayes — Raymond, N. Gonzalez, Fallon, Klick, Rose, Sanford, Scott Turner
- 0 nays
- 2 absent — Naishtat, Zerwas
- WITNESSES:** For — Andrea Brauer, Texans Care for Children; Tere Holmes Texas Licensed Child Care Association; Kim Kofron and Jackie Taylor, Texas Association for the Education of Young Children; Marlene Lobberecht, League of Women Voters of Texas; Carol Shattuck, Collaborative for Children; Pat Smith; Katherine Von Haefen, United Way of Greater Houston and One Voice Texas; (*Registering, but not testifying:* Katherine Barillas, One Voice Texas; Alison Bentley and Hannah Berle, United Way for Greater Austin; Melody Chatelle, United Ways of Texas; James Finck, Texas Alliance of YMCAs; Aletha Huston; Stephanie Mace, United Way of Metropolitan Dallas; Diana Martinez, TexProtects and The Texas Association for the Protection of Children; Susan Milam, National Association of Social Workers, Texas Chapter; Rhonda Paver; Bill Pewitt, Kids R Kids Child Care; Brenda Strama; Emily Underwood; Tamara Vannoy, Texas Afterschool Association)
- Against — None
- On — (*Registered, but did not testify:* Laurie Biscoe and Reagan Miller, Texas Workforce Commission)
- BACKGROUND:** A Texas Rising Star (TRS) provider is a child-care provider who has an agreement with a local Workforce Development Board’s child-care contractor to serve Texas Workforce Commission-subsidized children and voluntarily meets requirements that exceed the state’s Minimum Child Care Licensing Standards.
- Under Title 40, Texas Administrative Code, sec. 809.15(b), Texas Rising Star Provider criteria are pursuant to Government Code, sec. 2308.315,

which requires each local workforce development board to establish graduated reimbursement rates for child care based on the Texas Workforce Commission's designated vendor program.

DIGEST:

CSHB 376 would set reimbursement incentives for the Texas Workforce Commission's Texas Rising Star child-care program and create a work group to recommend revisions to rules governing the program.

**Reimbursement rates.** CSHB 376 would require local workforce development boards to establish graduated reimbursement rates for child care based on the commission's Texas Rising Star program. The minimum reimbursement rate for a Texas Rising Star program provider would be greater than the maximum rate established for a provider outside the program.

Specifically, the reimbursement rate would be:

- at least 5 percent higher for a provider with a two-star rating;
- at least 7 percent higher for a provider with a three-star rating;
- at least 9 percent higher for a provider with a four-star rating.

The new reimbursement rates would take effect after the Texas Workforce Commission adopted any rule revisions made by the Texas Rising Star program review work group.

**Texas Rising Star program review work group.** CSHB 376 would establish the Texas Rising Star program review work group to propose revisions to the commission's rules governing the program. The commission's executive director would appoint members to the work group as defined by the bill by September 1, 2013. The membership of the workgroup would vote to elect the group's presiding officer.

The group would meet by November 1, 2013, and would submit rule revision recommendations to the commission by May 1, 2014. The commission would have to propose rules that incorporated the proposed revisions submitted by the work group by September 1, 2014.

**Administration of the Texas Rising Star program.** The bill would add the Texas Rising Star program to statute as a voluntary, quality-based child-care rating system of child-care providers participating in the commission's subsidized child-care program. The commission would be required to adopt rules to administer the Texas Rising Star program, with

guidelines for rating a child-care provider who provides care to a child younger than 13 years old, including infants and toddlers, enrolled in the subsidized program.

**Funding.** The Texas Workforce Commission would use funds from the federal child care and development block grant for provider reimbursement; assistance to providers in the process of obtaining a Texas Rising Star program rating; professional development for child-care providers, directors, and employees; educational materials for parents and children; and funding for each local workforce development board to provide technical assistance for the program, including:

- a child development specialist to serve as an evaluator of the provider during the certification process;
- a mentor or coach to provide developmentally appropriate resources to a program provider;
- information to parents about selecting quality child care;
- parenting education information, including information about available parenting classes.

Each board would use at least 2 percent of the board's yearly allocation from the commission for quality child-care initiatives and report annually to the commission on how they used the money. A board also could use money from other public or private sources for these initiatives, including technical assistance.

**Public information.** Each board would have to provide information on quality child-care indicators to each licensed or registered child-care provider in the area and could determine how to provide this information. Each board would have to post a list of local designated child-care providers with a child-care indicator as well as a list of local parenting classes in a prominent place on the home page of the board's website.

Child-care providers receiving funding or reimbursement from a board would have to post their certification or accreditation at the entrance of the facility.

SUPPORTERS  
SAY:

CSHB 376 would improve the quality of child care in Texas, reduce the school readiness gap between high-income and low-income children, and increase the number of high-quality child-care providers available.

Under the current reimbursement system, many child-care providers have to choose between providing accredited, high-quality care and being part of the designated vendor system. Recruiting well trained staff and providing professional development training to ensure the best quality of child care often costs more than the reimbursement the Texas Rising Star program currently provides. This leaves Texas children with fewer high-quality child-care options and prevents low-income children from having the most developmentally appropriate care that would best prepare them to succeed in school.

CSHB 376 would improve the quality of child-care by increasing reimbursement rates for providers who reached national standards of quality. Incentivizing quality would ultimately increase the number of high-quality providers available to low-income children and would increase the number of Texas children who arrived at kindergarten developmentally ready to succeed. Studies show that states receive a high return on investment in high-quality child-care, including fewer children who become involved in crime and more children graduating from high school and college.

While the program would receive funds from the federal child care and development block grant, the reallocation of funds toward child-care quality would not take away funding from any child who already received a subsidy. No state funds would be allocated for the bill, only existing federal block grant money. Ultimately, the state cannot afford to operate a system that does not incentivize quality. CSHB 376 would make sure that the system provided the highest quality of care to Texas children.

**OPPONENTS  
SAY:**

CSHB 376 would divert funding from child-care subsidies for low-income families to pay for changes to the program. The bill could increase wait-lists for subsidized child care, meaning that fewer Texas families could afford any type of child care for their children.

**NOTES:**

The companion bill, SB 1588 by Zaffirini, was referred to the Senate's Health and Human Services Committee on March 19.

The committee substitute differs from the bill as filed by adding a provision setting the start date for reimbursement changes as the date the Texas Workforce Commission adopts the Texas Rising Star program review work group's rules; further defining where each board would post the program information online; adding an additional Texas Rising Star

program provider as a member of the Texas Rising Star program review work group; requiring at least one member to be a provider who provides child-care in their own home; removing a requirement that the work group consider requirements regarding staff-to-child ratios and group sizes in making its recommendations.