

The Problem

The majority of child care providers in Texas serving economically disadvantaged children in their centers receive approximately half of what it costs to serve those children. As a result, these policies have forced many parents to settle for a lower quality of child care, or care for their child at home, effectively defeating the welfare to workforce transition. In addition, children may be placed in unregulated care that may be unsafe.

The Solution

Increase reimbursement rates paid to child care providers serving economically disadvantaged children in the state of Texas.

Background

The child care subsidy program, managed by the Texas Workforce Commission (TWC) serves the most vulnerable and economically disadvantaged children in Texas and is critical in supporting families making the transition from welfare to work. Half of all regulated childcare centers in Texas serve children in the childcare subsidy program. Unfortunately, as a result local workforce development boards being required to increase the number of children served in their community, fewer dollars can be allotted to cover the cost of providing quality services.

Texas does not set a statewide reimbursement rate. Instead, 28 local workforce development boards use federal and state guidelines to set a range of reimbursement rates in their respective regions. The federal government has recommended setting reimbursement rates at the 75th percentile of the local market rate or above to ensure families with children in the subsidy program have access to quality care options. Unfortunately, reimbursement rates paid to child care providers have been set below the 50th percentile of the local market rate, well below the recommended federal rates of the 75th percentile. As a result, many child care providers are either forced to close their doors, or stop serving economically disadvantaged children.

Cost Estimate

TECEC and its partners, including the Texas Licensed Child Care Association (TLCCA) are working with Representative Ismael “Kino” Flores in order to increase reimbursement rates for child care providers serving economically disadvantaged children in higher-quality settings.

Increase Reimbursement Rates Paid Texas to Child Care Providers