Discussion and appropriate action regarding a new child care policy for Parent Share of Cost.

Background

§809.19

(b) A Board shall establish a policy stating whether or not the Board will pay providers when parents fail to pay the parent share of cost. If the Board does not pay providers under the adopted policy, the Board may establish a policy requiring the parent pay the provider before the family can be redetermined eligible for future child care services.

(c) A Board shall establish a policy regarding termination of child care services within a 12-month eligibility period when a parent fails to pay the parent share of cost. The Board's policy must include:

> (1) a requirement to evaluate and document each family's financial situation for extenuating circumstances that may affect affordability of the assessed parent share of cost pursuant to paragraph (2) of this subsection, and a possible temporary reduction pursuant to subsection (d) of this section of this subsection before the Board or its child care contractor may terminate care under this section;
>
> (2) a process to identify and assess the circumstances that may jeopardize a family's self-sufficiency under subsection (d) of this section; and
>
> (3) maintenance of a list of all terminations due to failure to pay the parent share of cost.

(d) The Board or its child care contractor may review the assessed parent share of cost for a possible temporary reduction if there are extenuating circumstances that jeopardize a family's self-sufficiency. The Board or its child care contractor may temporarily reduce the assessed parent share of cost if warranted by these circumstances. Following the temporary reduction, the parent share of cost amount immediately prior to the reduction shall be reinstated.

(g) A Board may establish a policy to reduce the parent share of cost amount assessed pursuant to subsection (a)(1) upon the child's referral for part-time or blended care. Such Board policy shall ensure that the parent no longer receives the reduction if the referral is changed to full-time care.

Discussion

Under Texas Administrative Code (TAC) 809.19, the board is obligated to create policies regarding reductions to a parent's share of cost and what to do when a parent does not pay their share of cost.

Unpaid Parent Share of Cost:

Families that neglect to pay a Parent Share of Cost can be under significant financial stress. When this happens, the board works to support the family through options like temporary reductions to the family's Parent Share of Cost. Child care navigator staff members work with individual families to determine if a temporary or permanent reduction is warranted, utilizing a procedure the contractor develops in accordance with TAC requirements. If a case worker determines the family is not under significant financial strain, they may need to terminate care for the family.

During the transition to Texas Child Care Connection (Tx3C), the board rescinded the policy to pay providers when families do not pay PSoC. The board has not paid providers for this since January of 2025. We will state in the new PSoC policy that we do not pay providers for unpaid PSoC.

Reduction to Parent Share of Cost:

When determining a reduction to PSoC, the contractor may need to apply a permanent reduction for families utilizing part-time care, blended care or part-week care for all children in care. This is a 25% reduction that may remain in place until the part-time or blended care is moved to full-time care.

Recommendation

Board staff recommend adopting a Parent Share of Cost policy that states:

-The board does not reimburse providers for unpaid PSoC

-Contractor staff may apply reductions to PSoC according to procedures when families struggle to pay their full PSoC

-Contractor staff may apply a permanent 25% reduction to families utilizing part-time care, blended care, or part-week care for multiple children