

VOICES FROM THE FIELD:

TEXAS CHILD CARE PROVIDERS

BUILDING BACK BETTER



SEPTEMBER 2021



TEXAS EARLY CHILDHOOD EDUCATION NEWSLETTER

VOICES FROM THE FIELD: TEXAS CHILD CARE PROVIDERS BUILDING BACK BETTER

Before the COVID-19 pandemic, child care centers were some of the most economically vulnerable businesses in Texas. During the pandemic, Texas families relied on child care providers more than ever for essential services and critical early childhood education. While some providers were able to innovate and keep their doors open, others struggled to stay afloat under new pandemic-related pressures. Temporary, extended, and permanent closures left thousands of Texan families without access to reliable child care.

Prior to COVID-19, child care was in short supply and cost more than parents could afford in many communities across Texas, particularly for communities of color. The disruption in the supply of child care led to a dramatic increase in the number of child care deserts in Texas as child care providers struggled to remain profitable.

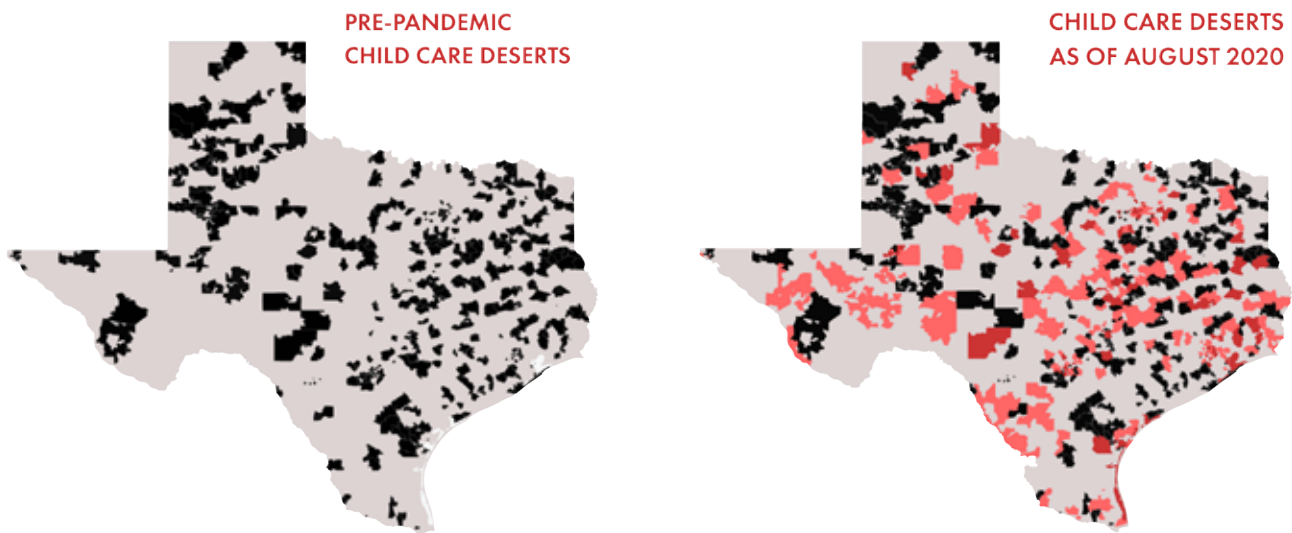
COVID-19 CLOSURES

To help determine the impact COVID-19 has had on children and the providers who serve them, CHILDREN AT RISK conducted an analysis to assess the relationships between child care closures and factors such as provider quality, rates of education attainment, median family income, and community demographics.

Initial data was from March 6th to August 7th of 2020. Findings revealed that access to child care was significantly affected, with child care deserts growing by nearly 50% across the state. A zip code is a child care desert if the number of children under the age 6 with working parents is three times greater than the licensed

capacity of child care providers in the area. Findings also revealed that providers who were a part of the Texas Workforce Commissions (TWC) subsidized child care program and Texas Rising Star (TRS), the state’s quality rating and improvement system, were able to stay open at a higher rate than non-subsidy providers, with 14% of TRS rated centers closed versus 27% of non-TRS centers. This data indicates that the federal relief funding given to providers throughout the pandemic helped sustain Texas child care businesses.

At the height of the pandemic (March-August 2020) there was a 24% decrease in providers across the state with nearly 20% of communities being child care deserts. Moreover, nearly 21% of children from low-income families live in child care deserts and only about 17% of low-income children in working families are cared for in TRS quality rated centers.



LEGEND:

- NOT A DESERT
- PRE-COVID-19 DESERT
- NEW DESERT
- OLD DESERT + LOST CAPACITY

CHILDREN AT RISK is in the process of looking at child care closures from August 2020 to August 2021 to have a larger understanding of the impact COVID-19 has had on providers. While we are starting to see slow recovery, the access to affordable high-quality child care remains a challenge for young families.

FEDERAL RELIEF FUNDING IN TEXAS

Since the beginning of the pandemic, Texas has received a total of \$5.9 billion from the federal government to help support the struggling child care industry. At the height of the pandemic, Texas first received approximately \$371 Million in supplemental Child Care Development Block Grant (CCDBG) funding through the Coronavirus Aid, Relief and Economic Security (CARES) Act in March 2020. The Texas Workforce Commission, the state

agency that manages the child care subsidy program and Texas Rising Star, provided child care for essential workers, enhanced reimbursement rates for subsidy providers, and helped cover increased costs providers incurred throughout COVID-19.

As providers continued to face challenges, the relief funding did not stop there. In December 2020, Texas received roughly \$1 Billion from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). The need for financial relief remained as great as ever. With enrollment down across the state and previous relief efforts phasing out, child care providers needed continued supports. In May 2021, TWC approved the use of \$790 Million of CRRSA funds.

The initial money provided child care relief funding for approximately 13,000 providers through stabilization grants. The grants were made available to providers, both in and outside the subsidy system, for payroll, cleaning and sanitation supplies, fixed costs, and/or increased operating expenses. TWC took a weighted grant approach and calculated amounts based on: provider size; participation in the state’s quality rating and improvement system, Texas Rising Star, with allocations increasing based on the star level; and operation in a child care deserts. Providers started receiving grants in Summer 2021.

The approval of these CRRSA funds also allow providers to receive technical assistance from business coaches. Child care businesses often find themselves challenged when navigating the business aspect of their work because it is not typically part of their early education training. To help provide access to resources and personalized business coaching as they continue to navigate the unexpected challenges of COVID-19 such as declining enrollment, staffing difficulties, and additional expenses, TWC approved that providers can receive guidance on how to access relief fundings and ensure they have the infrastructure to track and maintain documentation; help with general business support; and provide information on the benefits participating in the subsidized child care program and TRS can have.

In June 2021, \$560 Million was approved by TWC to support child care for the Service Industry Recovery (SIR) child care program, Texas Rising Star supports, Contracted Slots, and Early Childhood Apprenticeship Program. The COVID-19 pandemic impacted many service industry workers as they continue to experience the highest risk of unemployment. In an effort to support economy recovery, TWC will be implementing a child care

FEDERAL COVID-19 RELIEF FUNDS FOR TEXAS CHILD CARE	
CARES Act (March 2020)	\$371 Million
CRRSA (December 2020)	\$1.1 Billion
ARPA (March 2021)	\$4.4 Billion
Total federal child care relief funds provided to Texas	\$5.9 Billion
Allocated Relief Funds*	\$1.6 Billion
Relief funds remaining*	\$4.2 Billion

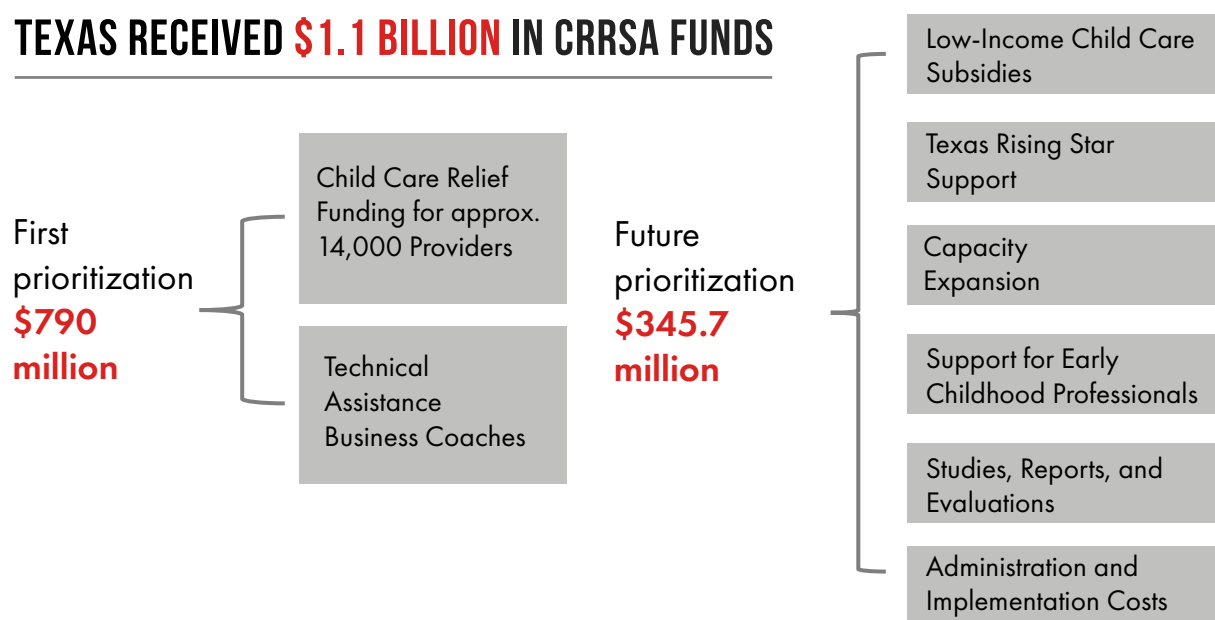
**As of June 2021*

program for essential workers in the service industry, knowing those jobs are not able to be accomplished remotely.

Service industry workers will receive 12-month eligibility and must maintain regular child care eligibility requirements for the subsidy child care program while they continue working in a TWC specified SIR job. Allocating money for Texas Rising Star supports and contracted slots are also ways TWC is looking to expand the number of providers participating in TRS. TWC will be using federal funds to provide targeted support to offer incentives for newly certified providers and current providers to sustain higher levels of quality, as well as coaching and resources to strengthen their business practices and meeting the goals of providers individualized Continuous Quality Improvement Plans. Moreover, in an effort to increase access to high-quality child care, TWC is beginning a contracted slot pilot with TRS 3- and 4-star providers. Local Workforce Development Boards will be able to expand quality capacity for priority areas such as: infants and toddlers, Pre-Kindergarten Partnerships, or Head Start/Early Head Start Partnerships; and child care deserts.

TWC is also developing a new early childhood apprenticeship program. Texas currently has two certified apprenticeship program. With the new federal dollars, TWC will be issuing a request for applications for entities to develop a registered apprenticeship program. These programs can serve as a career pathway to increase training, higher education and compensation which will benefit all ECE settings.

TEXAS RECEIVED \$1.1 BILLION IN CRRSA FUNDS



Most recently, the American Rescue Plan Act (ARPA), was signed into law in March 2021, marking the third stimulus package designed to help communities address the impacts of the COVID-19 pandemic. ARPA gave Texas an additional \$4.4 Billion to be used through the Child Care Development Fund (CCDF) Discretionary and Stabilization Grant Funds. \$2.7 Billion will be utilized for additional stabilization grants, with a targeted roll out set for 2022. Additional grants will allow providers to build off the funding they received from CRRSA relief dollars. TWC has not yet put out a formal proposed plan on how they will be spending the remaining \$1.7 Billion of discretionary funds.

VOICES FROM THE FIELD: PROVIDER STORIES

Throughout the pandemic, child care providers have showcased their resilience and commitment to providing care for their children and staff as challenging circumstances continued to unfold. In this issue, CHILDREN AT RISK aims to highlight some of the work child care providers are doing across the state. Within each story, providers reflect on how far they have come this past year and how the federal relief funding has continued to be an aid in helping them provide care for families with young children in Texas.

PATSY HARNAGE | CEO AT BRIGHT BEGINNINGS CHILD DEVELOPMENT IN AUSTIN, TEXAS

Patsy Harnage is the CEO at Bright Beginnings Child Development in Austin, Texas. With the initial fear surrounding the pandemic and an immunocompromised husband, Patsy initially chose to close her facility to protect her family and families of her students. However, one month later, out of a need to assist essential workers, she decided to reopen the center. The reopening was difficult because staff and families were hesitant to return to work. Enrollment dropped from 100 students to 0. Eventually, Patsy was able to enroll six children of essential workers and two staff members returned.



*Bright Beginnings CEO, Patsy Harnage, reads to students.
Photo credit: United Way for Greater Austin.*

With such low enrollment, Patsy says she does not know what she would do without funds from the Texas Workforce Commission. In some instances, prior to the pandemic, she operated on such thin margins that she could not even afford to pay herself. Patsy stated, "I would not be in business if it wasn't for TWC...TWC came in right away; stepped in and saved my business and the parents who needed care."

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She is grateful to the city of Austin for helping sustain her business through such a difficult and scary time with grants intended to support children of essential workers. Both funding sources were necessary and invaluable in helping the community get through the pandemic. Ensuring quality care can be expensive, and she hopes that funding will continue as she finds it still necessary to provide staff and students with Personal Protective Equipment (PPE) to maintain safety in the facility. She also hopes funding will continue to support the recruitment and retention of quality staff. These funds will also allow for the possible expansion of services in the center.

GWENDOLYN SNEED | DIRECTOR OF GOOD STREET LEARNING CENTER IN DALLAS, TEXAS

Gwendolyn Sneed expressed much concern about whether her program would even survive the pandemic due to “fear of the unknown” and access to funding for salaries. As a nonprofit program with tuition as its major source of income for staff and building maintenance, Sneed was forced to look elsewhere for funds. Throughout the pandemic, she applied to several small grants to help with funding and PPE.

Sneed mentioned, “had it not been for what the Texas Rising Star program through TWC afforded us we would not be in this place of recovery. It was crucial to our existence.”



Good Street Learning Students enjoy yoga class pre-pandemic.

Sneed’s program has been a cornerstone of the surrounding community since 1952. The program’s tag line is “without interruption” and thankfully the program prevailed despite the many challenges of 2020.

Before the pandemic, her program had an enrollment of 66 children with each classroom having a teacher and an assistant teacher. However, during the pandemic, the enrollment and staff capacity decreased by more than half. In October 2020, a COVID-19 case forced the program’s closure for 14 days, which took a toll on everyone involved. At one point during the 2020-2021 school year, the center had only four students enrolled for about three weeks. While enrollment has increased to 33 students, the center is still at limited capacity. Sneed did express interest in returning to full capacity, but with limited staffing, it might be impossible.

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During the pandemic, Sneed was able to provide hazard pay to her staff in a “sizable” amount and plans to do this again with future federal funds. She stated that fair and equitable compensation is necessary to sustain the ECE workforce. It is the only way to “keep and attract staff.” She hopes this conversation will continue to be at the forefront of policymakers and legislators’ minds so that we can maintain a healthy early care and education industry.

Sneed believes in “overcoming the unexpected to achieving excellence.” Although COVID-19 was unexpected she was able to overcome with lessons learned and with a more critical eye of her daily operations. She remains hopeful about the future of child care programs across the state of Texas and America, Sneed’s optimistic outlook comes from seeing the amount of support and partnership the child care industry received during the pandemic.

CYNTHIA PEARSON | PRESIDENT AND CEO OF DAY NURSERY OF ABILENE, TEXAS

Cynthia Pearson is the President/CEO of Day Nursery of Abilene the City's largest, most comprehensive child care program located in Abilene, Texas. The organization includes four licensed facilities including capacity for 642 children and upheld its commitment to the community by staying open throughout the pandemic.

The Day Nursery provides full-day programs for elementary age children during school breaks and holidays including spring and summer breaks as well as after school pick up during the school year. Day Nursery's program also offers daily Pre-K and school-readiness programming as well as child care for infants (beginning at birth) and toddlers.



Day Nursery of Abilene CEO and President, Cynthia Pearson, with Pre-K class pre-pandemic.

When the pandemic caused Spring Break to be extended twice in March 2020, and then further school closures occurred, the Day Nursery found itself providing full-day programming for elementary students for six months, a feat far beyond their usual capacity!

Cynthia was not at all surprised at how well staff responded to changes and their willingness to step up to face challenges! Fortunately, no staff had to be laid off during the height of the pandemic. She implemented a "hiring freeze," which has since been lifted. Staff numbers remained consistent during the pandemic to meet the needs of child enrollment that dropped drastically by 50%.

**“PEOPLE CAN’T GO TO WORK
WITHOUT CHILD CARE...
BUSINESSES CAN’T STAFF WITHOUT
EMPLOYEES...AND COMMUNITIES
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BUSINESSES.”**

Enrollment wait lists have consistently increased again, yet there are struggles to hire new applicants because of the limited workforce. As community businesses and essential workers rely on the Day Nursery, Cynthia hopes that the child care industry will continue to be valued for its commitment for what it has done and for what it does.

“People can’t go to work without child care...businesses can’t staff without employees...and communities can’t function without businesses,” Cynthia shared.

TIM KAMINSKI | DIRECTOR OF GINGERBREAD KIDS IN RICHMOND, TEXAS

For Tim Kaminski, Director of Gingerbread Kids in Richmond TX, the constant changes and initial fear in March 2020 left him, and many employees, worried about keeping staff and children safe from COVID-19. Weekly changes to federal, state, and local protocols, coupled with supply shortages, left Tim and staff frustrated with the lack of clear direction and support for early childhood facilities. Media and public support grew around the restaurant industry, but in Tim's view, going out to eat was a choice, whereas "people need their child care." Public schools began to close but no forethought was given to early childhood centers.

"OUT OF EVERYTHING, I THINK THAT WAS THE MOST POSITIVE THING THAT HAPPENED: TO CREATE A COLLABORATION LIKE THAT WITH OTHER PEOPLE AND STILL HAVE THAT GOING ON TODAY."

For Tim, this reflected a broad lack of understanding of the importance and needs of child care, and he questioned why the same standards were not applied to child care. "What about us? If it's that dangerous for teachers and those staff [in public schools], how is it any different in our environment?"

In Tim's opinion, the legislature lacked enough understanding of the child care industry to be properly concerned about it. When Tim was offered the opportunity to do an interview with NPR, he thought "Finally people are starting to listen....but then it went silent again."

In efforts to support and provide resources at the community level, Tim went door-to-door to neighboring child care centers in his area. Having never met any of the local child care directors, Tim organized a meeting of 16 directors to discuss concerns and solutions surrounding the pandemic and its effects on child care. The group formed an inter-transfer agreement that allowed students to temporarily transfer from one center in the area to another, if challenges surrounding the pandemic forced the child's original center to close.

This collaborative, now called West Fort Bend Childcare Centers Unite, is currently comprised of 28 members that Tim keeps informed on child care news, opportunities, and resources. "Out of everything, I think that was the most positive thing that happened: to create a collaboration like that with other people and still have that going on today." He predicts that the inter-transfer agreement will remain helpful in the future if centers experience closures due to hurricanes or other challenges.

Gingerbread Kids Academy celebrates Pre-K graduating class of 2021.



DR. SYLVIA ACOSTA | CEO OF YWCA EL PASO DEL NORTE REGION IN EL PASO, TEXAS

Dr. Sylvia Acosta is the CEO of YWCA El Paso Del Norte Region, the largest social justice organization run by women with a mission to empower women and eliminate racism. Unable to continue afterschool programs during the pandemic, this branch of YWCA lost 90% of its revenue. That resulted in a lack of funds for their transitional living center, senior housing, rapid rehousing, and racial justice programs. Even though afterschool programs stopped, YWCA never closed. The safety of staff remained high priority as centers stayed open to provide care for children of essential workers.



YWCA El Paso Del Norte Region CEO, Dr. Sylvia Acosta, speaks with local press.

According to Dr. Acosta, it was a big challenge that, “child care workers were not considered essential workers so a lot of the funding for essential workers did not apply.”

She is grateful that now, “child care is being recognized as an important part of economic development... [however] that wasn’t the case when the pandemic first started.” Without being deemed “essential,” it became important for Dr. Acosta to ensure that child care staff had access to COVID-19 vaccines to keep themselves, families, and clients safe.

Prior to COVID-19, YWCA served 2,500 children per week. During the pandemic, that number dropped to 125 and is now around 340. As the YWCA works towards recovery, one of the biggest challenges has been recovering its workforce. According to Dr. Acosta, “Finding employees has been incredibly difficult.” Competition from a nearby shelter that offers a wage twice as much as what YWCA can provide, as well as other industries offering higher wages, has left the organization unable to hire enough staff to return to full operating capacity. Looking towards the future and the ability to provide a livable wage, Dr. Acosta appreciates “the fact that the American Rescue plan [includes] funding available to support increased wages for low-wage workers.”

“CHILD CARE IS BEING RECOGNIZED AS AN IMPORTANT PART OF ECONOMIC DEVELOPMENT...[HOWEVER] THAT WASN’T THE CASE WHEN THE PANDEMIC FIRST STARTED.”

Dr. Acosta has been a champion in her advocacy for nonprofits as a whole, “Often nonprofits don’t get the credit they deserve for lifting up the economy... and making sure that people who are vulnerable continue to be cared for.” While, “The ARPA funding is incredibly supportive of the work that we do,” she would like to see more federal funding specifically appropriated for nonprofits.



Texas Prenatal to Three Collaborative members testify in support of several child care-related bills. Pictured from left to right: Sandy Dochen, Tom Hendrick, Chuck Cohn, Brooke Freeland, Marnie Glaser, Sarah Baray, Lyn Lucas, Kim Kofron, Melanie Rubin, and Mandi Kimball.

MOVING FORWARD

Increased funding brings new opportunities. The influx of the federal money has allowed Texas to implement changes we have wanted to do for a long time and some we haven't even dreamed about yet. As we continue to switch gears from addressing the emergency needs child care providers are facing and families with young children are getting back to work, advocates are having conversations on how we can achieve equitable recovery and sustainability for the child care industry.

The COVID-19 pandemic has pushed child care to the forefront of the conversation. We are beginning to see strong strides with the supports and programs that are being discussed; however, we still have work ahead of us. The time is now to examine how we currently finance child care and think about how we can develop a better system to support all families. At the same time, we need to develop a professional pipeline for high-quality and well compensated early childhood workforce. Without a high-quality early childhood workforce, we will not have high quality child care.

Texas currently finances the subsidy child care program using the Child Care Development Block Grant funds administered by the Office of Child Care at the Administration for Children and Families. The reimbursement rates are determined by each Local Workforce Board based off a Market Rate Survey that is conducted every two years. Providers are then reimbursed according to their TRS quality rating. However, the current market rate is still only a fraction of what it costs to provide quality care. For instance, for infants in the United States, the average cost is \$1,230 per month, or \$15,000 per year, for child care centers. Whereas the Texas reimbursement rate for a TRS 4-Star provider averages to \$8,330 per year for infants.

Persistently low reimbursement rates make it difficult for providers to accept additional children receiving subsidy assistance. This became even more evident during COVID-19 when child care businesses struggled to remain

profitable. The enhanced reimbursement rates and stabilization grants, provided by the federal relief funding, are a strong starting point when it comes to helping providers offset the cost of providing high-quality care to our youngest Texans.

While the relief funding is helpful, historically, reimbursement rates have been lower than the actual cost of providing care and what a provider charges parent outside the subsidy program. Families receiving subsidy care have limited child care options due to providers choosing not to participate in the subsidy program due to the low reimbursement rates. It is essential that providers are equipped with the financial resources they need to be successful.

Texas needs to begin looking at different measures to determine how much it takes to provide quality care in our state. A Cost of Quality Study seeks to determine the true cost of operating high-quality child care, by estimating factors that contribute to high-quality standards. Child care market rates measure the price that parents are paying for child care. Quality child care is expensive to provide, and market prices typically represent what parents can afford to pay. Once we understand what it takes to provide quality care, we can set the reimbursement rates providers receive for caring for children on the subsidy program without the threat of them going out of business.

On August 31, 2021, TWC approved an increase to reimbursement rates for child care providers serving Texas children from low-income families. The changes to the reimbursement rates provide evidence that Texas has chosen to prioritize and invest in quality ECE by encouraging more providers to become TRS-certified and to encourage those currently in the TRS system to become 4-star.

In addition to ensuring providers are equipped with the necessary financial resources to remain profitable, we need to invest in the early childhood workforce. Child care educators are one of the most important factors contributing to quality early childhood education. Educators play a critical role in shaping the developmental outcomes a child receives from quality child care. Unfortunately, many educators face challenges that prevent them from providing the highest quality of care, such as receiving persistently low wages and limited professional development opportunities.

The median annual wage for child care workers in Texas is \$21,780, with an average hourly wage of \$10.47, resulting in roughly 56% of child care workers qualifying for at least one form of public assistance, such as Medicaid, resulting in high turnover rates among educators. High turnover rates significantly impact the quality of care that children receive.

“CHILD CARE EDUCATORS ARE ONE OF THE MOST IMPORTANT FACTORS CONTRIBUTING TO QUALITY EARLY CHILDHOOD EDUCATION.”

Paying educators' equitable wages not only reduces turnover but provides stability for both child care providers and families seeking quality care. If state leaders want to set children up for future academic success and prepare them for life, they must empower and equip child care educators with a clear, affordable path to training and higher education. A strong career pathway will benefit all early childhood sectors and reduce shortages in qualified educators across the industry in addition to contributing to economic development and recovery. When educators



Early Childhood Professional, Olivia Rivera (longest tenured at 40 years) with infants at the Vine Street Center, Day Nursery of Abilene.

are prepared to teach, compensated adequately, and supported professionally, they are better prepared to contribute to a thriving early childhood workforce.

The COVID-19 pandemic exposed a long-standing truth that the child care industry is essential to the viability of our economy. The way we allocate our state and federal dollars showcases what we as a state value. If we do not continue to invest in our child care businesses, working families would be left without child care, which puts a direct threat on our economy and future academic success for young children. The efforts that have been made from the relief dollars are helping Texas move towards recovery, but it is up to us to continue pushing forward and ensuring that providers have supports in place for long-term sustainability. The moment is now, and we as a state are well positioned to take on this charge.

THANK YOU

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children **at Risk**

For 30 years, CHILDREN AT RISK has worked to serve as a catalyst for change to improve the quality of life for children through strategic research, public policy analysis, education, collaboration, and advocacy. CHILDREN AT RISK's early childhood education team works to expand access to quality, affordable early learning opportunities for all Texans. For more on our early childhood education work, please see our recent research at childrenatrisk.org/ece.