Child Care – An Essential Work Support for Women
A 2018 Analysis of Access to Child Care in Central Texas
Key Findings

Access to affordable child care is a critical two-generation approach for families in Central Texas. Parents, particularly mothers, who want or need to work have a difficult time finding child care that meets their needs and their budgets. Children benefit from high quality early learning settings, preparing them for success in school and later in the workforce. This report provides an overview of Central Texas families, their access to child care, and recommendations for philanthropists and community stakeholders to overcome key barriers to providing quality child care for all families.

- The Central Texas region of Bastrop, Burnet, Caldwell, Hays, Travis, and Williamson Counties have nearly 450,000 families, 22% of which are considered low-income.
- There are nearly 19,000 low-income children under age 6 who are in or may need child care.
- Women with young children are far less likely to participate in the workforce than their male counterparts.
- Central Texas is lacking quality child care options to meet the needs of these low-income children and their families. Fortunately, some progress is being made, and these efforts can be built upon to truly make a difference for families.
- Philanthropists, nonprofits, and local & state governments can jointly address these gaps for families (recommendations on p.6).

The Case for Quality Child Care in Central Texas

Quality child care offers a critical two-generation workforce support—increasing the stability and strength of today’s workforce, while building the learning capacity of our future workforce. This is why half of the Texas Workforce Commission’s (TWC) annual budget is spent to help offset child care costs for low-income parents who are working or going to school through the subsidized child care program. In Central Texas, this program serves nearly 4,500 children, leaving an additional 14,500 potentially eligible children—who are not already served in other early childhood education (ECE) programs such as public school Pre-Kindergarten or Head Start—without access to affordable child care. Central Texas has an urgent need for improved access to affordable, quality child care for its working families.

**IMPACT ON LOW- AND MIDDLE-INCOME FAMILIES**

In Central Texas, nearly 100,000 families are considered low-income. Child care may be out of reach for many of these families. Even for a middle-income family of four with an infant and a toddler, child care can consume 27% of their total annual earnings—often costing more than food or rent. Based on federal guidelines, less than 20% of Central Texas families make enough money—$134,000/year—to reasonably afford child care for an infant. High costs can force both low- and middle-income families to choose between working and caring for their children.

Jobs requiring a middle-skill workforce—those with more than a high school diploma, but less than a four-year degree—make up 56% of the state’s total jobs. Nearly 70% of non-working middle-skill parents in one Texas metro area cite child care as one of their top five reasons for not participating in the workforce. This trend is in line with national data showing that the current workforce struggles with child care instability, leading to higher stress, lower productivity, increased absences from work, and job changes.

For a low-income family of four earning $50,200/year, child care for an infant & toddler can cost 36% of their total income in Central Texas.

Source: American Community Survey, 2012-2016
IMPACT ON WOMEN’S ECONOMIC OUTCOMES

Access to child care particularly boosts women’s economic outcomes. Couples in the United States typically begin their careers with similar educational backgrounds and wages, but after the birth of their first child, the gap in pay between males versus females more than doubles. For women who have their first child between the ages of 25 and 35—when Texas women have the highest birth rates—the gap between their pay and their male partner’s never closes.6

In Central Texas, the 32-point gap in labor force participation between women and men with children under 6 (64% vs. 96%) cannot be explained alone by mothers choosing to stay at home to care for their children. While some may make that choice, many mothers stay at home because they cannot find work or because it does not make sense when weighing the cost of child care against wages.78 A parent who leaves the workforce to care for family may lose potential wage growth and retirement savings—losing as much as four times her or his annual earnings over time.9

Studies of family policy across developed countries find that increased spending on ECE, including quality child care, is the only policy solution that demonstrates consistent, significant success at closing both gender wage and employment gaps.10

WHY QUALITY MATTERS

Not only does access to child care boost families’ economic stability, quality care also impacts the children served. The brains of babies and toddlers are rapidly growing—building the foundation for all future learning, even well into adulthood—so quality settings during this age are critical to future success, especially for low-income and other at-risk children.

Babies and toddlers need quality interactions and environments for healthy brain development, which will lay the foundation for all future learning. Higher quality programs for children in their earliest years have been shown to support healthier cognitive development, better academic skills, and a lower risk of behavioral challenges—with even greater effects for low-income and at-risk children.

In Texas, child care quality is measured through Texas Rising Star (TRS), our only statewide set of quality standards for any ECE program. Child care providers who meet increasingly rigorous quality benchmarks can become certified at TRS Level 2, 3, or 4. TRS is only available to child care providers who participate in the subsidy program—a tuition support offered through the Texas Workforce Commission for low-income parents who are working or going to school.

About half of child care providers in Central Texas participate in the subsidy program, with less participation in the more affluent counties of Hays and Williamson. Of the child care seats going to subsidy-eligible children in Central Texas, 45% are at TRS-certified child care providers. While this is higher than the state average, most subsidy funds are going to providers who are not certified as meeting the TRS quality standards.11

| Half of all child care providers in Central Texas accept children in subsidy program |
|-----------------------------------|-------------------------------|-------------------------------|
| % Do not accept subsidy | Accepts subsidy but not TRS | TRS certified providers |
| BURNET (n=19) | 42% | 26% | 32% |
| HAYS (n=113) | 55% | 28% | 17% |
| CALDWELL (n=13) | 31% | 54% | 15% |
| BASTROP (n=40) | 35% | 50% | 15% |
| TRAVIS (n=720) | 47% | 40% | 13% |
| REGION (n=1301) | 51% | 38% | 11% |
| WILLIAMSON (n=396) | 58% | 37% | 5% |

* n=Number of providers

Source: Analysis of data from Texas Workforce Commission, as of March 2018
Access to Child Care in Central Texas

Access to subsidized and TRS-certified child care is low throughout Central Texas, where nearly 19,000 low-income children under 6 with all available parents in the workforce who would potentially need either full- or part-day child care. There are generally enough child care seats available for children under 6, but there are not enough seats for children who qualify for public assistance through TWC’s child care subsidy program—only about one-fourth of qualifying children are actually served. There are also too few providers meeting quality standards: only 11% of child care providers in Central Texas are TRS-certified. One in every five families in the region live in zip codes with zero TRS-certified child care seats, so choosing quality care is not an option for many.

Central Texas needs more child care providers participating in the subsidy system, more child care seats funded in the subsidy system, and more child care providers certified through TRS. Child care is typically provided in a center or home setting; both can participate in the subsidy system and TRS. In the region, child care centers are nearly four times more likely to participate in the subsidy system than home-based providers, and eligible centers are more likely to be TRS-certified than eligible homes. Providing additional supports to the hundreds of home-based providers is one strategy to increase the provision of affordable, quality care for working families, particularly in the rural areas.

Child Care Deserts in Central Texas

<table>
<thead>
<tr>
<th>Government Subsidized Child Care Deserts</th>
<th>Texas Rising Star Child Care Deserts</th>
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<tbody>
<tr>
<td>Zip codes in BLACK like 78611 in Burnet County are NOT child care deserts because the supply of child care meets a third of the demand among low-income children.</td>
<td>Zip codes in MAROON like 78620 in Hays County have no TRS child care seats</td>
</tr>
<tr>
<td>Number of subsidized child care seats per 100 children of low-income, working parents</td>
<td>Number of Texas Rising Star child care seats per 100 children of low-income, working parents</td>
</tr>
<tr>
<td>0 seats</td>
<td>0 seats</td>
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<tr>
<td>1-9 seats</td>
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<td>10-24</td>
<td>10-24</td>
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<tr>
<td>25-33</td>
<td>25-33</td>
</tr>
<tr>
<td>Not a desert</td>
<td>Not a desert</td>
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<tr>
<td>Too few children</td>
<td>Too few children</td>
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<tr>
<td>10</td>
<td>27 zip codes</td>
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<td>19</td>
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<td>12</td>
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<td>16</td>
<td>4</td>
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<tr>
<td>34 zip codes</td>
<td>34</td>
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</tbody>
</table>

Source: Analysis of data from Texas Workforce Commission and 2012-2016 American Community Survey

CENTRAL TEXAS SPOTLIGHTS

Since 2008, the Quality Child Care Collaborative (QC3) has had a goal to increase the number of high quality ECE programs within the Travis County area. Participating organizations include Austin Community College, Austin ISD, Child Inc. (Early Head Start & Head Start), City of Austin, Travis County, United Way for Greater Austin, and Workforce Solutions Capital Area. By bringing together stakeholders across ECE systems, QC3 has increased the quality of child care programs, funded initiatives to recruit and retain quality ECE teachers, and more.

Austin City Council passed a resolution in 2017 requesting a city-wide needs and gaps assessment of affordable, quality child care. Based on the findings of that assessment, which highlighted the lack of affordable, high quality child care options for families, Austin City Council passed a resolution in 2018 directing the city manager to review whether certain service & inspection fees for child care providers could be waived, helping lower costs to providers and increase access for families. Austin City Council is also considering investments in the education of the child care workforce, increasing the availability of public Pre-K & high quality child care seats, and more.
Barriers to Providing Affordable Child Care

**Neighborhood and Demographic Changes**

Central Texas has experienced tremendous growth in recent years; its growing population and rising cost of living creates unique challenges for both the supply and demand of quality child care.

- As housing becomes less affordable, populations shift accordingly, which impacts the concentration of need for care. As families have moved away, the number of children in some neighborhoods has fallen by more than half.¹⁶
- Child care options tend to be concentrated in populous urban cores, but as the demand moves outward, existing providers may no longer be able to operate. Also, there may not be enough supply in the areas with increased demand. This issue is especially acute in Austin, which has one of the nation’s fastest-growing rates of suburban poverty.¹⁷
- Even as people move outward and commute into the urban core, they may still prefer child care near their jobs.

**Business Challenges**

Child care businesses are often too small to be financially viable. National experts suggest that a child care center must serve at least 100 children in order to meet high quality standards and break even financially.¹⁸ Many Central Texas centers cannot meet this threshold, with half licensed to care for fewer than 85 children.¹⁹

Child care providers often run their businesses month-to-month, making little to no profit to invest in their staff and programs. These business owners/child care directors typically wear many hats, acting as the human resources director, office manager, accountant, substitute, nurse, parent liaison, cook, and more. Many also lack business skills and networks.²⁰

Participating in the subsidized child care system presents additional business challenges. The Texas Workforce Commission (TWC) reimburses child care providers when they serve children in the subsidy system, but it is often lower than what a non-subsidy parent would pay in the private market.

A provider in Travis County loses about $1,200 per year for every toddler it serves through the subsidy program; providers in surrounding counties lose about $1,700 annually.²¹ Though payment rates through the subsidy program are higher for TRS-certified providers, infant and toddler care is still too expensive for non-TRS providers in the region.

Fortunately, Texas is making some progress. As of August 2018, TWC increased reimbursement rates substantially for TRS-certified providers and minimally for all non-TRS providers. However, this leaves expensive infant and toddler care for most non-TRS providers in the region without an adequate boost.²²

**Child Care Workforce Challenges**

A well-qualified and fairly compensated child care workforce helps build the foundation for babies and toddlers by helping them develop skills they need to be ready for school and life. Research shows that both qualifications and compensation levels for child care professionals impact children’s outcomes, but currently only 28% of child care teachers in most of the Central Texas region have an Associate’s degree or higher.²³

Unfortunately, low wages in the child care industry stifle educational attainment and drive high turnover among the nearly 8,700 child care workers in the region. Child care teachers currently earn an average annual salary of $23,000 in most of the Central Texas region—about $30,000 less than a public Pre-K teacher at a school district. The disparities continue, as 92% of those child care teachers are women and 45% are people of color.²⁴ Investing in the education and compensation of child care teachers can boost the Central Texas economy, particularly for this diverse, predominantly female workforce.

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**Low wages for child care teachers compared with public Pre-K**

Child care teachers in Central Texas make $28,000 less than public Pre-K teachers in a school district, on average.

<table>
<thead>
<tr>
<th>Child care teachers</th>
<th>Average Annual Salary (Full-time equivalent year-round)</th>
<th>$28,000 pay gap</th>
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<tbody>
<tr>
<td>$23,000</td>
<td>$51,000</td>
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</table>

Source: American Community Survey, 2012-2016
**Siloed Systems**

Our current ECE system operates in silos, with little coordination across programs such as subsidized child care, public Pre-K, Head Start, and child welfare. Despite these programs being funded by taxpayers, our elementary schools do not know what types of ECE, if any, their students received prior to enrollment. These disconnected programs can also lead to inefficient use of scarce public dollars, as services and assessments may be duplicated across programs, making it very difficult for parents to understand their options.

Other states address this by connecting data systems to create a more complete picture of the early childhood landscape. These data systems connect student-level data and seek to improve transparency and collaboration across programs. Better coordination at the state level between Texas’s ECE agencies would support local success by understanding what programs are effective, being more strategic with scarce resources, and supporting partnerships to improve child outcomes and family access.

In 2016, TWC launched the Pre-K Partnership Planning Grant to grow partnerships between public school Pre-K programs and TRS Level 4 child care providers (Austin ISD and Manor ISD applied for and received funding). This allows for a blending of public funds from both programs, as these funds on their own are inadequate for either program to be high quality and full-day. TWC will renew this grant opportunity to continue supporting partnerships.

**Limited Options**

Parents often make child care decisions based on location, hours of care, and cost. Given the limited availability of care that is both affordable and quality, working families are often forced to make the difficult choice between placing their child in care that meets their immediate needs, and care that will help support their child’s brain development. Due to the siloed ECE systems, finding care during a child’s earliest years is even more complex for parents.

There is a serious need in Central Texas to coordinate systems—both locally and statewide—and increase access to quality, affordable child care.

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**CENTRAL TEXAS SPOTLIGHTS**

Since 2015, Austin ISD partnered with quality child care providers to offer Pre-K programs, realizing a traditional school campus site might not meet the needs of every family. Similarly, Cen-Tex Family Services, Inc. began a partnership in Bastrop between a child care provider and Early Head Start in 2015, leveraging two separate funding sources to increase quality care for local children birth to age 3.

A partnership across the United Way for Greater Austin, Austin Public Health, and National League of Cities has launched an enrollment initiative for publicly-funded ECE programs. Their vision is to maximize participation in free public Pre-K, which helps re-direct funds to infants & toddlers in subsidized child care and Early Head Start. United Way is also building a new system to help families navigate multiple ECE programs.

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**Data coordination across early childhood education systems will lead to better outcomes for Central Texas children**

Connecting data systems is critical to serving the whole child.
Solutions to Increase Access to Quality Child Care

**Goal 1**
Increase access to affordable, quality child care during ages 0-3
- Dedicate enough subsidy funding to serve all eligible children.
- Invest in child care teachers’ education and pay fair wages.
- Require subsidy child care providers to be in TRS, so government dollars go toward quality.
- Expand TRS beyond subsidy-only child care providers.
- Prioritize quality care for infants & toddlers.
- Identify needs & goals to improve access to quality programs. (p.3)
- Help child care providers understand and enroll in subsidy and TRS, working with relevant non-profits. (p.2)

**Goal 2**
Create an effective transition to K-12 system
- Connect students in child care & K-12 data systems to support school-readiness.
  - Share classrooms, blend funding, and coordinate curriculum and teacher training between child care & public ISD Pre-K. (p.5)
- Identify needs and address gaps in services.
- Create coalitions and community plans to improve school-readiness. (p.2)
- Work with and advocate to government entities to coordinate across ECE programs.

**Goal 3**
Improve parent access to programs and information
- Drive research, action, coalition building at local & state level. (p.2,3,4,5)
- Help local organizations advocate to change policy and government actions.
- Support needs assessments and surveys of critical populations to help programs & systems meet community needs. (p.4)
- Support coalitions to explore local tax incentives or revenue opportunities to address system deficiencies; parents cannot afford to shoulder the financial burden, as they are already paying high prices for sub-par care.
- Support collaboration with business community to raise awareness of child care. (p.2)

**2-GEN MODEL**
Today’s families, tomorrow’s workforce

- Identify parent needs and gaps in services.
- Partner with & advocate to govt entities to meet parent needs.
- Be a liaison to philanthropists to share community needs and priorities.
- Help parents understand quality and its importance.

**LEGEND**
- State agencies, public officials, and local governments
- Non-profit community
- Philanthropists

**PHILANTHROPISTS**
- Coordinate wrap-around services (healthcare, food access, welfare eligibility) to support the whole child.
- Coordinate resource-sharing (materials, food purchasing, HR services) for child care providers to reduce costs & improve quality.
- Advocate for policy changes & accountability at state and local levels.
- Work with business community to join and/or build ECE coalitions. (p.2)

**Streamline eligibility, resources, and referral processes for Head Start, public pre-k, and subsidized child care. (p.5)**
- Strengthen parent engagement programs & standards across ECE systems.

**Identify current community organizations, leaders, and ongoing efforts, like the ones highlighted in this report, to amplify efforts, enhance progress, and fill gaps.**

- Invest & incentivize local organizations to coordinate programs & create more efficient, effective systems for families. (p.5)
- Support local organizations to improve access to affordable, quality care, especially in child care deserts (neighborhoods with too few child care seats to meet demand).
- Support local & state stakeholders to better understand and address the needs of the child care workforce.
- Support stakeholders to connect and coordinate ECE programs at the local level, so parents have better access to information and understand their options. (p.5)
- Support coordination between ECE programs and Kindergarten through 3rd Grade programs, so students have a successful transition to the K-12 system. (p.5)
About CHILDREN AT RISK:

For 29 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 education work, please see our recent research at www.childrenatrisk.org/ECE/ and our mapping tool for child care deserts across the state at www.childrenatrisk.org/childcaredeserts/.

About The Women’s Fund of Austin Community Foundation:

The Women’s Fund at Austin Community Foundation was founded in 2004 to focus on the needs of women and children in Central Texas. At the time, there was a lack of philanthropic support targeting the specific needs of women and children and no comprehensive data set tracking their well-being in our community. Since then, Women’s Fund Investors have granted over $1.6 million to more than 60 local nonprofit programs.

During this time, there has been a growing awareness that gender matters. Investing in a woman has a proven ripple effect, benefitting not just her family but her greater community. The Women’s Fund is a key strategy in Austin Community Foundation’s effort to close the opportunity gap.

Special thanks to the following contributors:

Austin Community College | Austin Public Health | Cen-Texas Family Services, Inc. | Community Action, Inc. of Central Texas | E3 Alliance | Early Matters Greater Austin | Texas Association for the Education of Young Children | Travis County Health and Human Services Department’s Research & Planning Division | United Way for Greater Austin | Workforce Solutions Capital Area | Workforce Solutions Rural Capital Area

Endnotes for this report can be found at www.childrenatrisk.org/ECE/

GLOSSARY OF TERMS

Child Care Provider (sometimes referred to as “provider”): Care for children before or after school, often ages birth to 5 (colloquially called “day cares”). Can be run by privately owned businesses, nonprofit organizations, or churches. Include home and center settings.

Early Childhood Education (ECE): All birth to age 8 education interventions, but this report focuses on birth to age 5 (before all children are eligible for a full day of care and education in the public school system) including child care, Early Head Start, Head Start, and public Pre-K.

Early Head Start and Head Start: Federal programs to *get* low-income or disadvantaged children school ready. Head Start serves 4-year-olds, and Early Head Start is birth to age 3.

K-12: Kindergarten through 12th Grade education programs—public or private—in which all Texas children participate.

Low-Income: Annual household earnings below 200% of the Federal Poverty Level (FPL). For a family of 4 in 2018, this is an annual income of $50,200.

Public School Pre-Kindergarten (Pre-K): Education and care for eligible 3- and 4-year-olds provided by public school districts—funded for a half-day by the state. Eligibility includes being economically disadvantaged, English Language Learner, and more. School districts that offer full-day programs must find funds to pay for the other half of the day.

Reimbursement Rates: The amounts paid to child care providers caring for children in the subsidy program. Rates vary across Texas, based on local markets and other factors. Texas reimburses providers higher rates if they are certified in TRS.

Subsidized Child Care Program (“subsidies” or “subsidy program”): Primarily funded by federal dollars, this program provides financial support for child care to parents who are low-income and working or in school. The program serves over 130,000 children in Texas each day and is administered by TWC. About half of the state’s 15,000 child care providers participate in the subsidy program.

Texas Rising Star (TRS): Texas’s only quality rating system for any ECE program; it is only open to child care providers in the subsidy program. TRS providers can be certified at three levels (2, 3, and 4) by meeting progressively rigorous benchmarks.

Texas Workforce Commission (TWC): The state agency that supports the development of the Texas workforce. Half of their budget is dedicated to the operation and management of the subsidized child care program and Texas Rising Star.
Endnotes
11 Public Information Request. Data received from Texas Workforce Commission June 15, 2018
12 All further references to demand for child care will be referring to this target population: children living in low-income families under 6 with all available parents in the workforce. Qualifying children served in Head Start, Early Head Start, or public pre-kindergarten programs were removed from these demand calculations. For more information, please visit http://childrenatrisk.org/texas-child-care-desert-methodology/
13 Public Information Request. Data received from Texas Workforce Commission June 15, 2018
14 Public Information Request. Data received from Texas Workforce Commission June 15, 2018
15 Public Information Request. Data received from Texas Workforce Commission June 15, 2018
17 Kneebone & Berube (2013)
19 Everitt (January 2018)
20 Everitt (January 2018)
24 American Community Survey 5-Year Estimates 2012-2016, IPUMS-USA, University of Minnesota, www.ipums.org