

WHAT IS THE CHILD CARE SUBSIDY PROGRAM?

Giving low-income families access to high-quality child care

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HIGHLIGHTS

Federal funds from the Child Care and Development Block Grant (CCDBG) fund two main programs in Texas:

- *subsidized child care and*
- *Texas Rising Star (TRS).*

These programs help children from low-income families gain access to high quality child care while allowing their parents to engage in the workforce.

SUBSIDIZED CHILD CARE IN TEXAS

In Texas, the subsidized child care program is managed by the Texas Workforce Commission (TWC) and helps low-income parents, who are working or going to school, pay for child care. The goals of this program are twofold:

- Help low-income parents engage fully in the workforce by preventing them from having to choose between earning enough money to survive and quality care for their children; and
- Provide children with a high-caliber early education, which can significantly improve short-term outcomes like school readiness and long-term outcomes like high school graduation.¹

Parents can choose any of the nearly 7,500 child care providers that participate in the subsidy program. Depending on their income, where they live, and number of children in care, parents pay a co-pay of \$0-\$450 per month per child.²

TWC reimburses the provider for the care they provide to subsidized children. Reimbursement rates are based on a survey of local market rates for child care. Federal recommendations ask that states set subsidy reimbursement rates at the 75th percentile of local child care market rates so that the value of the subsidy will be high enough for a family to afford 75% of all child care in their local market, increasing the likelihood that low-income working families have equal access to the care options available to their higher-income peers who pay privately for child care.³

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TEXAS RISING STAR

TWC manages Texas Rising Star (TRS), our state's Quality Rating and Improvement System (QRIS). TRS establishes early care and education standards that are higher quality than the state's minimum licensing standards, which are set by Child Care Licensing and primarily concerned with bare minimum health and safety requirements.⁴ TRS is the only statewide set of quality standards for any ECE program. However, it is currently only open to child care providers participating in TWC's subsidy program and is optional even for these programs. Unlike most other states, our QRIS is not open to all child care providers, Early Head Start, Head Start, and/or public Pre-K programs.

TRS is a tiered system with increasingly rigorous requirements for child care providers certified at Levels 2, 3, or 4. TRS 2-Star is best understood as "approaching quality," as it is barely above the state's minimum licensing standards. Using TRS 2-Star as an easily attainable entry point, many providers can begin on a path to quality care through the TRS tiered system. TRS 3- and 4-Star levels indicate increasingly rigorous programs geared toward promoting appropriate child development and school readiness. Child care

providers meeting these levels receive an increased subsidy reimbursement rate from TWC.

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NOTES:

1. Texas Sunset Commission. (2015) ; Ruzek, E., Burchinal, M., Farkas, G., & Duncan, G. J. (2014). The quality of toddler child care and cognitive skills at 24 months: Propensity score analysis results from the ECLS-B. *Early Childhood Research Quarterly*, 29(1), 12-21. Retrieved from <https://doi.org/10.1016/j.ecresq.2013.09.002>; McCoy, D. C., Yoshikawa, H., Ziol-Guest, K. M., Duncan, G. J., Schindler, H. S., Magnuson, K., ... Shonkoff, J. P. (2017). Impacts of early childhood education on medium- and long-term educational outcomes. *Educational Researcher*, 46(8), 474-487. <https://doi.org/10.3102/0013189X17737739>
2. Texas Workforce Commission. (2018). Child Care & Development Fund state plan 2019-2021. Retrieved from <https://twc.texas.gov/students/child-care-development-fund-state-plans>
3. Administration for Children and Families. (2017, May 23). Child Care and Development Fund reauthorization. Retrieved from <https://www.gpo.gov/fdsys/pkg/FR-2016-09-30/pdf/2016-22986.pdf>
4. Texas Department of Family and Protective Services. (2017). Minimum standards for child-care centers. Retrieved from https://www.dfps.state.tx.us/Child_Care/documents/Standards_and_Regulations/746_Centers.pdf



CHILDREN AT RISK is a Texas based research and advocacy organization. Our mission is 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.

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