



Early Childhood Education Legislative Agenda



IMPROVE THE QUALITY OF CHILD CARE FOR WORKING FAMILIES

Texas Rising Star is Texas' Quality Rating and Improvement System for early childhood programs at the Texas Workforce Commission (TWC) that is open to child care providers who accept children of working parents who receive child care subsidy assistance. Unfortunately, only 46% of the roughly 17,000 providers in 2019 participated in the subsidy program. The current voluntary program does little to ensure low-income children in government-funded programs receive quality care.

POLICY RECOMMENDATION

Require subsidy providers to participate in Texas Rising Star at a basic entry level with supports provided and an appropriate phase-in period.



INCREASE PUBLIC-PRIVATE PARTNERSHIPS TO PROVIDE QUALITY PRE-KINDERGARTEN (PRE-K)

Pre-K Partnerships are collaborative efforts between the public and private sectors. A privately funded child care center contracts with a public institution to provide additional seats for Pre-K children. Currently, there is little to no information about providers and school districts that have formed Pre-K Partnerships. This lack of reporting makes it difficult to assess how best to expand partnership strategies that work.

POLICY RECOMMENDATION

Require TEA to report the provider ID as part of Pre-K Partnership agreements to enable TEA and TWC to identify and evaluate effective partnership strategies.



SUPPORT THE EARLY CHILDHOOD EDUCATION WORKFORCE

Early childhood educators play a critical role in shaping the developmental outcomes of children. However, early childhood educators find it challenging to recruit and retain high-quality teachers in the child care industry. Salaries for child care educators, especially those in programs that accept subsidy payments, do not reflect the job's complexity.

POLICY RECOMMENDATION

Require TWC to develop a statewide plan with goals for helping early educators achieve greater education and credentials, earn higher wages, and better utilize the Texas Early Childhood Professional Development System and Workforce Registry.



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STUDY THE REAL COST OF PROVIDING QUALITY CHILD CARE

A better understanding of the cost of operating high-quality child care will allow the State of Texas to better utilize its limited child care funds. Parents who receive subsidized child care cannot pay more than the provider's published price, even though these prices do not cover the true cost of providing quality child care. A cost-of-quality study will determine the cost for providers to meet high-quality standards.

POLICY RECOMMENDATION

Require the TWC to conduct a cost-of-quality study that will show the true cost of providing high-quality care for children and allow Texas to reimburse providers accordingly.



INCREASE REIMBURSEMENT RATES FOR SUBSIDY PROVIDERS

In Texas, child care providers participating in the child care subsidy program receive reimbursements for their care of children of low-income working parents. Reimbursement rates vary by the Local Workforce Development Board area, based on the local market rates and other factors. Current reimbursement rates represent only a fraction of what it costs to provide quality care.

POLICY RECOMMENDATION

Reimburse subsidy providers at higher rates than "published prices" and increase reimbursement rates for infants and toddlers.



INCREASING THE SUPPLY AND STABILITY OF QUALITY CARE

Contract agreements are an effective and proven strategy to build the supply and stabilize high-quality care for children from low-income families. Establishing contracts with quality providers stabilize the supply and access to quality care. Currently there is no local flexibility for Local Workforce Development Boards to develop these agreements with providers limiting the access to care. Contracts build stable, quality supply by guaranteeing the availability of quality seats in areas of great need, such as child care deserts.

POLICY RECOMMENDATION

Allow local flexibility for contracted slots to increase utilization and maximize seats.

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Texas Rising Star

Ensuring publicly funded child care programs are high-quality

Texas spends hundreds of millions of dollars per year to provide child care for working families. Unfortunately, Texas taxpayers could be getting a bigger impact from that investment.

Texas Rising Star (TRS) is Texas' framework to measure, improve, and communicate the quality of Early Childhood Education providers receiving public money. TRS assesses child care programs across a range of criteria, including staff qualifications, educator-student interactions, curriculum, nutrition, and physical space. Participating providers can be quality certified at three levels: 2-, 3-, and 4-Star by meeting rigorous benchmarks. Participation in TRS is voluntary and only open to child care providers who accept families receiving child care subsidy assistance.



High-quality early education is the foundation to future academic success, especially for children from low-income backgrounds. A young child's brain is malleable, and the elasticity of how the brain develops makes early engagement an excellent buffer to the negative effects associated with growing up in poverty. Access to child care alone is not enough, the state must also work to improve the quality of child care programs available, especially programs serve low-income children with public funds.



The current voluntary approach to participating in TRS is inadequate to meet the needs of working families and to ensure the effective expenditure of taxpayer dollars. In 2019, roughly 23% of subsidy providers were enrolled in TRS, meaning only about 56,000 children were served daily by a TRS quality rated program in a system that statewide serves 136,000 children. That is just 84 quality-rated subsidy seats per 1,000 children.



POLICY RECOMMENDATION

Require subsidy providers to participate in Texas Rising Star with a phase-in of the requirements and supports for providers to gradually improve quality. Requiring subsidy providers to become TRS certified will increase transparency and accountability of government dollars while also prioritizing quality. This bill has no fiscal note.

To ensure a smooth transition for providers, a phase-in approach for the subsidy providers currently not participating in TRS is crucial. This approach will allow time to put support systems in place to assist providers. During the phase-in approach, providers should have to access mentorship, professional development, and resources provided by TRS while they fix any licensing or quality deficiencies. Once their deficiencies are alleviated, they shall be eligible to progress to a higher certification level and begin receiving higher reimbursement rates. Under this model, providers will have access to a clear timeline and the professional support necessary to improve the quality of care provided to Texas children.



Pre-Kindergarten Partnerships

Pre-Kindergarten (Pre-K) Partnerships are collaborative efforts between the public and private sector in which a public institution contracts with a privately funded child care center to provide additional seats for Pre-K children. In the 86th Legislative Session, the Texas Legislature passed HB 3 which provides full-day Pre-K to all eligible 4-year-old children.^[i] Child care providers often use income earned from the 4-year-old children to offset losses resulting from providing care to infants and toddlers, which require lower ratios of educators to children per Texas law. Fewer 4-year-old children enrolled in child care settings reduces this critical source of income. Fortunately, HB 3 requires school districts to explore partnering with high-quality child care providers to offer Pre-K programming before constructing a new classroom space or submitting a waiver. These Pre-K Partnerships involve coordination among child care providers and school districts to provide Pre-K in a child care center or in a public school building.



Private child care centers have the potential to receive more funding with increased enrollment, which supports the retention of qualified educators and higher percentages of kindergarten readiness. In Texas, since the children eligible for public Pre-K are often eligible for subsidized child care assistance provided by the Texas Workforce Commission, Pre-K Partnerships allow districts and child care providers to access combined funding that is mutually beneficial and improves use of public funds. However, according to a recent CHILDREN AT RISK study, only a third of the Local Workforce Development Board members interviewed said they knew of Pre-K Partnerships in their area, and few were involved in establishing those cost-saving relationships.



POLICY RECOMMENDATION

Amend Texas law to require the Texas Education Agency to collect the child care providers operational ID number during Pre-K Partnership agreements to ensure the accountable and effective use of taxpayer dollars.

Currently, there is little to no information about providers and school districts that have formed Pre-K Partnerships, and school districts and child care providers have been hesitant to form Pre-K Partnerships. Current legislation does not mandate Texas Education Agency to report to Texas Workforce Committee on which independent school districts formed public/private partnerships with child care providers. Requiring Texas Education Agency to report the provider operational ID will provide information about the type and location of partnerships, the number of children being served, and remaining barriers to making public/private Pre-K Partnerships successful. These data will also allow agencies to identify effective strategies for creating public/private Pre-K Partnerships and develop incentives for school districts and child care providers to enter into cost-saving partnerships.

[i] H.B. 3, 2019 Leg 86th Sess. (Tex. 2019).

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HB 619 (Senfronia Thompson)

Improving the Early Childhood Education Workforce

Early childhood educators play a critical role in our state. In addition to setting the foundation for our children's academic, health, and social development, early educators contribute to Texas's economic success by providing the care necessary for many families with young children to work. Despite being an essential occupation, Texas early educators often receive extremely low wages, limited training or opportunities for advancement, and few benefits. Because child care centers are often owned and staffed by low-income women of color, opportunities exist to address racial disparities in the child care workforce.



- The average hourly wage of an early educator in Texas is \$9, which equates to about \$19,000 per year (2018).
- Roughly 56% qualify for at least one form of public benefit, such as Medicaid or the Supplemental Nutrition Assistance Program (2018).
- Due to COVID-19, many Texas programs have been forced to furlough staff, reduce wages, or layoff educators to help manage expenses.

Child care educator salaries, especially those in programs accepting subsidy payments, do not reflect the complexity of the job. In addition, earnings do not significantly increase as educators earn higher degrees and progress within their careers. Early educators face limited career advancement opportunities, as a result the industry struggles to retain quality-trained educators.



POLICY RECOMMENDATION

Require Texas Workforce Commission to develop a statewide plan with goals for helping educators achieve credentials and degrees, earn living wages, and utilize the Texas Early Childhood Professional Development System and Workforce Registry.

If Texas hopes to sustain a high-quality early education workforce, it needs a statewide plan with strategic goals. Specifically, this plan should include recommendations for



- Improving data collection practices
- Increasing compensation and reducing turnover
- Eliminating racial and gender pay disparities
- Strengthening paid professional development and career pathways, including apprenticeships
- Improving local workforce board support systems, technology, and participation in the Texas Early Childhood Professional Development System

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Child Care Cost of Quality Study

Understanding the REAL cost to provide high-quality child care programs

High-quality early childhood education is the foundation for future academic success, especially for children living in low-income households.[i] Children participating in early childhood education on average, have:



higher high
school graduation
rates



lower enrollment in
special education
programs



lower rates of
behavioral
issues later in life

While the benefits of quality early childhood education are grounded in the best research, the real cost to child care centers of providing high-quality child care is less understood. Several factors go into determining how much it actually costs child care providers to offer high-quality care to kids from adequate wages for quality early educators to sustainable funds for supplies, curriculum, and business operations. A clear picture of the costs will help adequately and efficiently invest public funds in high-quality care.

At least every 2 years, the Texas Workforce Commission conducts a statewide market rate survey of child care providers to measure regional prices. Market rates for child care reflect prices that families pay for child care. Market-rate surveys usually do not reflect the real costs incurred by child care providers, who absorb additional costs. Simply put, in many communities market rates do not purchase actual quality child care. Taxpayers, parents, and most importantly young children suffer as a result.

Quality child care is expensive to provide, and market prices typically represent what parents can afford to pay. Children from low-income families need and deserve high-quality child care. Child care providers participating in the subsidy program receive reimbursements for the care they provide to children with working parents. Setting reimbursement rates based on a cost-of-quality study would ensure public investments are sufficient to cover high-quality operating costs.



POLICY RECOMMENDATION

Require the Texas Workforce Commission to conduct a true cost-of-quality study.

For an effective cost-of-quality study, the state must engage stakeholders such as providers, advocates, and families and seek their input on what to include in the study.[ii] It should also carefully explore increasing compensation for educators, as early childhood educators are some of Texas's most economically vulnerable professionals. Looking at rent and property values is also essential to understanding child care providers' economic situation in different regions.

[i] Elango, S., García, J. L., Heckman, J. J., & Hojman, A. (2015). Early childhood education. In *Economics of Means-Tested Transfer Programs in the United States*, Volume 2 (pp. 235-297). University of Chicago Press.

[ii] Center for American Progress (2019). *Conducting a Child Care Cost of Quality Study*.



Increase Reimbursement Rates For Subsidy Providers

Equip Child Care Providers to Offer QUALITY Child Care

In Texas, the subsidized child care program is managed by the Texas Workforce Commission (TWC) and is primarily funded by the federal Child Care Development Block Grant (CCDBG). The subsidy program provides financial assistance to help low-income parents engage fully in the workforce and provides children with early childhood education.



- The current subsidy system serves roughly over 136,000 children from low-income families daily, which is only 10% of eligible children.
- Because reimbursement rates are so low, only 46% of the state's 17,000 child care providers (center and home child care) choose to participate in TWC's system.
- There are an estimated 123,000 more low-income children (ages 0-5) with working parents who do not have access to quality care than there are subsidized child care seats.

Texas reimburses subsidy providers per child by age group at four levels, based on the quality of the center, as determined by TWC's Texas Rising Star (TRS) certification level. Reimbursement rates are often too low to cover the actual costs of quality. The low reimbursement rates limit the supply of and access to quality care for families receiving subsidies. Current policy prohibits subsidy reimbursement rates to be higher than providers' published rates. However, child care tuition in low income communities is limited by the ability of neighborhood parents to pay, as much as the market price. Without sufficient reimbursement to cover expenses, providers may not be able to afford to choose to participate in the subsidy program or may limit the number of subsidized children they will enroll.

The state's Child Care Regulation (CCR) program at the Texas Health and Human Services Commission (HHSC) mandates minimum standards for child care centers that define age groups and determine maximum ratios - the maximum number of children per age range for whom one caregiver can be responsible. TWC also defines age ranges and instructs local workforce boards to consider local factors, including a market rate survey to establish maximum reimbursement rates for child care subsidies based on age.

Currently, TWC's and HHSC's definitions of age and the resulting reimbursements do not align. This discrepancy exacerbates the lack of access to quality child care, particularly for infants and toddlers in areas of high need. TWC's current reimbursement structure does not account for more stringent ratio requirements by age group that is mandated by CCR. This makes it extremely difficult for providers to sustain care for younger children.



POLICY RECOMMENDATIONS

- Allow for – but not mandate - reimbursement at higher rate than provider's published prices and increase reimbursement rates for infants and toddlers.
- Align CCR and TWC nomenclature and adjust reimbursement rates to more adequately support child care providers who adhere to (CCR) Minimum Standards and accept TWC's child care subsidies.



Child Care Contract Agreements

Increasing the Supply & Stability of Quality Care

Contract agreements are an effective and proven strategy to build the supply and stabilize high quality care for children from low-income families. Contracts, coupled with the subsidy program, enhance parent choice by expanding options. In 2019, the Texas 86th Legislature passed HB 680 which approves the use of contract agreements by Local Workforce Development Boards (LWDB) with quality providers in the state's child care subsidy program.



The legislation authorizes child care contracts between the LWDBs and child care subsidy providers participating in the Texas Rising Star (TRS) system. LWDBs can identify quality child care shortages in their regional area and enter into agreements with TRS providers to address the gaps in services. Specifically, contracts provide financial incentives to providers to offer care for special populations, require higher quality standards, and guarantee certain numbers of slots to be available for low-income children eligible for subsidized care. The agreement is designed to be with the provider directly and does not follow the child or family if they transition out of care or to a different provider.



Currently, LWDBs can contract with quality providers (TRS providers at 3-Star or higher) in the subsidy child care program. Additionally, a provider must meet one of the following priorities (in no particular order) established by the Texas Workforce Commission:

1. **Quality Child Care Desert** - located in an area where children under the age of six are three times greater than the licensed capacity or an area determined by TWC as underserved,
2. **Pre-Kindergarten Expansion** - have a partnership with a school district to provide prekindergarten program,
3. **Early Head Start and Head Start** - have a partnership with Early Head Start or Head Start,
4. **Infants and Toddlers** - a focus on increasing access for infants and toddlers, or
5. **Other** - satisfy a requirement in the LWDBs strategic plan.



POLICY RECOMMENDATION

Allow local flexibility for contracted slots to increase utilization and maximize seats.

When many providers are struggling to remain profitable because of unpredictable supply and demand, establishing contract agreements with quality providers stabilizes the supply of and access to quality care. Contracts build stable, quality supply by guaranteeing the availability of quality seats in areas of great need. Contracts can also be used as an incentive to increase provider participation in TRS.

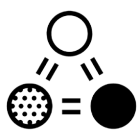
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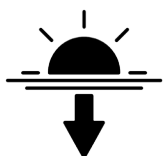


Senate Bill 399 (E. Lucio)

Racial Equity & the Sunset Advisory Commission



Across Texas state government, multiple agencies work to ensure all Texans have equal access to every opportunity. However, because of historic racism, not all Texans are afforded the same opportunities. State agencies must work to address these inequities. By adding assessment of a state agency's efforts to reduce racial disparities, the bill will ensure that state agencies will receive support, instruction, and guidance in efforts to reduce racial disparities.



The Sunset Review is a legislative oversight tool that is used to hold state agencies accountable. Created in 1977 by the Texas Legislature, the Sunset Review seeks to ensure that state agencies are performing at a high standard via an impartial, nonpartisan public forum held to evaluate the need for a state agency and its effectiveness, efficiency and responsiveness to the public. The Sunset Review process has a proven track record of improving state laws that have led to major policy changes in nearly every area of state government.



POLICY RECOMMENDATION

Require the Sunset Advisory Commission to assess the agency's efforts to reduce racial disparities when under review. This requirement would not create new or more government but will instead utilize an existing and long-established process to evaluate how all branches of Texas state government are addressing racial disparities.



The two state agencies that oversee the largest public services, education and healthcare, are the Texas Education Agency (TEA) and the Texas Health & Human Services Commission (HHSC). Of the over 1 million Texas children who had classes canceled because of COVID-19 this past school year, 65% of them were Black and Hispanic. In regards to healthcare, Black and Hispanic Texans made up 71% of the state's uninsured population in 2018. By ensuring that state agencies like TEA and HHSC are working to address racial disparities in their work, Texas can move one step closer to becoming a state where everyone benefits from an equitable playing field.

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Senate Bill 108 (West)/House Bill 710 (Coleman)

Childhood Racial Disparity Impact Statements on Pending Bills

Texas is different for children of different races. White kids are more likely to attend well-funded schools and have health care than Black and Hispanic children. Black babies and Black mothers are more likely to die than white and Hispanic babies and mothers. That is a result of history and policy choices, not coincidence.

Historic and current racism and racial disparities create very different realities for different Texans. Children are not immune from the devastating effects of racism and pervasive disparities in access to education, health care, and opportunity for a lifetime of success. COVID-19 has adversely affected the education and well-being of every child in Texas. However, this negative impact is even more pronounced among Black and Hispanic youth.



- Of the more than 1 million Texas children who had classes canceled because of COVID-19, 65% of them were Black and Hispanic.
- 80% of families in Texas who reported being “food insecure” because of the pandemic were Black or Hispanic.

The pandemic did not create racial disparities. **The pandemic exacerbated racial disparities that have plagued Texas since before it became a state. We can and must think differently about the impact of our laws on children.** Senate Bill 108 and House Bill 710 create a formal process for legislators to examine the impact of proposed legislation on racial disparities among the state’s children.

POLICY RECOMMENDATION: SENATE BILL 108 / HOUSE BILL 710



- Allow the Lieutenant Governor or Speaker to request an analysis of the impact of any pending bill on racial disparities among children.
- Replicate current statute that allows for analysis of the impact of pending legislation on the Texas economy.
- Utilize existing resources at the Texas Legislative Budget Board to complete the childhood racial disparity impact statements.

Racial impact statements can inform legislators of the potential effects of bills on communities of color, or other marginalized communities, and enable them to address systemic inequalities. Currently, the Texas Legislature does not have a formal and clear process for determining if proposed laws will increase or decrease racial disparities. The racial disparity impact statement must include:



- A brief description of the nature and effect of the proposal on children
- A statement of the manner and extent to which the proposal, if implemented, will directly or indirectly decrease racial disparities among Texas children
- Potential result of legislation on childhood racial disparities of state and local governments