

The Impact of COVID-19 on Child Care Centers in Texas

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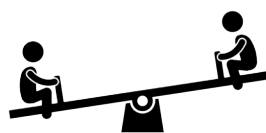
Child care centers, already some of the most economically vulnerable businesses in Texas, provide an essential service to working families and critical early education for young children. Throughout the pandemic, permanent, temporary, and extended closures have left thousands of Texan families without access to reliable child care.

CHILD CARE CLOSURES* AS OF AUGUST 17TH, 2020

25% of all child care centers closed.



13% of subsidized centers closed vs **17%** of non-subsidy centers closed.



14% of Texas Rising Star (TRS) quality-rated centers closed vs. **27%** of non TRS centers closed

*Closures are defined as child care centers either determined to be permanently closed by the Texas Health and Human Services Commission(HHSC) or child care centers that were still closed at the end of the time period observed.

CHILD CARE DESERTS GREW BY NEARLY 50%

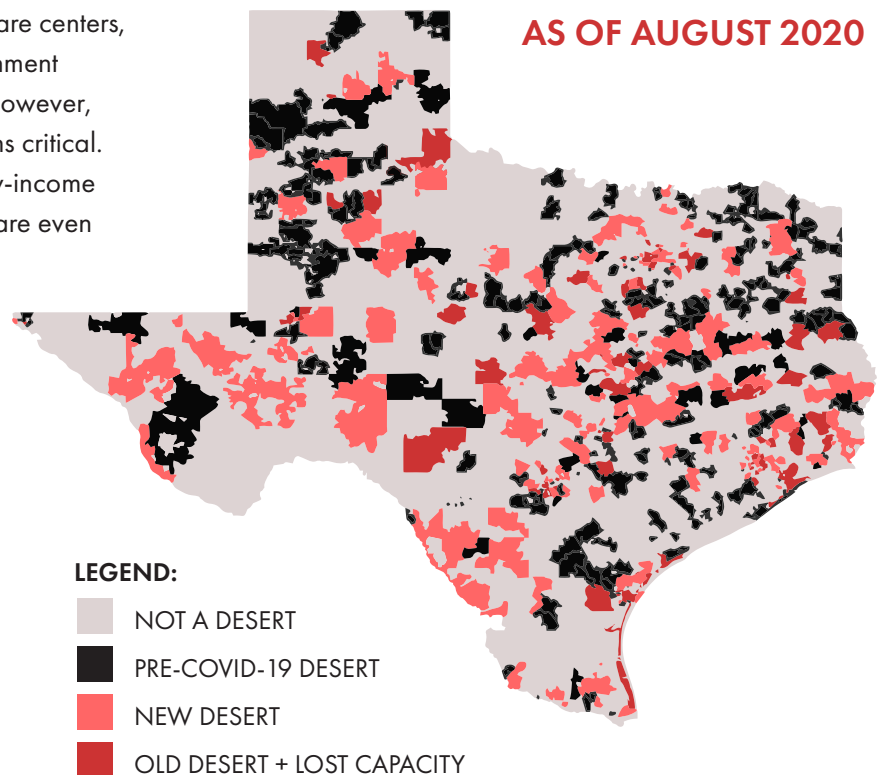
The disruption in the supply of child care led to a dramatic increase in the number of child care deserts in Texas from March to August of 2020. Child care deserts are communities (US Census ZCTAs) with at least 30 children, ages 0-5, where the demand for child care (the number of children, ages 0-5, with working parents) is at least 3 times greater than the supply of child care (licensed capacity of child care providers in the area). In September of 2019, there were 393 child care deserts in Texas, and 184 communities became new child care deserts as of August 2020 because of the lack of consistently available child care.

Subsidized child care centers were better able to remain open when compared to nonsubsidized child care centers, suggesting that subsidies and additional government relief dollars provided much needed stability. However, the need to access subsidized child care remains critical. Before the pandemic, 7-in-10 children from low-income families lived in child care deserts – now there are even fewer options available.

ONE FIFTH OF RELIABLE CHILD CARE CAPACITY WAS LOST

The closures for this time period resulted in lost child care capacity. Across the state, 20% of available capacity was lost due to closures. Texas Rising Star providers lost roughly 11% of their capacity, and a little over 11% of all subsidy seats were lost. The loss of these subsidized quality seats means that fewer low-income families have access to affordable quality care.

CHILD CARE DESERTS AS OF AUGUST 2020



The demand for infant and toddler seats is high due to the growing population and cost of care, and there was already a shortage of infant/toddler seats even before the pandemic, especially in quality rated centers. During the COVID-19 pandemic, another 7 % of infant and toddler seats were lost. It is important that infant and toddler care is available, as this time is critical for early stages of development. During this stage, a child’s brain is malleable, and the elasticity of how the brain develops in these years makes early engagement a strategy for success. Exposure to high-quality early childhood education (ECE) is the foundation to future academic success, especially for children from low-income backgrounds.

	PRE-PANDEMIC CAPACITY	LOST SEATS	REMAINING SEATS	% CAPACITY LOST DURING THE PANDEMIC
<i>Subsidy Impact</i>	484,204	55,565	428,639	11.48%
<i>Quality Impact (TRS Rated)</i>	147,490	16,688	130,802	11.31%
<i>Infant Impact</i>	8,371	585	7,786	7%
<i>Toddler Impact</i>	19,914	1,407	18,507	7%

COMMUNITIES MOST AFFECTED BY CLOSURES

Before 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. Using data collected from the Texas Health and Human Services Commission(HHSC) on extended closures, CHILDREN AT RISK (C@R) conducted further analysis to assess the relationships between child care closures and factors such as provider quality, rates of educational attainment, median family income, and community demographics. Our analysis showed that the communities most likely to experience extended child care closures were:

- **Communities of color:** The pandemic disproportionately worsened access to quality child care for families and communities of color. Families of color experienced child care disruptions at nearly twice the rate of their white counterparts, and child care centers in these communities were overall twice as likely to have extended or permanent closures controlling for all other factors. Additionally, families of color experienced more child care deserts in their communities. A more concentrated effort is needed to support these families and communities.
- **Communities with high levels of higher education:** Communities with a higher ratio of residents having higher educational attainment had high rates of extended or permanent closures. This could be capturing the ability to work from home and possible decision to keep children at home.
- The correlation of high levels of education and center closures is mitigated amongst centers that hold subsidy agreements. This could indicate that subsidy dollars helped stabilize their business.

KEY FINDINGS

1. *Subsidized child care centers, including those who participate in TRS, were better able to remain open when compared to nonsubsidized child care centers, suggesting that subsidies and additional government relief dollars provided much needed stability.*
2. *Child care capacity decreased by 20% across Texas at the height of the pandemic.*
3. *Critical infant and toddler seats were lost across the state.*
4. *In communities of color, child care centers overall were twice as likely to have extended or permanent closures.*

CRRSAA Policy Recommendations

Texas will receive approximately \$1 billion from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Based on our analysis, C@R makes the following recommendations to improve access to quality child care, stabilize the child care industry, and meet the needs of Texas families with young children:

1. Provide Weighted Grants to Support Financially Vulnerable Child Care Programs. The need for financial relief remains as great as ever. With enrollment down across the state and previous relief efforts phasing out, child care providers need support. We urge the state to use federal relief funding to provide grants to providers, both in and outside the subsidy system, that weights funding based on several important factors, including:

- Participation in the state's quality rating and improvement system, Texas Rising Star, with allocations increasing based on the star level;
- Operation in a child care desert;
- Number of children enrolled;
- Percentage of children enrolled who receive financial assistance through the child care subsidy program;
- Number of workers on payroll;
- Service to special populations, including infants and toddlers and medically fragile children; and
- Provision of services during nontraditional hours

2. Provide Business Supports to Stabilize Child Care Businesses. Texas needs to support child care businesses that frequently are inexperienced and ill-equipped to access resources and require some personalized business coaching to secure eligible PPP and other funding opportunities. TWC should spend approximately 1.5% of total one-time funding for business supports to provide short and long-term business sustainability.

3. Wage Supplementation for Early Childhood Educator Retention. Early childhood educators are the key to the provision of quality child care and play a critical role in shaping the developmental outcomes of children. Unfortunately, educators face challenges that prevent them from providing the highest quality care, such as receiving low wages, often resulting in high staff turnover. Texas child care programs are finding it exceedingly difficult to recruit and retain high-quality teachers. This is another barrier for the supply of consistent and reliable child care across Texas. Funding should be used to provide stipends to incentivize retention and stabilize the supply of child care.

PRIORITIES FOR THE 87TH TEXAS LEGISLATURE

We urge the Texas Legislature to pursue policies that increase access to quality affordable child care and strengthen the early childhood education workforce.

1. Improve The Quality Of Child Care For Working Families. Texas Rising Star (TRS) is Texas' Quality Rating and Improvement System for early childhood programs at the Texas Workforce Commission (TWC). TRS is only open to child care providers who accept families receiving child care subsidy assistance and participation is voluntary. 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. **RECOMMENDATION: Require subsidy providers to participate in Texas Rising Star at a basic entry level with supports provided and an appropriate phase-in period.**

2. **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. **RECOMMENDATION: Require TWC to develop and implement 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.**
3. **Increase The Supply And Stability Of Quality Care Through Contracts.** Contract agreements are an effective and proven strategy to build the supply and stabilize high quality care for children from low-income families. Currently there is neither an incentive nor flexibility for Local Workforce Development Boards to develop these agreements with providers. Contracts build stable, quality supply by guaranteeing the availability of quality seats in areas of great need, such as child care deserts. **RECOMMENDATION: Allow local flexibility for contracted slots to increase utilization and maximize seats and provide for incentives for Workforce Boards to offer contracts.**
4. **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. Current reimbursement rates represent only a fraction of what it costs to provide quality care. **RECOMMENDATION: Reimburse subsidy providers at higher rates than "published prices" and increase reimbursement rates for infants and toddlers.**
5. **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. **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.**

METHODOLOGY

The data was provided by the Texas Health and Human Services Commission (HHSC) and contains operational status of child care centers (data on child care homes was not available) from March 6th to August 7th of 2020. An extended closure is defined here as a child care center that was closed 6 weeks or more for this time period.

Changes in the child care deserts were determined by subtracting the capacity of extended closed or permanently closed facilities from the "supply" of child care seats from the CHILDREN AT RISK 2019 Child Care Desert Map. If this updated supply did not meet the demand in that community, this is classified as a new desert.

The remaining analysis used the HHSC data as well as data from the American Community Survey. C@R researchers ran four different logit regression models and estimated odds ratios for the results.

In this analysis a community of color is defined as a community with 66% or more Black and/or Hispanic population and educational attainment refers to the percentage of bachelor holding individuals amongst the population.

To learn more about the methodology used to estimate child care closures, visit childrenatrisk.org/ece.

CHILDREN AT RISK is a member of the Texas Prenatal to Three Collaborative (TXPN3). To learn more about TXPN3's efforts to ensure Texas policies support infants, toddlers, and their parents during the critical period of early childhood brain development, visit texaspn3collaborative.org.

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