



## HB 1964 (Lopez) - 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*.

# Early Childhood Education & the 87th Session

**children at Risk**



## The following organizations and individuals are signed on in support.

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Austin/Travis County Success By 6 Coalition

Brighton Center

Catholic Charities of Dallas

CHILDREN AT RISK

Circle Up, United Methodist Women

CitySquare

Commit Partnership

Dallas Early Education Alliance

Dillon Joyce Ltd

Dominican Sisters of Houston

Early Learning Alliance

Early Matters Dallas

Educational First Steps

Family Association of San Antonio, Inc.

First3Years

Hancock Professional Development Resources &  
Consulting

Happy Days School - Delia Merritt

Houston Area Urban League

Ivy Kids - Hobbs

Kids Kountry Learning Center

Kids R Kids #5 Texas

Kids R Kids Learning Academy Westpointe

Kids R Kids of Lakeshore

Momentous Institute

Open Door Preschools, Austin TX

Rhonda Parker

Sabrin Kinslow, LMSW

SAISD Early Childhood

Texas Association for the Education of Young Children

TexProtects

TXPOST

United Way of Greater Austin

United Way of Metropolitan Dallas

United Ways of Texas

Vanguard Academy

### CHILDREN AT RISK

*Speaking Out + Driving Change for Children*  
childrenatrisk.org @childrenatrisk

### Mandi Sheridan Kimball

Director, Public Policy and Government Affairs  
[mkimball@childrenatrisk.org](mailto:mkimball@childrenatrisk.org)  
512 - 785 - 7132