

children at Risk

TESTIMONY IN SUPPORT OF HB 1964 (LOPEZ)

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UNDERSTANDING THE REAL COST OF QUALITY TO PROVIDE HIGH-QUALITY CHILD CARE

CHILDREN AT RISK supports HB 1964, which requires the Texas Workforce Commission (TWC) to conduct a true cost-of-quality study. High-quality early childhood education is the foundation for future academic success, especially for children living in low-income households. 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 care is less understood. Several factors go into determining how much it actually costs child care providers to offer high-quality care to children, from adequate wages for early educators to sustainable funds for supplies curriculum, and business operations. A clear picture of the cost will help adequately and efficiently invest public funds in high-quality child care.

SCOPE OF THE PROBLEM

Child care providers in the subsidy program receive reimbursement rates for caring for children from low-income families. These reimbursement rates are currently established by the Market Rate Survey, which is conducted by TWC at least every two years to measure regional prices. The Market Rate Survey reflects the prices that families pay for child care in their area. Market Rate Surveys do not reflect the real cost incurred by child care providers, who then must absorb additional costs. Simply put, in many communities, market rates do not report the actual cost of quality child care. Child care providers often artificially deflate their prices to better meet families' needs. Thus, it is possible that these lower prices may not accurately reflect the true costs associated with providing quality care. This limits the supply of quality child care, which in turn affects low-income families as a result.

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An effective cost of quality study would need to engage stakeholders such as providers, advocates, and families for their input on what to include in the study. The study 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.

IMPACT

Market prices typically represent what parents can afford to pay. A true cost of quality study would strengthen the child care industry by attaching a real dollar value to providing high-quality child care. Children from low-income families need and deserve high-quality child care. Setting reimbursement rates based on a cost of quality study would ensure public investments are sufficient to cover high-quality operating costs.