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TESTIMONY IN SUPPORT OF HB 619 (S. THOMPSON | LOPEZ | BUTTON | TALARICO)

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Written testimony for the International Relations & Economic Development Committee

March 24, 2021

IMPROVING THE EARLY CHILDHOOD EDUCATION WORKFORCE

CHILDREN AT RISK supports HB 619, which requires the Texas Workforce Commission (TWC) to develop a statewide plan with goals for helping early childhood educators achieve credentials and degrees, earn living wages, and utilize the Texas Early Childhood Professional Development System (TECPDS). 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 data collection; compensation and turnover; racial equity; professional development; and local workforce board support systems.

SCOPE OF THE PROBLEM

Child care educators are one of the most important factors contributing to quality early childhood education. In addition to setting the foundation for our children's academic, health, and social development, early educators contribute to Texas' economic success by providing the care necessary for many families with young children to work. Despite working in an essential occupation, Texas early educators often receive extremely low wages, limited training or opportunities for advancement, and few benefits. These challenges prevent them from providing the highest quality care. 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.

Child care educator salaries, especially those in programs accepting subsidy payments, do not reflect the complexity of their job. They receive persistently low wages – often so low that roughly 56% qualify for at least one form of public benefit programs such as Medicaid and Supplemental Nutrition Assistance Program benefits and have limited career advancement opportunities. As a result, we see high turnover rates among educators. In addition, earnings do not meaningfully increase as educators earn higher degrees and progress within their careers. In Texas, the average child care educator earns about \$21,000 per year, with an average hourly wage of \$10 per hour.ⁱ An educator working in child care with a bachelor's degree makes on average 50% less than their counterpart in the public school with the same degree.ⁱⁱ

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TECPDS originally began as a trainer registry for trainers to provide professional development to the child care workforce and has evolved to also house the Workforce Registry (WFR). The WFR allows the child care workforce to enter their professional development in an online database to track their professional development requirements. Data collected within this registry provides a better understanding of where the child care workforce is with regards to training, education, compensation, and experience. Currently, there are only a fraction of early educator accounts in TECPDS compared to the estimated 90,000 educators. The registry is underutilized and optional, therefore there is no way to understand the makeup of the current early childhood workforce in Texas.

WHAT THIS BILL DOES

House Bill 619 requires the Texas Workforce Commission to develop a statewide strategic plan for improving the quality of the child-care workforce with goals for helping early childhood educators achieve credentials and degrees, earn living wages, and utilize the Texas Early Childhood Professional Development System.

IMPACT

Paying educators' equitable wages reduces turnover and provides stability for both child care providers and families seeking quality care. HB 619 would strengthen the child care workforce and set statewide goals to help educators meet living wages. Additionally, the bill would have TWC encourage the utilization of TECPDS and WFR to assist educators with professional development and career growth. Educators play a critical role in shaping the developmental outcomes a child gets from quality care. When educators are prepared to teach, compensated adequately, and supported professionally, they are better prepared to contribute to a thriving early childhood workforce and the quality-of-care children receive.

ⁱEarly Childhood Workforce Index (2020). Retrieved from <https://cscce.berkeley.edu/workforce-index-2020/texas>

ⁱⁱCHILDREN AT RISK Calculations using American Community Survey 5-Year Estimates, 2012-2016. IPUMS-USA, University of Minnesota, www.ipums.org

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TESTIMONY IN SUPPORT OF HB 1364 (ROMERO, JR. | MINJAREZ)

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LOCAL FLEXIBILITY FOR CHILD CARE CONTRACT AGREEMENTS

CHILDREN AT RISK supports HB 1364, which encourages local flexibility for use of contract agreements between Local Workforce Development Boards (LWDB) and child care subsidy providers participating in the Texas Rising Star (TRS) system. Under this bill, child care providers may identify and recommend to the LWDB, children who may be eligible to fill an available slot at their center.

SCOPE OF THE PROBLEM

Contract agreements are an effective and proven strategy to build the supply and stabilize high-quality care for children from low-income families, because child care providers can rely on those seats being filled. Contracts build stable, quality supply by guaranteeing the availability of quality seats in areas of great need (i.e., child care deserts, underserved areas, or an area with a shortage of quality child care). Coupled with the subsidy program, contracts also enhance parent choice by expanding options for child care that meet the needs of families.

For many subsidized child care providers, losing a child in their program can mean an extended loss in revenue from reimbursements as they attempt to fill the empty seat. Empty seats also affect the supply of available subsidy slots, as reserved subsidy slots increase the availability of high-quality child care for a subsidy-eligible child. Contract agreements solve this problem by directly contracting with a child care provider to offer a guaranteed number of quality subsidized slots. This allows providers to continue to receive reimbursements for an opened slot as they work to find a child to fill it. By reducing financial pressures to fill open slots, providers are incentivized to accept more subsidized children.

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WHAT THIS BILL DOES

Currently when a contracted slot becomes open, the LWDB will first contact families, in order of priority, that are on the waiting list and requested care in that ZIP code where the funded slot is available. Unfortunately, this process can sometimes take months to complete. HB 1364 would provide LWDBs more opportunities to collaborate with child care providers and efficiently and quickly fill the available slot. Child care providers can recommend children in their community who could be eligible for subsidized child care and fit into a priority group, which may include children receiving social services, foster children, children with disabilities, and others.

IMPACT

HB 1364 would provide greater stability and autonomy to child care providers, allowing them to fill available contracted subsidy slots more quickly. Additionally, contracts serve as an incentive to increase provider participation in TRS, providing subsidy seats to a greater number of children. Providers often have a waiting list of families trying to seek care and are aware of the families most in need within their communities. Allowing child care providers to recommend children to fill contracted slots would increase the availability of high-quality child care for low-income children.

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TESTIMONY IN SUPPORT OF HB 1695 (RANEY)

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Written testimony for the International Relations & Economic Development Committee

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RAISE REIMBURSEMENT RATES TO EQUIP PROVIDERS TO OFFER QUALITY CHILD CARE

CHILDREN AT RISK supports HB 1695, which adjusts the Texas Workforce Commission (TWC) reimbursement rate structure for age-groups to align with the child-to-caregiver ratios set by the Health and Human Services Commission (HHSC). Currently, providers struggle to take advantage of TWC's subsidized child care program because reimbursement rates are too low and based on calculations that do not align with the often-stricter required child-to-caregiver ratios set by the Health and Human Services Commission. By aligning HHSC and TWC standards and adjusting reimbursement rates to reflect that alignment, we ensure that child care providers are equipped with the financial resources their business needs to be successful in providing quality child care.

SCOPE OF THE PROBLEM

Currently, TWC's and HHSC's definition of age and the resulting reimbursement do not align. This discrepancy exacerbates the lack of access to quality care, particularly for infants and toddlers in areas of high need. Reimbursement rates are set by age groups identified by TWC. However, the Child Care Regulation (CCR) program from HHSC also sets standards for age-group ratios – the maximum number of children per age range for whom one caregiver can be responsible. TWC's current reimbursement structure does not account for the more stringent ratio requirements mandated by CCR. This makes it extremely difficult for providers to sustain care for younger children.

The current subsidy system serves roughly over 136,000 children from low-income families daily.ⁱ Texas reimburses subsidy providers per child by age group at four levels. Reimbursement rates are often too low to cover the actual costs of care, particularly for infants and toddlers. Low reimbursement rates create barriers

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for families receiving subsidy care because their child care options are limited by the reimbursement amount providers receive.

Market rates, or published prices, most often reflect the rates that families can pay, and not the actual cost of providing quality care. Current policy prohibits setting reimbursement rates at above the provider's published rate. Inadequately compensating providers who serve children receiving subsidy assistance results in fewer subsidized children being served, as well as the potential of providers having little choice but to compromise on the quality of care they can provide or limit the number of subsidized children they will enroll. Currently, 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. Aligning child care reimbursement rates with age and ratio standards is critical to expanding access to quality affordable child care.

IMPACT

HB 1695 would adjust reimbursement rates to more adequately support child care providers who adhere to CCR Minimum Standards and accept TWC's child care subsidies. The changes to the subsidy reimbursement rates in 2019 provide evidence that Texas has chosen to prioritize and invest in quality ECE by encouraging more providers to become Texas Rising Star-certified. While this is an impressive increase, it is still a fraction of what it costs to provide quality care to infants and toddlers. These adjustments will increase the stability and supply of high-quality child care for low-income families.

ⁱ Texas Workforce Commission (2020). Texas Statewide System Monthly. Child Care by Numbers. Retrieved from https://www.twc.texas.gov/childcarenumbers/Texas_Statewide_System_monthly.html

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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.

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TESTIMONY IN SUPPORT OF HB 2607 (TALARICO | BUTTON)

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Written testimony for the International Relations & Economic Development Committee

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ENSURING PUBLICLY FUNDED CHILD CARE PROGRAMS ARE HIGH-QUALITY

CHILDREN AT RISK supports HB 2607, which expands the Texas Rising Star, requires the Texas Education Agency (TEA) to report on Pre-Kindergarten Partnership agreements, and allows local flexibility for contracted slots. Under this bill, child care providers participating in the subsidized child care program will be required to participate in Texas Rising Star, the state's quality rating and improvement system. Additionally, TEA would collect data to inform strategies for increasing Pre-K Partnerships and child care providers would be able to recommend children in their communities to fill vacant subsidized slots with contract agreements.

SCOPE OF THE PROBLEM

Texas Rising Star (TRS) is Texas' framework to measure, improve, and communicate the quality of Early Childhood Education (ECE) providers receiving public money. Participation in TRS is voluntary and only open to child care providers who accept families receiving child care subsidy assistance.

Quality child care is key to priming a child's brain for future learning. 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. The lack of participation from subsidy providers in TRS significantly limits the number of quality rated subsidy providers that low-income families can choose from. 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.ⁱ That is just 84 quality-rated subsidy seats per 1,000 children.

Currently, there is little to no data collected on Pre-Kindergarten (Pre-K) Partnerships, leading to a substantial dearth of knowledge on the number and locations of effective Pre-K Partnerships. Pre-K Partnerships are collaborative efforts in which public educational institutions contract with private child care providers to increase the number of available public Pre-K seats. They are an effective way of ensuring that eligible children can receive free full-day Pre-K and allow both public schools and child care centers to maximize funding that benefits both parties. Pre-K Partnerships are a critical

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innovative solution to improving the quality of ECE for low-income children because they focus on creating access to additional quality seats through the partnership with TRS providers.

Participation in TRS also allows providers to contract with Local Workforce Development Boards (LWDB) to guarantee availability of quality seats in areas of great need. Contract agreements are effective and proven strategy to ensure that providers reserve a certain number of available seats for subsidized children, thereby stabilizing the supply of child care seats available. Local flexibility for contracted slots would provide LWDBs more opportunities to collaborate with child care providers and ensures that low-income children most in need in a community can receive an available seat.

WHAT THIS BILL DOES

High-quality early education is the foundation to future academic success, especially for children from low-income backgrounds. To ensure a smooth transition for providers, HB 2607 will first use a phase-in approach for the subsidy providers currently not participating in TRS by creating an entry-level rating. This will ensure the support systems are in place by the Texas Workforce Commission to assist providers. 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. Secondly, HB 2607 requires the Texas Education Agency to report Pre-K Partnership agreements. Data collection will help to inform efforts to enhance partnerships and identify barriers to making Pre-K Partnerships successful. Lastly, HB 2607 enables providers to recommend children in their community to LWDBs who could be eligible for subsidized child care. This flexibility allows provides greater stability and autonomy to child care providers.

IMPACT

To ensure that low-income children in publicly funded programs are getting the quality supports that benefit them, requiring subsidy providers to become Texas Rising Star certified will create transparency and accountability of government dollars, while simultaneously prioritizing quality. Requiring participation of subsidy providers will significantly increase the number of children accessing quality care. Access to child care alone is not enough; the state must also work to improve the quality of child care programs available, especially those that are serving low-income children through the subsidy program. In doing so, we can better ensure that the funding allocated to support our most vulnerable children is being used effectively. Contracts and Pre-K Partnerships can also be used as an incentive to increase provider participation in TRS.

ⁱ Children at Risk. (2020, June). *Child Care Deserts Across Texas*. <https://childrenatrisk.org/childcaredeserts/>