

children at Risk

International Relations & Economic Development Committee

Invited Testimony

May 19, 2022

Thank you, Chairwoman Button and members of the IRED Committee, for prioritizing early childhood education and the child care industry at this interim hearing. The pandemic has reminded us that a strong, robust, high-quality child care system is vital to the overall Texas economy. As someone who has worked within the child care system for many decades, low wages and high turnover have always been part of the lives of child care workers in Texas. However, the COVID-19 pandemic has brought to the forefront just how critical child care is to the rest of the economy. It is hard to go a day without seeing an article regarding the situation families with young children and our child care providers are in either on the local or national news.

State of Child Care

When the world shut down in March 2020, child care programs across Texas continued to care for children and their families. First responders had to work. Medical professionals had to work. Texans still needed child care. However, the last two years have not been easy. According to data from Child Care Regulations at the Texas Health and Human Services Commission, *Texas has lost 21% of child care providers* from March 2020 to September of 2021. Out of those closed programs during that time, 41% of the providers served infant and toddlers, and 79% of them were child care homes, which disproportionately affects rural communities, communities of color, and families needing non-traditional hours of care. When we look at the actual number of possible enrollments, in 2019, Texas had 87.1 child care seats per 100 children of working parents, *in 2021, we have 54.9 seats available per 100 children*. That is a 37% drop in availability for working families. Since the beginning of the pandemic until September 2021, Texas had an additional 242 communities become child care

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deserts. A child care desert is zip code where the demand for child care is three times greater or more than the supply of child care. Texas has seen a 62% increase in communities that are child care deserts statewide since the start of the pandemic!

Yet, we know of two factors that made a difference in child care providers staying in business: the Texas Workforce Commission's Texas Rising Star program which supports quality providers and the COVID Relief stabilization grants from the federal government, also administered by the Texas Workforce Commission. Out of all the providers that closed, only 2.9% of them were Texas Rising Star programs. And 98.4% of programs who received the first round of stabilization grants during the summer of 2021 remained open. However, these two factors alone are not enough to ease the struggles of child care providers when it comes to the staffing crisis the entire labor market is facing. According to a national survey of child care providers by the National Association for the Education of Young Children, "two-thirds of respondents reported experiencing a staffing shortage that affected their ability to serve families; 52% of those with staffing shortages were forced to serve fewer children while 37% had a longer waiting list." Therefore, the child care providers that did stay open are not necessarily at full capacity because they don't have the staff to properly care for children and operate their business. You will hear from providers today on their very real struggle to maintain their own workforce. As a reminder, the median annual wage for child care educators in Texas is approximately \$20,300 with an average hourly wage of \$10.15, resulting in 56% of educators qualifying themselves for at least one form of public assistance. Current Child Care COVID Relief Funds are helping providers to pay their educators more. However, this is not a permanent fix. Providers are already concerned about maintaining higher wages once state and federal help end. And – as other employers have seen - even with the relief funds, providers are not able to pay their educators at a competitive level in the Texas labor market.

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It is not an exaggeration to say that the men and women of the Texas Workforce Commission had a large hand in saving the Texas child care industry during the pandemic and they deserve our thanks and appreciation. We could not have asked for better leadership at TWC. The last two years have been non-stop for child care providers but also for TWC, from their response to the initial affects of the pandemic to their thoughtful and innovative spending of the COVID relief dollars to implementation of those ideas. We are continually thankful for their partnership, their forward thinking and striving to put children, families and the child care providers first in their decision making.

We are also grateful to the rapid response of Madam Chair Button and this entire committee last session. You saw that child care providers were struggling, and you acted decisively and quickly. The passage of the landmark bills included in today's hearing: HB619, HB 1792, HB 2607, HB 3797 and SB 1555 helped Texas prepare for the challenges of supporting our employers, our parents, and more importantly our children. Texas is moving Texas in the right direction.

Sometimes I think someone had a crystal ball last year because the timing of HB 2607 and HB 619 could not have been more perfect as we are currently in this workforce crisis. I, along with many of my very brilliant colleagues, have the privilege of participating on the HB 619 Stakeholder Workgroup, studying and making suggestions on a strategic plan to address the issues around the early childhood workforce. We are looking forward to the continued work throughout this year, and the report to follow. HB 2607 is also being implemented at a time when TWC and Local Workforce Boards have the dollars from the COVID Relief Funds to put extra supports and resources in helping providers start their Texas Rising Star journey. The data is clear. Texas Rising Star works for children and provided the supports providers needed to keep their doors open to support families and the economy.

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Recommendations

As we think towards the 88th Legislative Session and what next steps to ensure Texas child care industry is as strong as all industries in Texas, we have a few recommendations:

- **Support and strengthen the child care workforce through compensation and education.**

If we want to not only keep our current child care workforce but build a pipeline for future educators to come into this field, we have to make sure it is one that has a viable livelihood.

- **Remove barriers and incentivize partnerships between independent school districts and high-quality child care providers to maximize taxpayer dollars and to increase pre-kindergarten and child care capacity for working parents**

One of the barriers to these public-private partnerships is the different eligibility criteria for the two programs. If we were able to align the eligibility and enrollment requirements for these two programs for children enrolled in a Pre-K Partnership setting, more families would have increased choices of what option is best for their family ensuring that their child is getting a high-quality Pre-K experience no matter the setting. Aligning eligibility increases efficiency and also maximizes taxpayer dollars.

- **Improve access to quality child care across settings for working parents**

- Quality child care is important to all families and should not be determined by the type of program a family chooses. When we are able to think about a holistic system for children birth through age 5 across settings (public school, child care, family child care, faith-based programs, Early Head Start, Head Start and charter schools), families are able to determine what setting is best for their individual family.
- There is also a need to explore how to build consistency across the state within the varying Local Workforce Boards. We recently held focus groups with TRS and non-TRS providers regarding their participation or lack thereof in TRS. One of the frustrations was the inconsistency across Local Workforce Boards in the level of supports and resources provided to achieve TRS recognition. Additional oversight or systems thinking is needed to ensure all providers are given equitable resources and supports.

- **Increase reimbursement rates for child care providers providing higher quality care**

- We are so thankful to TWC's leadership in raising base reimbursement rates as well as for each Star level in October 2021. However, more needs to be done. Currently, if a provider charges less than the published reimbursement rate, they law requires them to be reimbursed at their lower rate. This hurts providers in low-income areas the most. For example, if a provider is only charging \$25/day for a toddler because that is what the families in her community can afford, but the TWC reimbursement rate for a toddler is \$35/day, she is reimbursed at her published rate of \$25/day. The provider is in effect being punished for providing care in a low-income area.
- We also need to look at how, as a state, we set our reimbursement rates. Currently we set our rates base on a Market Rate Survey. The state survey's providers from across the state to determine what providers on averaging are charging families in their areas. From these calculations, the state sets reimbursement rates for each Local Workforce Board. The issue with

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this is child care providers are unable to charge families what it truly costs to provide high quality care. The state should use an alternative methodology that looks at the true cost of care and determine reimbursement rates based on those calculations.

- **Increase state investment in child care**

Where does the money come from you might be asking? And that is a good question. We know there are at least two pieces of federal legislations in Congress one authored by Democrats and one authored by Republicans. But honestly, who knows when anything will get done at the federal level. Therefore, it is time for us, as Texans, to start having the conversation around how do we invest in our own children, our own families to ensure they not only have a high-quality early learning experience but their parents are able to go to work and their early childhood educators are compensated and respected for their profession and expertise. Early childhood education is important for our children and for the Texas Economy to thrive.

Thank you for your time today and I'll be happy to answer any questions.

Sincerely,

Kim Kofron, M.Ed.

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