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Paving the Way to Quality

REPORT & STATEWIDE ANALYSIS

An Analysis of Texas Local Workforce
Development Board Spending & Quality
Investments

SEPTEMBER 2024



In 2022, CHILDREN AT RISK published *The Quest for Equity and Quality: Examining Provider Experiences and Participation in Texas Rising Star*. This report highlighted the difference in provider experiences with the Texas Rising Star (TRS) program across Texas' 28 Local Workforce Development Boards (LWDBs).

Following this, *Paving the Way to Quality: Analysis of Texas Local Workforce Development Board Spending & Quality Investments*, dives deeper into:

- 1 How each LWDB spends their Child Care Quality dollars,
- 2 Overall participation in TRS and Child Care Deserts in their region, and
- 3 Variables related to LWDB choices in critical areas of both provider professional development and family access to Child Care Services.

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PAVING THE WAY TO QUALITY

Analysis of Texas Local Workforce Development Board Spending & Quality Investments

INTRODUCTION

In 2022, CHILDREN AT RISK produced *[The Quest for Equity and Quality: Examining Provider Experiences and Participation in Texas Rising Star](#)*, a report that documents notable variations among the 28 Local Workforce Development Boards (LWDBs or Boards) in Texas. Child care providers, both child care centers and family child care homes, from across the state shared vastly different experiences with the Texas Rising Star (TRS) program, which establishes the standard for high-quality child care statewide.

The Texas Workforce Commission (TWC) allows the Boards autonomy to determine the use of the Child Care Quality funds. However, each LWDB shares the same goal: to provide the necessary supports to ensure all providers participating in Child Care Services (CCS)—the program which provides child care scholarships to low-income qualified families—reach a level of quality rating to qualify for TRS funding.

The Quest for Equity and Quality documents the varied outcomes and experiences with TRS, and that variability largely depends on the location of each program within its prescribed LWDB.

As a follow-up to that work, our September 2024 report, *Paving the Way to Quality: Analysis of Texas Local Workforce Development Board Spending & Quality Investments*, dives deeper into [1] how each LWDB spends their Child Care Quality dollars, [2] overall participation in TRS and Child Care Deserts in their region, and [3] variables related to LWDB choices in critical areas of both provider professional development and family access to CCS.

We begin the report by providing background information on the interaction between federal and state requirements for funds available to support child care. We then examine **five key aspects across the 28 LWDBs in relation to CCS:**

- ENHANCED QUALITY THROUGH TARGETED FUNDING INVESTMENT
- PROVIDER PARTICIPATION IN TRS
- CHILD CARE DESERTS AND DEMONSTRABLE NEED FOR SERVICES
- LWDB ADMINISTRATIVE DECISIONS AND POLICIES
- LWDB ENGAGEMENT OF CHILD CARE EXPERTS IN GOVERNANCE

We conclude this report with a detailed discussion of our findings along with recommendations for the communities served by the Texas Legislature, TWC, and LWDBs across the state.

We are confident that leaders throughout Texas understand the critical role of child care in our economy and in the lives of our children and families. We hope this report will be used not only to look at the system as a whole, but also to leverage the local information to make continued improvements that ensure all children and families have access to high-quality child care.

CHILD CARE FUNDING

The federal Child Care Development Block Grant (CCDBG) administered by the TWC provides 28 LWDBs funding for child care scholarships to low-income working families with children, along with required set-asides for quality improvements.

Federal rules require that no less than 70% of those funds can be used for direct care, no less than 9% of the funding can be used for quality initiatives, no less than 3% for infants & toddlers quality initiatives, and no more than 5% for administrative activities. **In grant year 2021, Texas expended existing grant funds in the following manner:**

- 69.04% on direct care*
- 19.59% on quality improvement
- 5.74% expended on infants & toddlers
- 2.71% on administrative activities

**The federal 70% expenditure requirement is calculated after setting aside expenditures on quality, infant & toddlers, and administrative activities. Thus, Texas meets the 70% requirement for direct care.*

Each LWDB receives a child care allocation from the State of Texas through TWC, which includes money for direct care as well as funding for quality improvement initiatives for child care programs in their region. They also receive a distribution for TRS mentor funds.

TRS mentor funds are allocated into two categories:

- TRS Personnel Costs, which represents the salaries and benefits of staff¹ involved in TRS technical assistance and mentoring services and
- TRS Promotions and Supports.

The latter provides funding for staff supports, such as training, travel, postage, communications (including printed materials), supplies, facility rental space, and information technology materials. This cost category also includes supports for mentors' participation in TRS certification coursework and TWC's required coaching microcredential.

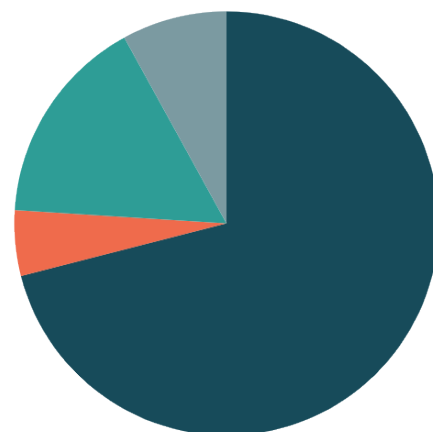
STATEWIDE OVERVIEW

TRENDS IN QUALITY ALLOCATIONS BY LWDB

In BCY23 (Board Contract Year), the breakdown of all 28 LWDBs spending of non-direct funds consisted of 71% spent on quality improvements, 16% on promotions and supports for TRS mentors, 5% on personnel costs, with 8% left unspent. Various reasons exist for the 8% of unexpended funds which include, but are not limited to, an inability to hire staff or a contract executed behind schedule. Boards can reallocate those funds within a contract budget period. However, TWC sweeps any unexpended funds at the end of the year to be allocated for future allotments. Each LWDB is permitted to identify how to allocate and spend the Child Care Quality funds on quality initiatives to best meet their individual goals and

STATEWIDE SPENDING OF QUALITY IMPROVEMENT & ADMINISTRATIVE DOLLARS

Figure 1



- Quality Improvement (Non-Direct) (71%)
- Personnel Costs (5%)
- Promotions & Supports (16%)
- Unexpended (8%)

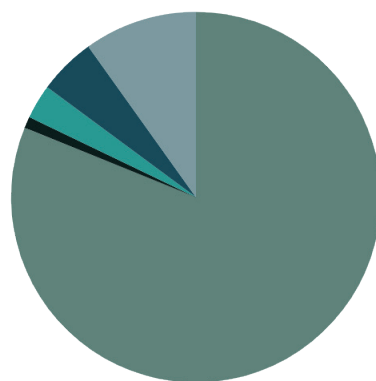
the needs of the child care and early learning programs within their area, given the initiatives align with the **Quality Activity & Expenditure Requirements** outlined by TWC. The following spending categories encompass all allowable Child Care Quality expenditures (Quality Improvement, Non-Direct):

- **Training & Professional Development:** Support the training and professional development of the child care workforce.
- **Texas Rising Star:** Develop, implement, or enhance a quality rating and improvement system (QRIS) for child care and early learning programs.
- **Infant & Toddler Activities:** Improve the supply and quality of child care for infants and toddlers.
- **Health & Safety:** Support compliance with state requirements for licensing, inspection, monitoring, training, and health and safety.
- **Evaluation & Assessment:** Evaluate the quality of child care programs in the state, including how programs positively impact children.
- **National Accreditation Support:** Support child care and early learning programs in the voluntary pursuit of accreditation.
- **Other Allowable Activities:** Improve the quality of child care services supported by outcome measures that improve child care and early learning program preparedness, child safety, child well-being, and/or kindergarten entry.

In 2023 (BCY23), 82% of the Child Care Quality funds across all 28 LWDBs were spent on initiatives supporting **Texas Rising Star (TRS)**, 10% on **professional development**, 5% on specific **infant and toddler** supports, 3% on **evaluation and assessment tools** for child care programs, and 1% on **health and safety**.

TOTAL QUALITY FUNDS EXPENDED STATEWIDE

Figure 2



- Texas Rising Star (81.1%)
- Health & Safety (1%)
- Evaluation & Assessment (3%)
- Infants & Toddlers (5%)
- Professional Development (9.9%)
- National Accreditation & Support (0%)

Although a few Boards supported efforts toward **national accreditation**, the dollar amount was so slim it amounted to virtually 0% of the total amount spent.

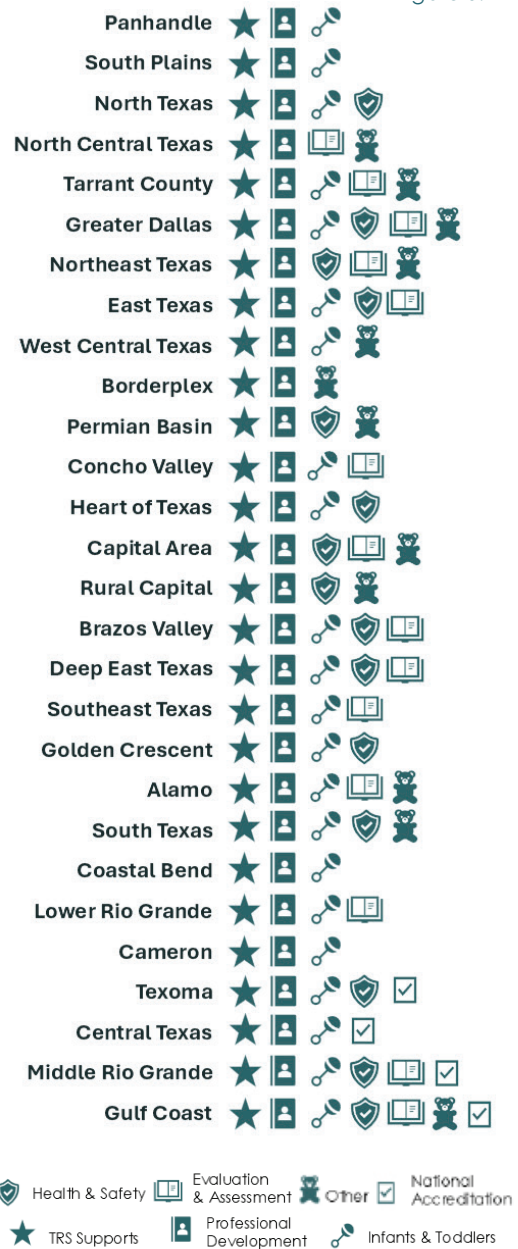
ANALYSIS OF TRENDS

The recent analysis revealed that all 28 LWDBs expended money on **TRS supports** and **professional development opportunities**. A significant majority, 79%, of LWDBs allocated funds toward programs for **infants and toddlers**, emphasizing the importance of birth to age three. **Health and safety** initiatives also received considerable attention, with 54% of Boards dedicating resources to ensure the well-being of children in care. Half of the Boards invested in **evaluation and assessment**, highlighting their commitment to monitoring and improving not only the quality of classrooms but also educators' assessment of child development. **National accreditation** was a less common focus, with only 14% of Boards directing funds towards this area. Finally, 46% of Boards reported expenditures in various **other categories**, reflecting a diverse range of priorities and initiatives beyond the primary areas mentioned.

The **TRS** category encompasses a diverse array of initiatives aimed at enhancing the quality of child care services. Among the LWDBs, 26 out of the 28 LWDBs invested in purchasing equipment, furniture, resources, and materials for classrooms, demonstrating a strong commitment to creating conducive learning environments. Additionally, 75% of the LWDBs allocated funds to purchase curriculum. Outdoor learning received considerable attention as well, with 57% of the Boards purchasing equipment to support these activities. A smaller segment, nine out of the 28 LWDBs, directed part of their budget towards salaries for TRS mentors and assessors, in addition to the funds Boards receive for TRS Personnel Costs. Investment in parent engagement or outreach ma-

SPENDING BREAKDOWN BY CATEGORY

Figure 3.1



terials was relatively limited, with only six out of the 28 LWDBs dedicating resources to this area.

Professional development was a key focus for all LWDBs utilizing their Child Care Quality funding. Every LWDB provided various in-person and virtual training sessions for child care providers and their staff, and 79% of the Boards funded opportunities for early childhood educators to attend local, state, and national conferences, promoting continuous learning and networking. Additionally, 71% of the Boards supported educators in obtaining their Child Development Associate (CDA) credential, covering costs such as classes, assessment fees, or offering bonuses upon completion.

Seven LWDBs went further by providing college scholarships for educators pursuing associate or bachelor's degrees in child development, and three Boards (North Central Texas, Gulf Coast and Heart of Texas LWDBs) participated in apprenticeship programs for early childhood educators. Moreover, nine LWDBs held specific training sessions for new or interested child care programs, focusing on onboarding and orientation to the TRS program.

A notable 79% of the LWDBs dedicated funds specifically to programs for **infants and toddlers**, with a large portion of these resources allocated to professional development for educators in this area. However, most of the expenditures focused on the purchase of infant and toddler curriculum, furniture, equipment, materials, and outdoor equipment, ensuring that the youngest learners have access to high-quality, enriching environments.

Additionally, two LWDBs (Greater Dallas and Golden Crescent) allocated some of their funding to support Infant and Toddler Expansion Grants, further emphasizing their commitment to expanding and enhancing services for this critical age group. This strategic investment underscores the importance placed on early childhood development and the need for specialized resources and training to support it.

Health and safety initiatives received funding from 54% of the LWDBs. These supports included first aid and CPR training, AED equipment, first aid kits, and shade structures for playgrounds, all aimed toward ensuring the well-being of children in care. Additionally, 50% of the LWDBs allocated funds for **evaluation and assessment tools**, which predominantly included published classroom assessments and child development checklists.

Four LWDBs (Texoma, Central Texas, Middle Rio Grande, and Gulf Coast Boards) supported child care programs working toward **national accreditation** standards. These accreditations, provided by national organizations, represent a higher standard of quality compared to the TRS system. By assisting programs

in achieving these rigorous standards, the LWDBs demonstrate a commitment to elevating the quality of child care services, ensuring they meet and exceed national benchmarks for excellence.

The **other** category, which 46% of the LWDBs invested in, is primarily comprised of Shared Services, Pre-K Partnerships, and Wage Supplements/Retention Bonuses. Five LWDBs invested in shared services supports, which included the purchase of child care management system software to streamline business operations. Four LWDBs supported Pre-K partnerships with local independent school districts, fostering collaboration and resource sharing. Additionally, 25% of the LWDBs provided wage supplements, retention bonuses, and educational attainment awards to child care workers, with some of these incentives extended over a period of time, but the majority were one-time awards. Participation in these incentives varied widely, with some LWDBs reporting widespread participation and others, such as one LWDB, providing a one-time incentive to just one employee in a single child care program.

To find a more detailed analysis please refer to Appendix B Figures 3.2-3.4.

Family Child Care

While Family Child Care (FCC) providers make up a small percentage of child care services across the state, they are vital contributors to the early childhood ecosystem, particularly in rural communities and communities of color. After losing 21% of all child care providers during the COVID-19 pandemic, child care centers across the state have rebounded to pre-pandemic levels. However, family child care providers have not. Family child care, both registered and licensed homes, have experienced an 18% loss between September 2019 and September 2023.

LWDBs are not required to differentiate their quality initiatives specifically to support family child care providers. Many times, LWDBs offer family child care providers the same supports (i.e. materials, curriculum, and resources for the classroom as well as professional development trainings) provided for child care centers. Despite this, a few Boards reported support provided to FCC providers. Central Texas provided specific professional development for family child care, supported an FCC through National Accreditation for Family Child Care accreditation process, and conducted Family Child Care Network meetings.

TEXAS RISING STAR

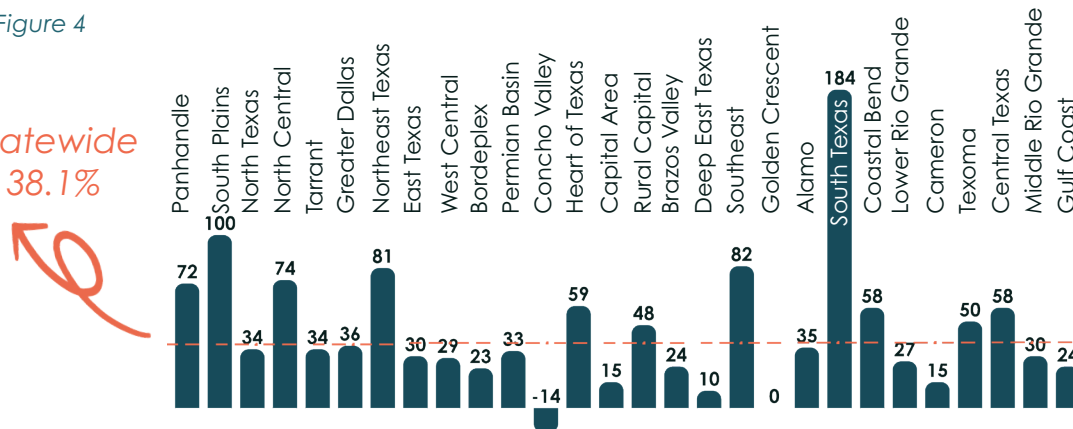
With the passage of House Bill (HB) 2607 in 2021, the TRS quality rating program moved from a voluntary program to a requirement for child care providers participating in TWC’s Child Care Services by September 30, 2024.

Although HB 2607 outlined a three-year implementation period, the COVID-19 pandemic—as well as system changes to the assessment process—slowed down the transition. However, between BCY22 and BCY23, there has been a 38% increase statewide in the number of providers participating in TRS, with 36% of the Boards having a growth of more than 50% and 61% of LWDBs gaining 30% or more of TRS-certified providers. South Texas had a 185% increase in participation, while Concho Valley saw a 14% decrease in participation.

PERCENT CHANGE IN TRS PARTICIPATION RATE (2022-23)

Figure 4

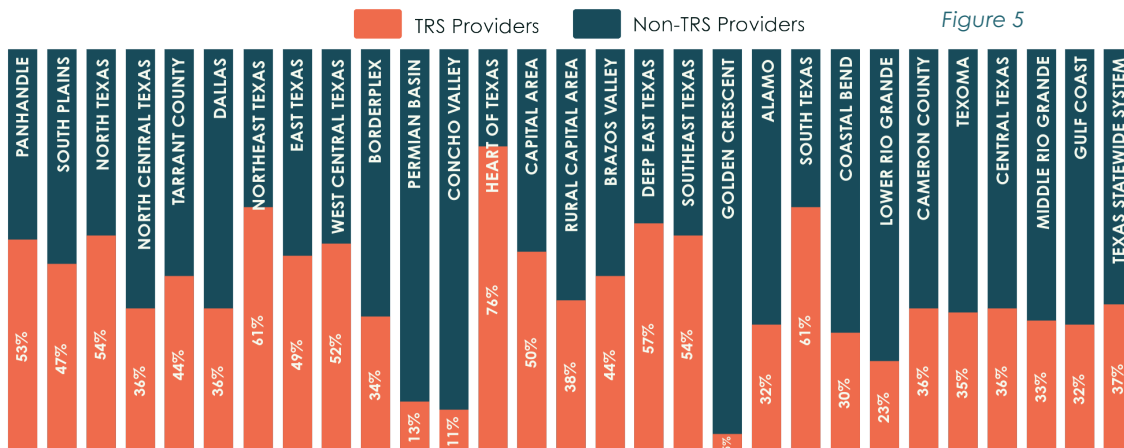
Texas Statewide System: 38.1%



As LWDBs continue onboarding and supporting child care programs toward achieving 100% participation in TRS, the TRS 3-Star level experienced the highest percentage growth, increasing by 74.4% in BCY22-23. However, the TRS 4-Star level remains the category with the highest number of providers, totaling 1,471 child care providers across the state.

SHARE OF TRS VERSUS NON-TRS PROVIDERS

Figure 5



The growth in TRS providers resulted in around 20,000 additional children participating in high-quality child care. This marks the first time in the history of TRS where more children receiving child care scholarships are being served by a TRS program than non-TRS program. Yet only 36.7% of child care providers participating in CCS are in TRS statewide. Just 29% of Boards are at 50% or higher participation, with 50% of all Boards between 30-49% participation and 21% of Boards lower than 30% of participation. For example, Heart of Texas Board has the highest share of child care providers participating in TRS with 76%, whereas Golden Crescent Board has the lowest share of providers participating in TRS at 5.3%.

THIS MARKS THE FIRST TIME IN THE HISTORY OF TRS WHERE MORE CHILDREN RECEIVING CHILD CARE SCHOLARSHIPS ARE BEING SERVED BY A TRS PROGRAM THAN NON-TRS PROGRAM.

CHILD CARE DESERTS

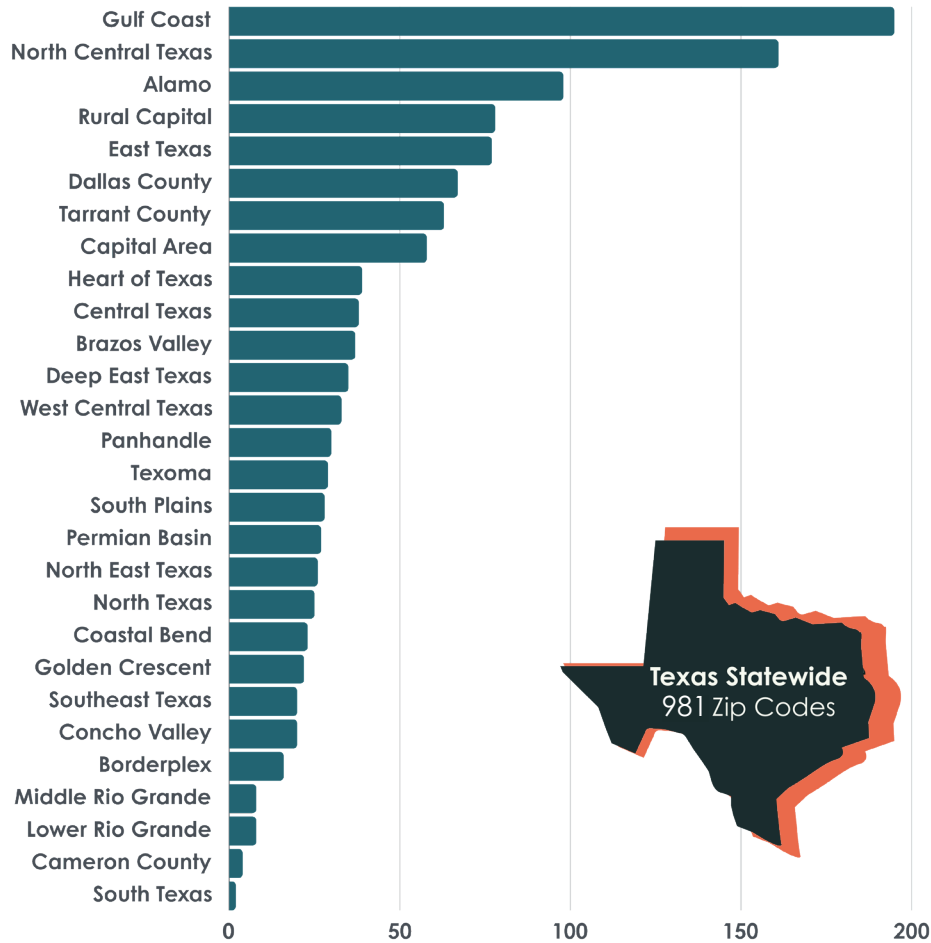
While work remains to increase the number of child care providers participating in TRS, it is also important to consider whether these child care programs are located where families truly need them. TRS Child Care Deserts are zip codes with at least 30 low-income children, ages zero to five, where the demand for subsidized child care (the number of children, ages zero to five, with working parents living below 200% of the Federal poverty line) is three times greater or more than the supply of TRS-certified child care.

Since CHILDREN AT RISK began tracking Child Care Deserts in 2017, TRS providers have consistently had the largest share of desert zip codes throughout the state. Out of the 1,933 zip codes throughout Texas, 981 (51%) of zip codes are designated as TRS Child Care Deserts, 859 (44%) are designated subsidy Child Care Deserts (zip codes without an adequate supply of child care providers serving low-income families), and 365 (19%) are overall Child Care Deserts. Gulf Coast and North Central, two of the largest LWDBs (with 13 and 14 counties respectively), have the highest number of TRS Child Care Deserts, while South Texas and Cameron LWDBs have the fewest number of TRS Child Care Deserts.

TRS Child Care Deserts also demonstrate access to high-quality seats for low-income working families. The statewide average is just 7.2 high-quality seats for every 100 children of low-income working parents. Nearly two-thirds of all LWDBs (61%) have less than 10 seats per 100 children of low-income working parents, and 25% of Boards have between 10-16 seats per 100 low-income children.

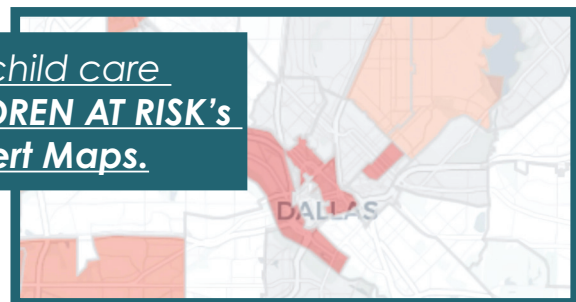
NUMBER OF TRS CHILD CARE DESERTS

Figure 6



However, five Boards are performing much better than the statewide average. Borderplex has 25.9 seats per 100 low-income children, South Texas has 31.9 seats per 100 low-income children, Cameron has 40.4 seats per 100 low-income children, Middle Rio Grande Valley has 57.7 seats per 100 low-income children, and Lower Rio Grande Valley has the most seats with 59.8 per 100 children of low-income working parents.

To explore additional child care desert data, visit **CHILDREN AT RISK's** [online Child Care Desert Maps](#).



LWDB ADMINISTRATIVE DECISIONS & POLICY

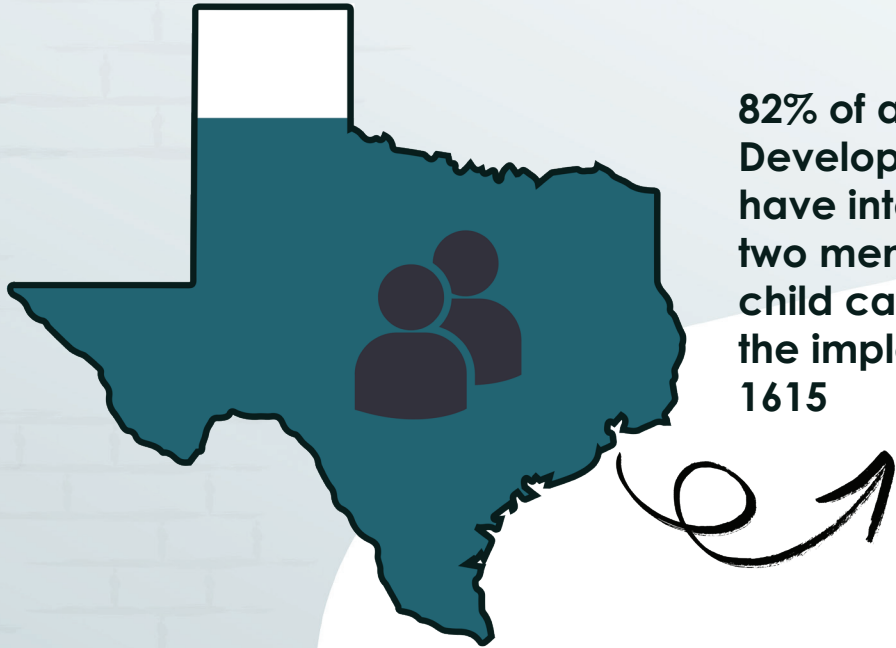
LWDBs have a multitude of other ways to support child care programs and families in their service area including [1] the number of holidays child care programs are allowed through Child Care Services without being financially penalized and [2] how children and families are prioritized for eligibility.

Each LWDB is required to provide child care programs with a minimum of nine paid holidays, enabling child care programs to offer child care staff paid holidays while continuing to collect fees for children on scholarship. These paid holidays can be used for traditional holidays and for professional development days. For example, a child care program may choose to close to the care of children on President's Day but require the staff to participate in paid professional development. Currently, 43% of LWDBs offer a minimum of nine paid holidays and 25% of LWDBs offer 12 or more days, with Alamo offering the most at 15 days a year. Four LWDBs offer a tiered increase in paid holidays based on TRS Level.

The federal and state governments establish first and second tiered priority groups, respectively, to help entities determine which children are prioritized to receive child care scholarships once the other requirements are met, including income eligibility. LWDBs can elect to add a third tier of prioritization. All but one LWDB, Permian Basin, have a third tier of eligibility. The number of groups within this third prioritization level ranges from 0-8 different groups across LWDBs: 46% of LWDBs have one or two groups in the third tier and 39% have four or five groups. A sizable number (82%, or 23 out of the 28 LWDBs) prioritize siblings of children already receiving child care scholarships as a third-tier priority group. Three LWDBs (North Central, East Texas and West Central) have included children of parents working at a regulated or licensed child care providers.

ENGAGEMENT OF CHILD CARE EXPERTS IN LWDB GOVERNANCE

With the passage of House Bill 1615 during the 88th Texas Legislature (2023), each LWDB is now required to have at least one member of their Board represent the child care workforce. Prior to passing HB 1615, LWDBs were required to have a member with expertise in child care or early childhood education. Under HB 1615, a representative from the child care workforce includes a current owner or director of a child care provider who is licensed by or registered with the Texas Health and Human Services Commission's Child Care Regulation division. Since implementation of HB 1615, many LWDBs have exceeded expectations with 82% of LWDBs integrating two or more members with some child care expertise into their Boards.



CONCLUSION

This report examined five key aspects of the 28 LWDBs in relation to Child Care Services: how they are spending their child care quality funds, TRS participation, the need for child care services through an analysis of Child Care Deserts, LWDB administrative decisions and policy, and engagement of child care experts in LWDB governance. TWC not only provides child care scholarships to the 28 LWDBs, but allows the Boards autonomy to determine the use of the Child Care Quality funds to provide the necessary supports ensuring all providers participating in CCS reach the level of quality to qualify for TRS.

QUALITY INVESTMENT AND TRS

Progress has been made in bringing child care providers onto the TRS system, but there is still a long way to go to meet 100% participation. While there are similarities and differences across the LWDBs regarding how they use these quality funds to support child care programs, **several questions remain:**

- HOW DO BOARDS DETERMINE THE DIRECTION AND FOCUS OF THEIR FUNDING?
- ARE THESE SUPPORTS AND MATERIALS TRULY ALIGNED WITH WHAT CHILD CARE PROVIDERS NEED TO SUCCEED?
- HOW WILL THE SUPPORT PROVIDED BY LWDBS IN BCY24 AND FUTURE YEARS AID IN ACHIEVING THIS GOAL?
- HOW HAS THE ONBOARDING OF PROVIDERS ONTO TRS BEEN AFFECTED BY THE SYSTEM CHANGES TO THE ASSESSMENT PROCESS WITH THE IMPLEMENTATION OF CENTRALIZED ASSESSORS?
- ARE THE FINANCIAL INCENTIVES AND SUPPORT PROVIDED BY TRS THROUGH THE REIMBURSEMENT RATES AND THE VARIOUS QUALITY INITIATIVES ENOUGH FOR PROVIDERS TO CONTINUE TO PARTICIPATE IN THE SYSTEM?
- ALTHOUGH WE KNOW THE CATEGORIES OF EXPENDITURES, WHAT ARE THE PERCENTAGES OF DOLLARS ALLOCATED TO EACH INITIATIVE AND SUPPORT?

Addressing these questions is essential for ensuring resources are effectively utilized to enhance the quality of child care across the state.

CHILD CARE DESERTS

The need for high-quality child care is significant, as families across the state struggle to find options that meet their needs and budget. Too many child care deserts persist, limiting families' choices and impacting their ability to work and provide for their families. As communities continue to analyze the supply of child care, we need to take a deeper look, **asking ourselves several questions:**

- WHAT DOES THE SUPPLY OF CHILD CARE LOOK LIKE VS THE NEEDS OF FAMILIES?
- HOW MANY SEATS ARE IN CHILD CARE CENTERS VS CHILD CARE HOMES?
- HOW MANY PROVIDERS OFFER NON-TRADITIONAL HOUR CARE OR CARE FOR CHILDREN WITH SPECIAL NEEDS?
- WHAT TYPES OF CARE DO FAMILIES NEED?

However, **we also need to look at two factors** besides the brick-and-mortar supply: the supply of early childhood educators and the affordability of high-quality child care.

1. **Are there enough quality early childhood educators to fill the classrooms needed?** And if not, what is needed to support the development of the current workforce and build the pipeline for the future workforce?
2. **While child care is already unaffordable for most families,** we know paying the true cost of quality care is well out of reach without outside assistance and re-thinking our current system of child care.

PROFESSIONAL DEVELOPMENT AND FAMILY ACCESS

Many administrative policies the LWDBs implement are influential to the support they provide child care providers. Allowing providers additional holidays, funding out-of-classroom time for professional development, and prioritizing child care employees' children on the waiting list are just three types of policy that can significantly influence how funds are spent and, ultimately, the quality of child care services available to families.

Other questions remain to be examined including:

- **Structure:** How are TRS programs designed and organized?

- **Caseload:** How many programs do TRS Mentors support?
- **Implementation:** How often and for how long do Mentors visit programs and provide support?
- **Supports/Tools:** What resources are available to assist Mentors and programs?
- **Quality:** How are ongoing quality improvement initiatives integrated?
- **Workforce Development:** Are professional development efforts aligned with long-term workforce goals?

CHILD CARE EXPERTISE IN LWDB GOVERNANCE

Child care provider and expert voices are vital to the governance of each of the LWDBs. These professionals bring real world experiences and needs to the decision-making table where millions of dollars are spent on behalf of children and families. Along with the new requirement for a Board member to represent the child care workforce, as of early 2024, each LWDB is required to have a Local Child Care Committee.

- WHAT ROLE WILL THE NEWLY REQUIRED LOCAL CHILD CARE COMMITTEES HAVE AT EACH BOARD TO INFLUENCE HOW THE CHILD CARE QUALITY FUNDS ARE BEING SPENT AS WELL AS FUTURE BOARD POLICY DECISIONS?

NEXT STEPS

RECOMMENDATIONS FOR LEGISLATURE, TEXAS WORKFORCE COMMISSION, AND LWDBS

Texas is grappling with a substantial shortage of subsidized child care seats for low-income families. While local communities continue to explore solutions for children and families, there is work to be done statewide. The Federal Child Care and Development Block Grant (CCDBG) is currently the only funding source Texas uses to assist families in covering the cost of child care and helping child care providers reach and maintain high-quality programs. With an estimated 560,000 more low-income children (ages 0-5 with working parents) than available subsidized child care seats, we have to prioritize funding more child care scholarships in the current system to allow more low-income working parents to provide for their families. Texas has made progress toward increasing the number of TRS-certified child care providers. However, with just over one-third of providers (36.7%) participating in TRS, the state must continue striving to reach 100% of participation. We must do better to provide support for working families with children to thrive, helping our economy—large and small businesses—along the way.

Texas Legislature

We must be steadfast in our asks to the Texas Legislature. **First**, we must invest in child care. The current funding stream from the federal government does not meet the demands of Texas families. We need increased state funding to expand access, improve quality, and support communities. **Possible strategies include:**

- **DIRECT CARE OF CHILDREN:** Add state dollars into the existing system to serve more children, enable families to work, and strengthen the Texas economy.
- **REIMBURSEMENT RATES:** Ensure provider reimbursement at TWC's established rate (not published rate) to provide financial stability and shrink Child Care Deserts.
- **FOUNDATIONAL (SUPPLY-BUILDING) FUNDING:** Target high-need areas and incentivize quality to create a more affordable option for families and increase early educator workforce retention, which is linked to program quality and child outcomes.

Second, we need to focus on **FAMILY CHILD CARE HOMES**. We must support the recovery of this vital part of the child care ecosystem, especially because it also provides small business, entrepreneurial opportunities for women.

Texas Workforce Commission

We need to enhance consistency and transparency by improving guidelines and resource allocation for LWDBs. We need to promote statewide collaboration by encouraging LWDBs to share best practices and work together to improve quality and access.

Local Communities

Communities play a vital role in supporting families with young children by increasing child care options for families and prioritizing local participation of child care providers in TRS.

Recommendations for communities include:

- 1.) Ensuring LWDB funds are utilized effectively** and spent on quality improvements needed in their communities.
- 2.) Considering additional local incentives** to increase overall provider participation in the TRS system.
- 3.) Focusing on collaboration with non-traditional partners** to address service gaps and better support both center-based and family child care providers.

By taking these steps, local communities can build a more robust child care system that offers a supportive environment and ensures working families have the opportunities they need for their children and local economies to thrive.

ENDNOTES

DATA – Capacity by TRS Level 'percent change' and 'difference'
MAIN SCORE CARD '% non-TRS Providers' and '% TRS Providers'

CHILDREN AT RISK Child Care Deserts. CHILDREN AT RISK. (2024, August 29).
<https://childrenatrisk.org/childcaredeserts/>

Kofron, K., Thomas, M., Hernandez, K., Perkins, B., Thompson, K. B., Thomas, K. L., Biegel, L., & Villatoro, S. (2022, May 13). The Quest for Equity & Quality: Examining Provider Experiences in Texas Rising Star (TRS). CHILDREN AT RISK. <https://childrenatrisk.org/quest-for-quality/>

Texas Workforce Commission (TWC). (Oct., 2023). Child Care Quality Strategic Planning & Expenditures Guide. <https://www.twc.texas.gov/sites/default/files/wf/docs/ccq-strategic-planning-and-expenditures-guide-twc.pdf>

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APPENDIX A

Methodology

For this 2024 report, CHILDREN AT RISK accessed publicly available data directly through the Texas Workforce Commission (TWC) Child Care Data, Reports and Plans webpage, including the Local Board Child Care Quality Funds: Annual Plans and Quarterly Expenditure Reports, and Child Care by the Numbers. Open records requests were also submitted to TWC requesting spending and quality investment data for all categories for Child Care Quality funding of Texas' 28 LWDBs. Data on local Board policies and administrative decisions were obtained from the LWDBs' webpages; however, where this information was not readily accessible for some Boards, additional follow-up was required via email and phone conversations with LWDBs as well as TWC.

CHILDREN AT RISK conducted both quantitative and qualitative analyses of the LWDB data, and in some instances, facilitated discussions with both statewide and local Board staff for further clarification of the data.

Statewide Report

- Statewide Spending Breakdown of Quality and Administrative Investment Dollars
- Statewide Breakdown of Quality Funds Expended by Category
- Percent Change in Family Child Care Providers
- Percent Change of TRS versus Non-TRS Providers, September 2022 to 2023
- Share of TRS versus Non-TRS Providers
- Number of TRS versus Non-TRS Providers
- Number of TRS Child Care Deserts
- Number of Subsidy Child Care Deserts
- Number of Overall Child Care Deserts
- Ratio of TRS Child Care Seats per 100 Children of Low-Income Working Parents
- Share of Paid Holidays
- Share of Priority Groups
- Share of LWDB Boards with Two or More Members Having Some Child Care Expertise

APPENDIX A

Methodology

Local Analysis

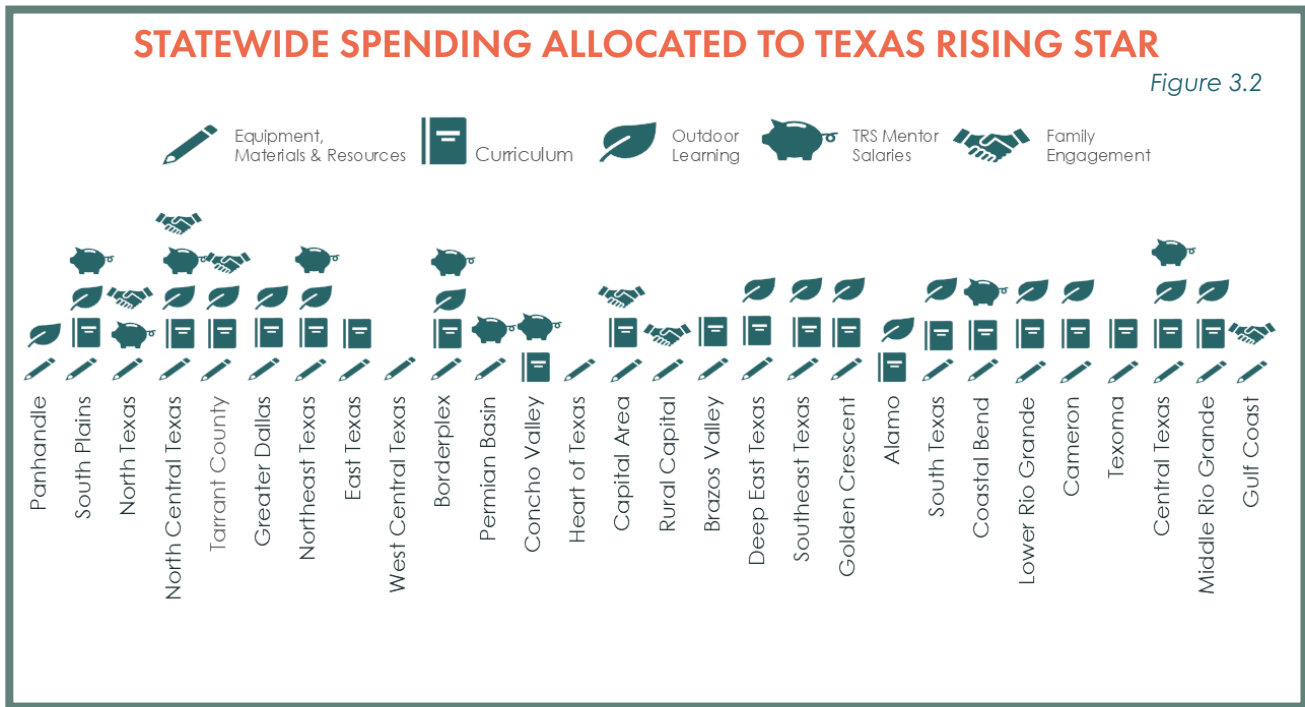
- Qualitative Description of Quality Funds Expended
- Percent of Quality Funds Expended by Category
- Total Number of Children Under Age 5
- Race/Ethnicity Breakdown of Children Under Age 5
- Breakdown of Board Composition
- Number of Paid Holidays
- Number of Priority Groups
- Percent Change in Subsidy Seats, September 2022 to 2023
- Number of Subsidy Seats, September 2023
- Share of TRS Providers
- Percent Change in TRS versus Non-TRS Providers, September 2022 to 2023
- Number of TRS Child Care Deserts
- Ratio of TRS Child Care Seats per 100 Children of Low-Income Working Parents

CHILDREN AT RISK aggregated Census Bureau's county-level [Vintage 2023 population estimates](#), which are through 7/1/2023, to calculate the total number of children under age 5 by LWDB, as well as the race/ethnicity of children under age 5 by LWDB. A breakdown of Census Bureau's data and methodology can be found [here](#).

For a detailed explanation of the methodology behind CHILDREN AT RISK's Child Care Deserts Data, [follow this link](#).

APPENDIX B

Spending Breakdown by Category

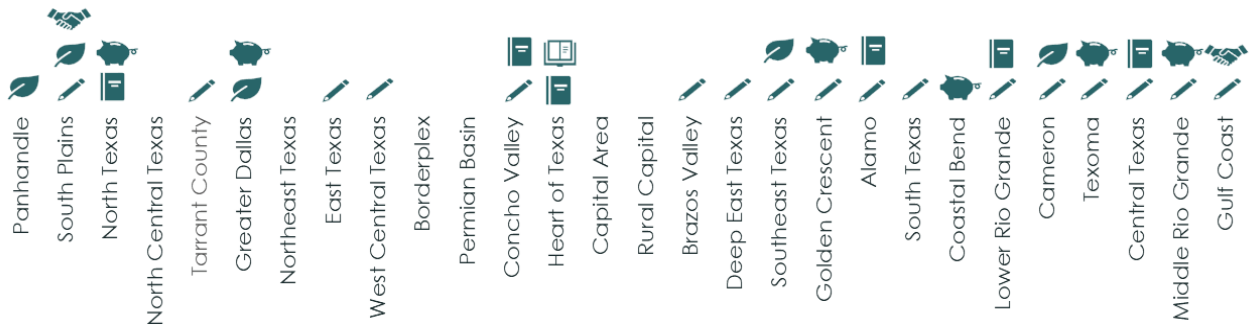


APPENDIX B

Spending Breakdown by Category

STATEWIDE SPENDING ALLOCATED TO INFANTS & TODDLERS

Figure 3.4



STATEWIDE SPENDING ALLOCATED TO 'OTHER'

Figure 3.5



APPENDIX C

Glossary of Terms

BOARD CONTRACT YEAR (BCY) The time span in which LWDBS base their budget on. The Texas Workforce Commission approves allocations for the Board Contract Year (BCY). The TWC's three-member Commission approves the allocations, which include child care allocations. The Commission also approves the BCY Statewide Initiatives.

CHILD CARE DESERT A zip code is a "Child Care Desert" if the number of children under the age of six with working parents is three times greater than the licensed capacity of child care providers in the area.

CHILD CARE DEVELOPMENT BLOCK GRANT (CCDBG) The federal funding source for subsidized child care and Texas Rising Star, which is managed by the Texas Workforce Commission. This also pays for child care administration and direct child care costs in states. Texas's annual CCDBG amount was approximately \$866 million in FY21, excluding one-time stimulus funds received.

CHILD CARE PROVIDER (also referred to as "provider") Texas has over 15,000 child care providers, also known colloquially as "day cares". They are often small business, nonprofit organizations, or churches and can operate in a variety of settings including homes and centers. A child care center often has a director who is in charge of day-to-day operations and managing staff, which can include lead educators, assistant educators, cooks, curriculum development leads, and more. A director can also be the owner of the facility. A Family Child Care Provider can either be registered to care for 6 or fewer children or licensed to care for 12 or fewer children in the caregiver's own home for less than 24 hours per day, typically the director is the sole caregiver and is in charge of day-to-day operations.

CHILD CARE SERVICES (CCS) The Child Care Services (CCS) is a Texas state program that provides scholarships for child care. They offer child care scholarships help parents work, search for work, or attend school or job training. The CCS program works to inform parents about the availability and benefits of high-quality child care and supports providers in their mission to improve the quality of services through the Texas Rising Star program. CCS supports and encourages child care programs to capitalize on and expand the Pre-K Partnership program.

FAMILY CHILD CARE (FCC) in Texas refers to child care provided in a caregiver's home. FCC providers must meet specific licensing requirements, such as becoming a Listed Family Home if they care for children for a certain amount of time weekly or yearly. Child Care Regulation (CCR) oversees both home-based and center-based child care. A Registered Child Care Home allows a caregiver to care for up to six children (from birth to age 13) and six additional elementary school children after-school hours. FCC providers offer a small group setting in a nurturing home environment, often building long-term relationships with the children and families they serve.

LOCAL WORKFORCE DEVELOPMENT BOARD (also referred to as LWDBs or Local Boards) The Texas Workforce Commission (TWC) oversees 28 Local Boards; each varies in terms of size and geography. As the operating entities for both the subsidized child care program and Texas Rising Star, Local Boards have significant local control over the day-to-day functions of both programs. Local Boards also exercise independent policy authority in key areas – within modest state parameters – and implement all programs for which they are responsible. Each Local Board has its own executive leadership staff including a chief elected official, Board members, and an Executive Director.

LOW-INCOME The income status of individuals and families with annual household earnings below 200% of the Federal Poverty Level (FPL). For a family of 3 in 2022, this equals an annual income of \$43,920. A child is eligible for a child care subsidy in Texas if their family earns up to 85% of State Median Income (SMI).

APPENDIX C

Glossary of Terms

MENTORS FOR TEXAS RISING STAR Mentors work with child care providers to help them achieve, improve, and maintain Texas Rising Star certifications. They are typically employees or contractors of the Local Boards.

QUALITY RATING AND IMPROVEMENT SYSTEM (QRIS) Systematic framework used to measure, improve, and communicate the quality of ECE providers across a range of indicators. Most states have a QRIS, and each one is different. A state can spend their CCDBG funding on building and maintaining their QRIS. A QRIS typically covers topics such as curriculum, staff/educator qualifications, nutrition, and a program's physical space. Participation in a state's QRIS can be mandatory or voluntary, or some combination depending on program characteristics. Texas's QRIS is called Texas Rising Star (TRS).

REIMBURSEMENT RATES The amounts Local Boards pay to child care providers participating in the child care subsidy program for the care they provide to children receiving subsidies. Reimbursement rates vary by Local Board area, based on local market rates and other factors. Texas reimburses providers at four levels, based on their Texas Rising Star (TRS) certification level. In 2021, the Texas Workforce Commission increased reimbursement rates to the following: the TRS 4-Star reimbursement rates for infants to the 85th percentile market rate, the 80th percentile market rate for toddlers in their region and the 75th percentile market rate in their region for preschool and school-age children. TRS 3-Star providers receive 90% of the TRS 4-Star rate; TRS 2-Star providers receive 90% of the TRS 3-Star rate; and all non-TRS providers receive the base reimbursement rate of 60th percentile for infants, 55th percentile for toddlers and 50th percentile for preschool and school-age children.

SUBSIDIZED CHILD CARE PROGRAM (also referred to as "subsidies" or "subsidy program") Financial assistance to low-income parents who are either working or in school and meet the eligibility income thresholds. The program is targeted to serve approximately 122,000 children in Texas each day (as of September 2021). TWC oversees the program, and it is primarily funded by federal CCDBG money. Less than half of the state's 15,000 child care providers participate in the subsidy program.

TEXAS RISING STAR (TRS) Texas's QRIS. It is the state's only quality rating system for any ECE program, and it is only open to child care providers who accept families receiving child care subsidy assistance. Participation was voluntary until HB 2607 was passed during the 87th Texas Legislative Session. HB 2607 now requires all child care providers who receive subsidy assistance to participate in TRS. TWC will implement Child Care rules to implement this requirement; the draft policy allows for up to two years for a provider to attain TRS certification. TRS assesses child care programs across four categories covering a range of criteria, including staff qualifications, educator-student interactions, curriculum, nutrition, and physical space. Participating providers can be quality certified at three levels: 2-, 3-, and 4-Star by meeting progressively rigorous benchmarks.

TEXAS WORKFORCE COMMISSION (TWC) The state agency that supports the development of the Texas workforce. Half of their budget is dedicated to the operation and management of the child care subsidy program and Texas Rising Star.



Read CHILDREN AT RISK'S individual analyses of each of Texas' 28 Local Workforce Development Boards at childrenatrisk.org/pavingtheway



CHILDREN AT RISK's mission is to serve as a catalyst for change to improve the quality of life for children through strategic research, public policy analysis, education, collaboration, and advocacy.

CHILDREN AT RISK is a research and advocacy nonprofit leading the way in improving the quality of life for Texas's children. CHILDREN AT RISK considers the whole child by tracking issues in children's health, education, safety and opportunity. Committed to action beyond the data, CHILDREN AT RISK drives evidence-based change by speaking out on behalf of children. For more information, visit childrenatrisk.org.

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